

(Convenience Translation of the Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Section 3 Note I)

**Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
and Its Financial Subsidiaries**

Consolidated Financial Statements

As at and for the Three-Month Period Ended

31 March 2012

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ

30 May 2012

This report contains "Independent Auditors' Review Report" comprising 1 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 68 pages.

**Convenience Translation of the Independent Auditors' Review Report
Originally Prepared and Issued in Turkish (See Section 3 Note I)**

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

We have reviewed the consolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") and its financial subsidiaries as at 31 March 2012 and the consolidated statements of income, cash flows, changes in equity for the three-month period then ended. These consolidated financial statements are the responsibility of the Bank management. Our responsibility, as independent auditors, is to issue a report on these consolidated financial statements based on our review. We did not review the financial statements of certain consolidated companies as at 31 March 2012, which statements reflect total assets constituting 1.7%; and total operating income constituting 1.0% as at and for the period ended 31 March 2012 of the related consolidated totals. Those statements were reviewed by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for those companies is based solely on the reports of the other auditors.

We conducted our review in accordance with the uniform chart of accounts, accounting and audit standards in conformity with the (Turkish) Banking Law No 5411. These standard regulations require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and its financial subsidiaries as at 31 March 2012, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and circulars on accounting and financial reporting principles issued by the Banking Regulation and Supervision Board and explanations by Banking Regulation and Supervision Agency.

Istanbul,
30 May 2012

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Erdal Tıkmak
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012**

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The consolidated financial report as at and for the three-month period ended 31 March 2012 prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public 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
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE YEAR
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REVIEW REPORT

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

SUBSIDIARIES

Güneş Sigorta AŞ
Vakıf Emeklilik AŞ
Vakıf Finans Factoring Hizmetleri AŞ
Vakıf Finansal Kiralama AŞ
Vakıf Portföy Yönetimi AŞ
Vakıf Yatırım Menkul Değerler AŞ
Vakıfbank International AG

ASSOCIATES

Kıbrıs Vakıflar Bankası Ltd.
Türkiye Sınai Kalkınma Bankası AŞ
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ
Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ

The consolidated interim financial statements and related disclosures and footnotes as at and for the three-month period ended 31 March 2012 that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented in thousands of Turkish Lira (“TL”), and have been subjected to limited review.

30 May 2012

Halil AYDOĞAN
Chairman of
Board of Directors

Halim KANATCI
Deputy Chairman and
Audit Committee Member

Ali Fuat TAŞKESENLİOĞLU
Board Member and
Audit Committee Member

Süleyman KALKAN
General Manager and
Board Member

Metin Recep ZAFER
Assistant General Manager

Murat KOYGUN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this consolidated financial report:

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S. Buğra SÜRÜEL /Assistant Manager
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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and
For the Three-Month Period Ended 31 March 2012

(Currency: Thousands of Turkish Lira (“TL”))

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 11 January 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 shareholder 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 General Directorate of the Foundations.

As at 31 March 2012 and 31 December 2011, The Bank’s paid-in capital is TL 2,500,000, divided into 250.000.000.000 shares with each has a nominal value of 1 Kuruş.

The Bank’s shareholders’ structure as at 31 March 2012 is stated below:

Shareholders	Number of Shares- 100 shares	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Foundations represented by the General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Appendant foundations (Group B)	386.224.785	386,225	15.45
Other appendant foundations (Group B)	3.162.359	3,162	0.13
Other registered foundations (Group B)	1.448.543	1,448	0.06
Other real persons and legal entities (Group C)	1.560.320	1,560	0.06
Publicly traded (Group D)	629.992.687	629,993	25.20
Total	2.500.000.000	2,500,000	100.00

III. Information on the Parent Bank’s board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the Bank

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Business Administration
<u>Board of Directors</u>				
Halil AYDOĞAN	Chairman	5 January 2012	University	35 years
Halim KANATCI	Deputy Chairman	28 April 2009	University	38 years
Süleyman KALKAN	Member – General Manager	19 March 2010	University	29 years
Ahmet CANDAN	Member	19 March 2010	University	24 years
İsmail ALPTEKİN	Member	6 April 2009	University	13 years
Ramazan GÜNDÜZ	Member	6 April 2009	University	33 years
Dr. Adnan ERTEM	Member	27 October 2010	PHD	24 years
Ali Fuat TAŞKESEN LİOĞLU	Member	30 March 2012	University	24 years
Sadık TILTAK	Member	30 March 2012	University	24 years
<u>Audit Committee</u>				
Halim KANATCI	Member	5 November 2010	University	38 years
Ali Fuat TAŞKESEN LİOĞLU	Member	6 April 2012	University	28 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	35 years
Yunus ARINCI	Auditor	19 March 2010	Master	15 years
<u>Executive Vice Presidents</u>				
Mehmet CANTEKİN (<i>Senior Executive Vice President</i>)	Loans Follow-up, Directorates of the Regions	28 December 2007	Master	20 years
Şahin UĞUR	Support Services	9 August 2004	University	26 years
Feyzi ÖZCAN	Retail Banking, Consumer Loans, Corporate Salary Payments, Credit Cards, Card and Merchants Operations	20 September 2005	University	22 years
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	16 years
Birgül DENLİ	International Relations and Investor Relations	15 June 2006	Master	18 years
Ömer ELMAS	Legal Services, Non-performing Loans	5 January 2009	Master	9 years
İbrahim BİLGİÇ	Commercial Banking, Corporate Banking, Corporate Centers, Corporate Loans	7 May 2010	University	20 years
Hasan ECESoy	Treasury, Investment Banking	18 June 2010	PHD	18 years
Serdar SATOĞLU	Private Banking, Subsidiaries	17 June 2010	PHD	16 years
Ali Engin EROĞLU	Application Development Departments, System Management, IT Operations and Support, IT Services Planning Department, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate	18 August 2010	Master	15 years
Osman DEMREN	Commercial Banking, Cash Management Affairs, SME Banking	6 April 2011	University	21 years
Mitat ŞAHİN	Human Resources, Planning and Performance	11 April 2011	Master	22 years
Yıldırım EROĞLU	Commercial Loans, Intelligence	17 November 2011	University	19 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and

For the Three-Month Period Ended 31 March 2012

(Currency: Thousands of Turkish Lira (“TL”))

As per 5 January 2012 dated resolution of the Board of Directors Halil Aydoğan has been assigned as Chairman of the Board of Directors and Deputy Chairman Ahmet Candan has resigned this duty.

As per 30 March 2012 dated resolution of the Ordinary Meeting of the General Assembly, Serdar Tunçbilek and Selahattin Toraman have resigned from their duty and Ali Fuat Taşkesenoğlu and Sadık Tiltak have been assigned as Board Members.

As per 6 April 2012 dated resolution of the Board of Directors Halim Kanatçı has been assigned as Deputy Chairman of the Board of Directors. As at the same date, Ali Fuat Taşkesenoğlu has been assigned as a Member of Audit Committee.

İsmail Alptekin, Member of the Board, holds non-publicly traded share of the Bank amounting to TL 59 and Assistant General Manager Mitat Şahin holds Group C traded share of the Bank amounting TL 24. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. Information on people and entities who have qualified share in the Bank

The shareholder holding control over the Parent Bank is The General Directorate of the Foundations having 43.00% of the Bank’s outstanding shares. Another organization holding qualified share in the Parent Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Bank.

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 11 January 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:

- Lending loans by obtaining securities and real estate as collateral,
- Establishing or participating in all kinds of insurance corporations,
- Trading real estates,
- Servicing all banking operations and services,
- Investing in various corporations handed over by the foundations and the General Directorate of the Foundations in accordance with conditions stipulated by agreements if signed.
- To render banking services to the foundations and carry out cashier transactions of the General Directorate of Foundations in compliance with the agreements signed by the General Directorate of the Foundations.

As at 31 March 2012, the Parent Bank has 687 domestic, 3 foreign, in total 690 branches (31 December 2011: 677 domestic, 3 foreign, in total 680 branches). As at 31 March 2012, the Parent Bank has 12,225 employees (31 December 2011: 12,222 employees).

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position)

Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes

As at 31 March 2012

Originally Issued in Turkish, See Section 3 Note 1

(Currency: Thousands of Turkish Lira (“TL”))

ASSETS	Notes	Reviewed Current Period 31 March 2012			Audited Previous Year 31 December 2011		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	4,694,416	5,460,774	10,155,190	2,069,331	5,072,531	7,141,862
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	159,438	145,510	304,948	177,477	184,145	361,622
2.1 Financial assets held for trading purpose		159,438	145,510	304,948	177,477	184,145	361,622
2.1.1 Debt securities issued by the governments		119,337	13,423	132,760	137,725	14,189	151,914
2.1.2 Equity securities		62	-	62	2,096	-	2,096
2.1.3 Derivative financial assets held for trading purpose	V-I-2	6,482	132,087	138,569	4,182	169,956	174,138
2.1.4 Other securities		33,557	-	33,557	33,474	-	33,474
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	404,418	2,442,901	2,847,319	408,679	2,132,656	2,541,335
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	190,467	-	190,467
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	340	-	340
4.3 Receivables from reverse repurchase agreements		-	-	-	190,127	-	190,127
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	10,645,715	2,744,913	13,390,628	10,434,795	2,920,048	13,354,843
5.1 Equity securities		-	12,294	12,294	-	11,919	11,919
5.2 Debt securities issued by the governments		10,640,943	2,608,528	13,249,471	10,431,988	2,759,495	13,191,483
5.3 Other securities		4,772	124,091	128,863	2,807	148,634	151,441
VI. LOANS AND RECEIVABLES	V-I-5	42,445,094	18,698,750	61,143,844	38,871,737	19,297,116	58,168,853
6.1 Performing loans and receivables		42,334,301	18,695,998	61,030,299	38,763,115	19,294,387	58,057,502
6.1.1 Loans provided to the same risk group	V-V-1	1,466	2,226	3,692	1,650	2,793	4,443
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		42,332,835	18,693,772	61,026,607	38,761,465	19,291,594	58,053,059
6.2 Loans under follow-up		2,238,178	15,303	2,253,481	2,195,075	16,208	2,211,283
6.3 Specific provisions (-)		2,127,385	12,551	2,139,936	2,086,453	13,479	2,099,932
VII. FACTORING RECEIVABLES		416,838	33,442	450,280	577,291	40,513	617,804
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	4,296,307	1,534,140	5,830,447	4,343,224	1,636,014	5,979,238
8.1 Debt securities issued by the governments		4,296,307	1,482,597	5,778,904	4,343,224	1,581,438	5,924,662
8.2 Other securities		-	51,543	51,543	-	54,576	54,576
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	174,162	3	174,165	167,001	3	167,004
9.1 Associates, consolidated per equity method		148,092	-	148,092	140,112	-	140,112
9.2 Unconsolidated associates		26,070	3	26,073	26,889	3	26,892
9.2.1 Financial associates		17,546	-	17,546	17,546	-	17,546
9.2.2 Non-financial associates		8,524	3	8,527	9,343	3	9,346
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	148,252	-	148,252	148,290	-	148,290
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		148,252	-	148,252	148,290	-	148,290
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	78,226	441,526	519,752	69,712	433,729	503,441
12.1 Finance lease receivables		94,247	490,595	584,842	85,542	489,873	575,415
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		16,021	49,069	65,090	15,830	56,144	71,974
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		1,172,118	4,082	1,176,200	1,170,784	4,997	1,175,781
XV. INTANGIBLE ASSETS (Net)		81,686	195	81,881	79,782	206	79,988
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		81,686	195	81,881	79,782	206	79,988
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	164,584	-	164,584	159,204	-	159,204
XVII. TAX ASSETS		140,797	-	140,797	195,867	1,803	197,670
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-13	140,797	-	140,797	195,867	1,803	197,670
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	2,159	-	2,159	2,159	-	2,159
18.1 Assets held for sale		2,159	-	2,159	2,159	-	2,159
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	2,356,965	216,952	2,573,917	2,427,064	243,919	2,670,983
TOTAL ASSETS		67,381,175	31,723,188	99,104,363	61,492,864	31,967,680	93,460,544

The accompanying notes are an integral part of these consolidated financial statements.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position)

As at 31 March 2012

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I

LIABILITIES AND EQUITY		Notes	Reviewed Current Period 31 March 2012			Audited Previous Year 31 December 2011		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	46,131,951	20,594,118	66,726,069	43,028,280	18,813,696	61,841,976
1.1	Deposits of the same risk group	V-V-1	1,158,459	911,950	2,070,409	1,061,432	608,796	1,670,228
1.2	Other deposits		44,973,492	19,682,168	64,655,660	41,966,848	18,204,900	60,171,748
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	6,153	117,293	123,446	4,376	340,427	344,803
III.	FUNDS BORROWED	V-II-3	281,959	6,488,110	6,770,069	350,774	8,561,523	8,912,297
IV.	INTERBANK MONEY MARKET		4,598,570	3,756,410	8,354,980	3,031,108	3,000,144	6,031,252
4.1	Interbank Money Market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		21,846	-	21,846	49,577	-	49,577
4.3	Obligations under repurchase agreements		4,576,724	3,756,410	8,333,134	2,981,531	3,000,144	5,981,675
V.	SECURITIES ISSUED (Net)		916,963	-	916,963	493,000	-	493,000
5.1	Bills		916,963	-	916,963	493,000	-	493,000
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		38,872	-	38,872	40,699	-	40,699
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		38,872	-	38,872	40,699	-	40,699
VII.	MISCELLANEOUS PAYABLES		2,725,788	323,439	3,049,227	2,749,696	224,750	2,974,446
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	219,478	258,723	478,201	181,463	460,709	642,172
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	5	16	21	-	-	-
10.1	Finance lease payables		9	16	25	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		4	-	4	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	2,274,633	50,682	2,325,315	2,348,817	79,325	2,428,142
12.1	General provisions		728,059	2,523	730,582	668,297	2,883	671,180
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		322,492	614	323,106	402,990	578	403,568
12.4	Insurance technical provisions (Net)		1,070,524	18,904	1,089,428	1,078,213	46,573	1,124,786
12.5	Other provisions	V-II-7	153,558	28,641	182,199	199,317	29,291	228,608
XIII.	TAX LIABILITIES	V-II-8	262,997	6,198	269,195	148,347	5,208	153,555
13.1	Current tax liabilities		259,897	5,897	265,794	144,681	5,208	149,889
13.2	Deferred tax liabilities	V-I-13	3,100	301	3,401	3,666	-	3,666
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	-	-	-	-	-
XVI.	EQUITY		9,743,395	308,610	10,052,005	9,335,716	262,486	9,598,202
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		636,636	156,631	793,267	541,878	109,679	651,557
16.2.1	Share premium		726,722	-	726,722	726,722	-	726,722
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	(142,317)	156,631	14,314	(200,633)	109,679	(90,954)
16.2.4	Revaluation surplus on tangible assets		50,452	-	50,452	14,010	-	14,010
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		1,779	-	1,779	1,779	-	1,779
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		5,842,514	76,826	5,919,340	4,673,086	80,909	4,753,995
16.3.1	Legal reserves		749,220	4,324	753,544	624,013	3,266	627,279
16.3.2	Status reserves		5,050	-	5,050	3,980	-	3,980
16.3.3	Extraordinary reserves		4,803,114	4,593	4,807,707	3,785,486	4,593	3,790,079
16.3.4	Other profit reserves		285,130	67,909	353,039	259,607	73,050	332,657
16.4	Profit or loss		425,671	53,418	479,089	1,282,952	50,648	1,333,600
16.4.1	Previous years' profit/loss		40,080	49,591	89,671	(3,293)	32,579	29,286
16.4.2	Current year's profit/loss		385,591	3,827	389,418	1,286,245	18,069	1,304,314
16.5	Non-controlling interest		338,574	21,735	360,309	337,800	21,250	359,050
TOTAL LIABILITIES AND EQUITY			67,200,764	31,903,599	99,104,363	61,712,276	31,748,268	93,460,544

The accompanying notes are an integral part of these consolidated financial statements.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Off-Balance Sheet Items

Convenience Translation of the Consolidated Financial Statements

As at 31 March 2012

and Related Disclosures and Footnotes

(Currency: Thousands of Turkish Lira ("TL"))

Originally Issued in Turkish, See Section 3 Note I

	Notes	Reviewed Current Period 31 March 2012			Audited Previous Year 31 December 2011		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		40,618,690	31,444,145	72,062,835	39,926,503	33,872,732	73,799,235
I. GUARANTEES AND SURETIES	V-III-2	9,186,742	7,253,861	16,440,603	9,018,742	6,795,639	15,814,381
1.1 Letters of guarantee	V-III-1	9,164,138	2,291,691	11,455,829	8,988,954	2,234,154	11,223,108
1.1.1 Guarantees subject to State Tender Law		1,413,520	868,583	2,282,103	1,421,940	735,091	2,157,031
1.1.2 Guarantees given for foreign trade operations		329,227	-	329,227	323,046	-	323,046
1.1.3 Other letters of guarantee		7,421,391	1,423,108	8,844,499	7,243,968	1,499,063	8,743,031
1.2 Bank acceptances		22,604	785,007	807,611	29,056	454,538	483,594
1.2.1 Import letter of acceptance		375	45,660	46,035	375	40,122	40,497
1.2.2 Other bank acceptances		22,229	739,347	761,576	28,681	414,416	443,097
1.3 Letters of credit		-	4,172,023	4,172,023	732	4,098,668	4,099,400
1.3.1 Documentary letters of credit		-	4,172,023	4,172,023	732	4,098,668	4,099,400
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	3,983	3,983	-	6,941	6,941
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,101	1,101	-	1,166	1,166
1.9 Other sureties		-	56	56	-	172	172
II. COMMITMENTS		27,607,491	16,186,418	43,793,909	26,651,228	18,132,775	44,784,003
2.1 Irrevocable commitments		10,504,786	781,756	11,286,542	10,807,644	1,070,943	11,878,587
2.1.1 Asset purchase commitments	V-III-1	194,619	596,130	790,749	768,919	857,919	1,626,838
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	1,000	-	1,000	1,000	-	1,000
2.1.4 Loan granting commitments	V-III-1	4,261,983	5,955	4,267,938	4,574,348	5,515	4,579,863
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	1,086,562	-	1,086,562	829,640	-	829,640
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	4,666,910	-	4,666,910	4,322,604	-	4,322,604
2.1.10 Commitments for credit card and banking operations promotions		229,405	-	229,405	246,030	-	246,030
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		64,307	179,671	243,978	65,103	207,509	272,612
2.2 Revocable commitments		17,102,705	15,404,662	32,507,367	15,843,584	17,061,832	32,905,416
2.2.1 Revocable loan granting commitments		17,102,705	15,404,662	32,507,367	15,843,584	17,061,832	32,905,416
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		3,824,457	8,003,866	11,828,323	4,256,533	8,944,318	13,200,851
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		3,824,457	8,003,866	11,828,323	4,256,533	8,944,318	13,200,851
3.2.1 Forward foreign currency purchases/sales		256,115	864,457	1,120,572	241,499	730,482	971,981
3.2.1.1 Forward foreign currency purchases		128,104	432,265	560,369	120,798	365,252	486,050
3.2.2.2 Forward foreign currency sales		128,011	432,192	560,203	120,701	365,230	485,931
3.2.2 Currency and interest rate swaps		3,398,516	6,415,315	9,813,831	3,895,134	7,555,347	11,450,481
3.2.2.1 Currency swaps-purchases		2,321,618	1,831,309	4,152,927	2,939,954	2,250,643	5,190,597
3.2.2.2 Currency swaps-sales		1,076,898	2,388,078	3,464,976	955,180	3,642,588	4,597,768
3.2.2.3 Interest rate swaps-purchases		-	1,103,596	1,103,596	-	837,023	837,023
3.2.2.4 Interest rate swaps-sales		-	1,092,332	1,092,332	-	825,093	825,093
3.2.3 Currency, interest rate and security options		169,826	191,279	361,105	119,900	127,334	247,234
3.2.3.1 Currency call options		84,912	95,635	180,547	59,950	63,666	123,616
3.2.3.2 Currency put options		84,914	95,642	180,556	59,950	63,666	123,616
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	2	2	-	2	2
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		-	532,815	532,815	-	531,155	531,155
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		401,425,517	131,313,868	532,739,385	358,000,449	124,532,124	482,532,573
IV. ITEMS HELD IN CUSTODY		126,632,057	1,801,389	128,433,446	124,679,261	1,965,815	126,645,076
4.1 Customers' securities held		630,265	17,265	647,530	655,668	18,287	673,955
4.2 Investment securities held in custody		120,785,451	21,957	120,807,408	119,737,183	8,216	119,745,399
4.3 Checks received for collection		3,890,318	498,349	4,388,667	3,209,909	488,732	3,698,641
4.4 Commercial notes received for collection		860,399	207,841	1,068,240	685,346	175,092	860,438
4.5 Other assets received for collection		2,152	71	2,223	2,152	75	2,227
4.6 Assets received through public offering		-	5,216	5,216	-	5,570	5,570
4.7 Other items under custody		10,364	771,846	782,210	309	919,351	919,660
4.8 Custodians		453,108	278,844	731,952	388,694	350,492	739,186
V. PLEDGED ITEMS		96,522,729	36,453,125	132,975,854	80,334,810	33,528,833	113,863,643
5.1 Securities		173,498	34,396	207,894	153,809	36,226	190,035
5.2 Guarantee notes		434,187	113,188	547,375	524,250	153,762	678,012
5.3 Commodities		15,402,115	555,624	15,957,739	13,878,556	551,059	14,429,615
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		75,357,765	28,518,513	103,876,278	61,561,438	25,580,459	87,141,897
5.6 Other pledged items		4,637,907	7,171,612	11,809,519	3,823,085	7,144,193	10,967,278
5.7 Pledged items-depository		517,257	59,792	577,049	393,672	63,134	456,806
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		178,270,731	93,059,354	271,330,085	152,986,378	89,037,476	242,023,854
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		442,044,207	162,758,013	604,802,220	397,926,952	158,404,856	556,331,808

The accompanying notes are an integral part of these consolidated financial statements.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Income

For the Three-Month Period Ended 31 March 2012

(Currency: Thousands of Turkish Lira (“TL”))

Convenience Translation of the Consolidated Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

	Notes	Reviewed Current Period 31 March 2012	Reviewed Previous Period 31 March 2011
I. INTEREST INCOME		2,145,779	1,479,515
1.1 Interest income from loans	V-IV-1	1,583,933	1,054,561
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	23,517	17,163
1.4 Interest income from money market transactions		1,168	2,084
1.5 Interest income from securities portfolio	V-IV-1	467,170	359,539
1.5.1 Trading financial assets	V-IV-1	12,924	16,157
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets	V-IV-1	309,402	248,693
1.5.4 Held-to-maturity investments	V-IV-1	144,844	94,689
1.6 Finance lease income		9,278	5,661
1.7 Other interest income		60,713	40,507
II. INTEREST EXPENSE		1,268,697	735,904
2.1 Interest expense on deposits	V-IV-2	1,055,656	585,845
2.2 Interest expense on funds borrowed	V-IV-2	49,129	33,539
2.3 Interest expense on money market transactions		107,468	93,290
2.4 Interest expense on securities issued	V-IV-2	19,047	-
2.5 Other interest expenses		37,397	23,230
III. NET INTEREST INCOME (I - II)		877,082	743,611
IV. NET FEES AND COMMISSIONS INCOME		90,241	116,652
4.1 Fees and commissions received		149,838	150,403
4.1.1 Non-cash loans		21,900	15,621
4.1.2 Others		127,938	134,782
4.2 Fees and commissions paid		59,597	33,751
4.2.1 Non-cash loans		68	102
4.2.2 Others		59,529	33,649
V. DIVIDEND INCOME		6,478	4,590
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	108,273	41,159
6.1 Trading account income/losses	V-IV-3	17,127	23,415
6.2 Income/losses from derivative financial instruments	V-IV-3	38,010	10,584
6.3 Foreign exchange gains/losses	V-IV-3	53,136	7,160
VII. OTHER OPERATING INCOME	V-IV-4	353,278	405,217
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1,435,352	1,311,229
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	276,533	206,178
X. OTHER OPERATING EXPENSES (-)	V-IV-6	670,375	634,053
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		488,444	470,998
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		7,091	4,761
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		495,535	475,759
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(106,634)	(96,567)
16.1 Current tax charges	V-IV-7	(70,007)	(80,733)
16.2 Deferred tax credits	V-IV-7	(36,627)	(15,834)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-8	388,901	379,192
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES (±)		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-8	388,901	379,192
23.1 Equity holders of the Bank		389,418	394,734
23.2 Non-controlling interest	V-IV-9	(517)	(15,542)
Earnings per 100 share (full TL)	III-XXIV	0.1556	0.1517

The accompanying notes are an integral part of these consolidated financial statements.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Gains and Losses Recognized in Equity
For the Three-Month Period Ended 31 March 2012
(Currency: Thousands of Turkish Lira ("TL"))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note 1*

GAINS AND LOSSES RECOGNIZED IN EQUITY		Notes	Reviewed Current Period 31 March 2012	Reviewed Previous Period 31 March 2011
I.	VALUATION DIFFERENCES OF AVAILABLE-FOR-SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF THE MARKETABLE SECURITIES		148,137	(150,123)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS		-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS		-	-
IV.	CURRENCY TRANSLATION DIFFERENCES		(5,713)	8,557
V.	GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)		-	-
VI.	GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)		-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS		-	-
VIII.	OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS		(1,729)	986
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES		(37,189)	23,926
X.	NET GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY		103,506	(116,654)
XI.	CURRENT YEAR'S PROFIT/(LOSS)		388,901	379,192
11.1	Change in fair value of marketable securities (transfers to the statement of income)		205	61,742
11.2	Gains/losses recognized in the consolidated statement of income due to reclassification of derivatives which have previously designated as hedging instrument in a cash flow hedge		-	-
11.3	Gains/losses recognized in the consolidated statement of income due to reclassification of net foreign investment hedges		-	-
11.4	Others		388,696	317,450
			-	-
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD		492,407	262,538

The accompanying notes are an integral part of these consolidated financial statements.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Changes in Equity
For the Three-Month Period Ended 31 March 2012

(Currency: Thousands of Turkish Lira (“TL”))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes*

Originally Issued in Turkish, See Section 3 Note I

	Notes	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Previous Years' Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity before Minority Shares	Non-controlling Interest	Total Equity	
CHANGES IN EQUITY																			
Prior period – 31 March 2011																			
I.	Balances at the beginning of the period	2,500,000	-	726,722	-	506,554	3,094	2,794,403	292,779	1,164,297	40,610	301,250	5,033	1,551	-	-	8,336,293	242,790	8,579,083
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	(139,203)	-	-	-	-	(139,203)	14,484	(124,719)	
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1	Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Net investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	228	-	-	228	-	228	
VIII.	Translation differences	-	-	-	-	-	-	-	7,701	-	-	-	-	-	-	7,701	856	8,557	
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Effect of change in equities of associates on the Group's equity	-	-	-	-	-	-	-	4,761	-	(519)	-	-	-	-	4,242	(201)	4,041	
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,490)	(2,490)	
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,490)	(2,490)	
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(76)	(76)	
XVII.	Current period's profit/loss	-	-	-	-	-	-	-	389,973	-	-	-	-	-	-	389,973	(15,542)	374,431	
XVIII.	Profit distribution	-	-	-	-	120,620	886	996,701	16,041	(1,164,297)	(6,796)	2,531	-	-	-	(34,314)	(65)	(34,379)	
18.1	Dividends	-	-	-	-	-	-	-	-	(34,314)	-	-	-	-	-	(34,314)	(65)	(34,379)	
18.2	Transferred to reserves	-	-	-	-	120,620	886	996,701	16,041	(1,129,983)	(6,796)	2,531	-	-	-	-	-	-	
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period		2,500,000	-	726,722	-	627,174	3,980	3,791,104	316,521	394,734	33,814	161,528	7,564	1,779	-	-	8,564,920	239,756	8,804,676
Current period – 31 March 2012																			
I.	Balances at the beginning of the period	2,500,000	-	726,722	-	627,279	3,980	3,790,079	332,657	1,304,314	29,286	(90,954)	14,010	1,779	-	-	9,239,152	359,050	9,598,202
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Valuation differences of marketable securities	-	-	-	-	-	-	-	-	-	103,325	-	-	-	-	103,325	3,648	106,973	
IV.	Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1	Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Net investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Translation differences	-	-	-	-	-	-	-	(5,142)	-	-	-	-	-	-	(5,142)	(571)	(5,713)	
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Changes resulted from reclassifications of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Effect of change in equities of associates on the Group's equity	-	-	-	-	-	-	-	7,091	-	1,943	-	-	-	-	9,034	303	9,337	
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(996)	(996)	
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(996)	(996)	
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Current period's profit/loss	-	-	-	-	-	-	-	382,327	-	-	-	-	-	-	382,327	(517)	381,810	
XVIII.	Profit distribution	-	-	-	-	126,265	1,070	1,017,628	25,524	(1,304,314)	60,385	36,442	-	-	-	(37,000)	(608)	(37,608)	
18.1	Dividends	-	-	-	-	-	-	-	-	(37,000)	-	-	-	-	-	(37,000)	(608)	(37,608)	
18.2	Transferred to reserves	-	-	-	-	126,265	1,070	1,017,628	25,524	(1,267,314)	60,385	36,442	-	-	-	-	-	-	
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period		2,500,000	-	726,722	-	753,544	5,050	4,807,707	353,039	389,418	89,671	14,314	50,452	1,779	-	-	9,691,696	360,309	10,052,005

The accompanying notes are an integral part of these consolidated financial statements.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Cash Flows
For the Three-Month Period Ended 31 March 2012
(Currency: Thousands of Turkish Lira ("TL"))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

	Notes	Reviewed Current Period 31 March 2012	Reviewed Previous Period 31 March 2011
A.	CASH FLOWS FROM BANKING OPERATIONS		
I.1	Operating profit before changes in operating assets and liabilities	539,179	520,358
1.1.1	Interests received	1,985,549	1,540,031
1.1.2	Interests paid	(1,175,230)	(719,245)
1.1.3	Dividends received	886	231
1.1.4	Fee and commissions received	149,838	116,652
1.1.5	Other income	163,019	208,367
1.1.6	Collections from previously written-off loans and other receivables	115,159	123,559
1.1.7	Payments to personnel and service suppliers	(781,464)	(556,265)
1.1.8	Taxes paid	(16,580)	(116,502)
1.1.9	Others	98,002	(76,470)
I.2	Changes in operating assets and liabilities	1,827,907	(803,010)
1.2.1	Net (increase) decrease in financial assets held for trading purpose	31,100	17,221
1.2.2	Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions	(268,422)	(127,863)
1.2.4	Net (increase) decrease in loans	(2,893,856)	(2,843,911)
1.2.5	Net (increase) decrease in other assets	98,181	(327,253)
1.2.6	Net increase (decrease) in bank deposits	(794,856)	1,004,827
1.2.7	Net increase (decrease) in other deposits	5,589,900	159,371
1.2.8	Net increase (decrease) in funds borrowed	(2,144,635)	285,995
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	2,210,495	1,028,603
I.	Net cash flow from banking operations	2,367,086	(282,652)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash flow from investing activities	64,743	577,956
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2	Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3	Cash paid for purchase of tangible assets	(14,201)	(77,845)
2.4	Proceeds from disposal of tangible assets	18,982	81,746
2.5	Cash paid for purchase of available-for-sale financial assets	(605,925)	(1,387,240)
2.6	Proceeds from disposal of available-for-sale financial assets	644,892	1,000,372
2.7	Cash paid for purchase of held-to-maturity investments	(51,475)	(30,328)
2.8	Proceeds from disposal of held-to-maturity investments	77,071	994,797
2.9	Others	(4,601)	(3,546)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash flow from financing activities	424,040	-
3.1	Cash obtained from funds borrowed and securities issued	920,600	-
3.2	Cash used for repayment of funds borrowed and securities issued	(496,581)	-
3.3	Equity instruments issued	-	-
3.4	Dividends paid	-	-
3.5	Re-payments for finance leases	21	-
3.6	Others	-	-
IV.	Effect of change in foreign exchange rates on cash and cash equivalents	2,261	4,997
V.	Net increase in cash and cash equivalents	2,858,130	300,301
VI.	Cash and cash equivalents at the beginning of the year	5,006,075	7,148,088
VII.	Cash and cash equivalents at the end of the period	7,864,205	7,448,389

The accompanying notes are an integral part of these consolidated financial statements.

SECTION THREE

Accounting Policies

I. Basis of presentation

As per the Article 37 and 38 of “Accounting and Recording Rules” of the Turkish Banking Law no. 5411 published on the Official Gazette no. 25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated and consolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (“BRSA”) and effective since 1 November 2006, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance (collectively “Reporting Standards”) issued by Turkish Accounting Standards Board (“TASB”).

Per decree no 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article no:1 of the 2499 numbered Law on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Association (“Board”) has been decided by the Council of Ministers. In accordance with this additional temporary article no 1 of the decree, current regulations will prevail until related standards and regulations will be issued by the Board become effective.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and unconsolidated investments in associates and subsidiaries whose fair value can be reliably measured and assets available for sale, which are presented on a fair value basis.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and jurisdictions other than Turkey and IFRS.

II. Strategy for the use of financial instruments and foreign currency transactions

Strategy for the use of financial instruments

The 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. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

The most important fund sources of the Bank other than the deposits are its equity, interbank money market takings 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 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, interest rate risk, exchange rate risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the Bank’s shareholders’ equity.

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 but earn lower return. The Bank takes position against 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. Foreign currency position is closely followed taking the legal limits and the Bank's internal control regulations, formed in a balanced basket taking the market conditions into account.

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

Transactions of the Parent Bank and its consolidated subsidiaries located in Turkey are recorded in TL, the functional currency of the Parent Bank and the related subsidiaries. Foreign currency transactions are recorded using the foreign exchange rates ruling at the transaction date. At the end of the periods, foreign currency denominated monetary assets and liabilities are measured at the Parent Bank's spot purchase rates in the financial statements of the Parent Bank; and at the spot purchase rates announced by the Central Bank of Turkey ("CBT") in the financial statements of the other subsidiaries. The foreign exchange rate differences are recognized as foreign exchange gains or losses in the statement of income.

Foreign exchange differences resulting from amortized costs of foreign currency denominated available-for-sale financial assets are recognized in the statement of income whilst foreign exchange differences resulting from unrealized gains and losses are presented in "valuation differences of marketable securities" under equity.

If the net investments in associates and subsidiaries operating in foreign countries are measured at cost, they are reported as translated into TL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

Foreign currency differences arising from the translation of the financial statements of the net investment in foreign operations into TL for consolidation purpose are classified as "foreign currency differences arising from associates, subsidiaries, and joint ventures" sub account under "other profit reserves" presented in equity.

III. Information on companies subject to consolidation

As at and for the three-month period ended 31 March 2012, the financial statements of T. Vakıflar Bankası TAO, Vakıf International AG, Vakıf Finansal Kiralama AŞ, Güneş Sigorta AŞ, Vakıf Emeklilik AŞ, Vakıf Finans Faktoring Hizmetleri AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Portföy Yönetimi AŞ, Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, Kıbrıs Vakıflar Bankası Ltd, and Türkiye Sınai Kalkınma Bankası AŞ have been included in the consolidated financial statements of the Group.

Pursuant to the 4 March 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 non-compliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to 24 May 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at 31 March 2012 and 31 December 2011 but its equity until the liquidation decision date has included in the accompanying consolidated financial statements.

As per the resolution of the Board of Directors of the Bank held on 8 September 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 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 31 March 2012 and 31 December 2011, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Vakıf 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.

Güneş Sigorta AŞ was established under the leadership of the Bank and Toprak Mahsulleri Ofisi in 1957. The Company has been operating in nearly all non-life insurance branches like fire, accident, transaction, engineering, agriculture, health, forensic protection, and loan insurance. Its head office is in Istanbul.

Vakıf Emeklilik AŞ was established under the name Güneş Hayat Sigorta AŞ in 1991. In 2003 the Company has taken conversion permission from Treasury and started to operate in private pension system. Its head office is in Istanbul.

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

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

Vakıf Portföy Yönetimi AŞ operates in investment fund management, portfolio management and pension fund management. Its head office is in Istanbul.

Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ was established in 1991 in Istanbul. The main operation of the Company is to invest a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired; and 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.

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 economical 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.

IV. Information on forwards, options and other derivative transactions

The derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency forward contracts and foreign currency options. The Group has classified its derivative transactions as “trading derivatives” in accordance with the TAS 39 – *Financial Instruments: Recognition and Measurement*.

Derivatives are initially recorded at their acquisition costs including the transaction costs.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts stated on the related derivative contracts.

Subsequently, the derivative transactions are measured at their fair values and the changes in fair values are recorded in the balance sheet under “derivative financial assets held for trading purpose” or “derivative financial liabilities held for trading purpose”. The subsequent fair value changes are recorded in the consolidated statement of income.

V. Information on interest income and expenses

Banking activities

Interest income and expense are recognized according to the effective interest method based on accrual basis. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are additional costs that are directly related to the acquisition, emission or disposal of financial assets or liabilities.

As per relevant legislation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

Finance leasing activities

The total of minimum rent amounts are 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 statement of income.

VI. Information on fees and commissions

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission, incomes derived from agreements and asset purchases for third parties are recognized as income when realized.

VII. Information on financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

Financial assets except for measured at fair value through profit or loss are recognized initially with their transaction costs that are directly attributable to the acquisition or issue of the financial asset. Purchase and sale transactions of securities are accounted at settlement dates.

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and loans and receivables.

Financial assets at fair value through profit or loss

Such assets are measured at their fair values and gain/loss arising is recorded in the consolidated statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the consolidated statement of income.

Held to maturity investments, available-for-sale financial assets and loans and receivables

Held to maturity investments are the financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables.

There are no financial assets that are not allowed to be classified as held-to-maturity investments for two years due to the tainting rules applied for the breach of classification rules.

Held-to-maturity investments are measured at amortized cost using effective interest method after deducting impairments, if any.

Available-for-sale financial assets are the financial assets other than assets held for trading purposes, held-to-maturity investments and loans and receivables.

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses calculated as the difference between the fair values and the discounted values of available for sale financial assets are recorded in “valuation differences of the marketable securities” under the equity. In case of sales, the realized gain or losses are recognized directly in the consolidated statement of income.

Purchase and sale transactions of securities are recognized at settlement dates.

Loan and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Factoring receivables

Factoring receivables are recorded at cost and measured at amortized cost by using effective interest method after deducting unearned interest income and impairment losses, if any. Factoring receivables are reviewed regularly and specific provisions are recorded in order to present impaired factoring receivables at their collectable amounts. A doubtful factoring receivable is written off after all legal procedures are completed and net loss is measured.

Associates and subsidiaries

The financial subsidiaries of the Group are consolidated in the accompanying consolidated financial statements and non-financial subsidiaries are accounted for in accordance with TAS 39.

In the accompanying consolidated financial statements financial associates of the Group, whose total assets, and net operating profit/(loss) individually or as a whole do not comprise a material portion within the consolidated assets and operation results, have not been subject to consolidation; remaining financial associates have been consolidated using the equity method. Non-financial associates are accounted for in accordance with TAS 39 in the accompanying consolidated financial statements.

VIII. Information on impairment of financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (loss event(s)) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no. 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

IX. Information on netting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right of the Group to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

X. Information on repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet. Government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and measured based on their original portfolio, either at fair value or at amortized cost using the effective interest rate method. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements are classified under “Receivables from Interbank Money Markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

XI. Information on assets and liabilities arising from assets held for sale and discontinued operations

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

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

XII. Information on goodwill and other intangible assets

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 31 December 2004 are restated from the purchasing dates to 31 December 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 on their restated costs based on straight line amortisation.

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.

XIII. Information on tangible assets

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs after deducting financing expenses and foreign exchange differences if any.

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.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

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 lives (years)	Depreciation Rates (%)
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 balance sheet 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 investment properties

Investment property is a property held either to earn rental income or for capital appreciation or for both. The Group holds investment property through its real estate company and insurance companies, consolidated in the accompanying consolidated financial statements.

Investment properties are initially recorded at their acquisition costs including transaction costs.

Subsequent to initial recognition, the Group measures all investment property based on the cost model in accordance with the cost model for property and equipment (i.e. at cost less accumulated depreciation and less any accumulated impairment losses).

XV. Information on leasing activities

Finance leasing activities as the lessee

Tangible assets acquired through finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the consolidated balance sheet of the Group. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

Finance leasing activities as the lessor

The total of minimum rent amounts are 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 at consolidated income statement as interest income.

Operational leases

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XVI. Information on provisions and contingent liabilities

In the consolidated financial statements, a provision is booked for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the consolidated 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 one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in consolidated financial statements but are assessed continuously to ensure that related updates are appropriately reflected in the consolidated 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 consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

XVII. Information on obligations of the Group concerning employee rights

In accordance with existing Turkish Labour 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 31 March 2012 is TL 2,805 (full TL) (31 December 2011: TL 2,732 (full TL)).

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

As at 31 March 2012 and 31 December 2011, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Previous Year
Discount rate	3.78%	3.78%
Expected rate of salary/limit increase	5.00%	5.00%
Estimated employee turnover rate	1.61%	1.61%

Other benefits to employees

In the accompanying consolidated financial statements, the Group has provided provision in compliance with *TAS 19*, for undiscounted other employee benefits earned during the financial period as per services rendered.

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 15 May 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

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 no. 5411, issued in the 1 November 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court’s 22 March 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on 15 December 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.

Constitutional Court has indicated the probable losses in acquired rights of fund members as the reason of the cancellation decision. 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 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 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,

- The technical interest rate to be used for the actuarial calculation is 9.80%
- 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 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011.

At 19 June 2008, Cumhuriyet Halk Partisi, appealed to the Supreme Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. The application has been refused in accordance with the decision taken in 30 March 2011 dated meeting of the Supreme Court.

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 the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2012 which is prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

XVIII. Information on taxation

Corporate tax

Corporate tax rate is 20% in Turkey. This rate is applied to the total income of the corporations adjusted for certain disallowable expenses, exempt income and any other allowances.

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 15%. 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.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The corporate tax rate for the Group's subsidiary in Austria has been determined as 25.0%. Prepaid corporate taxes for every three months are computed and paid using the related period's tax rate. Taxes which have been paid for previous periods can be deducted from corporate taxes computed on annual taxable income. According to the Double Taxation Treaty Agreement between Turkey and Austria, Turkish corporations in Austria possess the right to benefit from tax returns of 10.0% on interest earned from the investments and loans granted in Turkey.

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, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Deferred tax assets and deferred tax liabilities for each subsidiary subject to consolidation are presented after offsetting these assets and liabilities in the financial statements of the related subsidiaries, since the subsidiaries have legal right to offset tax assets and tax liabilities. In the consolidated financial statements, deferred tax assets and deferred tax liabilities are not offsetted since the subsidiaries subject to consolidation do not have the right to receive a net receivable or pay a net payable legally.

In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the consolidated statement of income, then the related current and/or deferred tax effects are also recognized in the consolidated statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Transfer pricing

In Turkey, 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 18 November 2007 sets details about implementation.

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.

Investment incentive

As per the provisional Article no. 69, effective from 1 January 2006, added to the Income Tax Law no. 193 by Law no. 5479 dated 8 April 2006 and published in Official Gazette no. 26133, tax payers could deduct investment incentives which were calculated according to the legislative provisions (including tax rate related provisions) in force on 31 December 2005, only from the taxable income for the years 2006, 2007, and 2008. The rights of tax payers who could not deduct investment incentives fully or partially due to insufficient taxable income during those years, were lost as at 31 December 2008.

In accordance with the decision taken by the Turkish Constitutional Court on 15 October 2009, the "2006, 2007 and 2008 ..." clause of the provisional Article no. 69 of the Income Tax Law mentioned above, is repealed and the time limitation for the use of the investment incentive is removed. The repeal related to the investment incentive was enacted and issued in the 8 January 2010 Official Gazette number 27456. Accordingly, the Group's subsidiary operating in finance leasing business will be able to deduct its remaining investment incentives from taxable income in the future without any time limitation.

As per "Law regarding amendments to the Income Tax Law and Some Other Certain Laws and Decree Laws" accepted on 23 July 2010 at the Grand National Assembly of Turkey, the expression of "can be deducted from the earnings again in the context of this legislation (including the legislation regarding the tax rate) valid at this date" has been amended as "can be deducted from the earnings again in the context of this legislation (including the legislation regarding the tax rate as explained in the second clause of the temporary article no 61 of the Law) valid at this date" and the following expression of "Investment incentive amount used in determination of the tax base shall not exceed 25% of the associated taxable income. Tax is computed on the remaining income per the enacted tax rate" has been added. This Law has been published in the Official Gazette on 1 August 2010.

The clause "The amount which to be deducted as investment incentive to estimate tax base can not exceed 25% of related income" which has been added to first clause of the temporary 69th article of Law No: 193 with the 5th article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the 9 February 2012 dated decisions no: E.2010/93 and K.2012/20. The decision has been put into stay of execution until the date of publishment in the official gazette in order to avoid the abrogation decision become inconclusive and to prevent the situations and losses which are impossible or difficult to compensate later and occurring due to putting the abrogation into effect. If the Group makes adjustment in accordance with the abrogation decision of Tax Administration, net profit for the year remains same but current tax charge and deferred tax income need to be reclassified. Accordingly, the Group's subsidiary operating in finance lease sector have taken these effects into account while arranging corporate tax declaration for the year 2011 and made classification between corporate tax and deferred tax.

XIX. Additional information on borrowings

Financial liabilities for trading purposes and derivative financial liabilities are measured at fair value. All other financial liabilities are measured at amortized cost using effective interest method.

On 24 April 2012, the Parent Bank has issued bonds with a nominal value of 500 million USD and with a maturity of 24 April 2017. 36% of the bonds were issued in Europe, 27% in USA, 27% in England and remaining 10% in Asia and Middle East. The 64% of the bonds were issued to asset managers, 18% to banks, 14% to private banks and remaining 4% to insurance and pension funds.

On 31 January 2012, the Parent Bank issued discounted bonds with a nominal value of TL 1,000,000 and 178 days maturity. As at 31 March 2012, the related bonds are measured at amortized cost using effective interest method.

On 8 August 2011, the Parent Bank issued discount bonds with a nominal value of TL 500,000 and 176 days maturity. The bond has matured at 31 January 2012.

XX. Information on issuance of equity securities

The shares of the Bank having nominal value of TL 322,000,000, 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 19 December 2006.

XXI. 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. Government incentives

As at 31 March 2012, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has investment incentives which are not used amounting to TL 266,907 (31 December 2011: TL 274,080)

XXIII. Segment reporting

Operational segments are determined based the structure of the Group's risks and benefits and presented in Section Four Note VII.

XXIV. Other disclosures

Earnings per shares

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

As at and for the three-month period 31 March 2012, earning per 100 shares is TL 0.1556 (31 March 2011: TL 0.1517).

Related parties

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 Five Note V.

Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in TL, cash in FC, cheques, demand deposits for both Central Bank of Turkey and other banks, money market placements and time deposits at banks and marketable securities whose original maturity is less than 3 months.

Insurance operations of the Group

Written Premiums: Written premiums represent premiums on policies written during the year net of taxes and premiums of the cancelled policies produced in previous years. Written premiums, net off ceded are recorded under other operating income in the accompanying consolidated statement of income.

Reserve for unearned premiums: Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense. Reserve for unearned premiums is calculated for all contracts except for the insurance contracts for which the Group provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annuities renewed long-term insurance contracts. Reserve for unearned premiums is presented under “insurance technical provisions” in the accompanying consolidated financial statements.

Reserve for outstanding claims: Reserve for outstanding claims is provided for the outstanding claims, which incurred and reported but not yet settled in current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims (“IBNR”). IBNR and subrogation and salvage reimbursements are recognized as the highest of the amount calculated based on historical data and results of actuarial chain ladder method. Reserve for outstanding claims is presented under “insurance technical provisions” in the accompanying consolidated financial statements.

Mathematical provisions: Mathematical provisions are the provisions recorded against the liabilities of the Group to the beneficiaries of long-term life and individual accident policies based on actuarial assumptions. Mathematical provisions consist of actuarial mathematical provisions savings and profit sharing reserves.

Actuarial mathematical provisions are calculated as the difference between the net present values of premiums written in return of the risk covered by the Group and the liabilities to policyholders for long-term insurance contracts based on the basis of actuarial mortality assumptions as approved by the Republic of Turkey Prime Ministry Undersecretariat of Treasury, which are applicable for Turkish insurance companies. Mathematical provision also includes the saving portion of the provisions for saving life product.

Profit sharing reserves are the reserves provided against income obtained from asset backing saving life insurance contracts. These contracts entitle the beneficiaries of those contracts to a minimum guaranteed crediting rate per annum or, when higher, a bonus rate declared by the Group from the eligible surplus available to date.

Mathematical provisions are presented under “insurance technical provisions” in the accompanying consolidated financial statements.

Deferred acquisition cost and deferred commission income: Commissions given to the intermediaries and other acquisition costs that vary with and are related to securing new contracts and renewing existing insurance contracts are capitalized as deferred acquisition cost. Deferred acquisition costs are amortized on a straight-line basis over the life of the contracts. Commission income obtained from the premiums ceded to reinsurance firms are also deferred and amortized on a straight-line basis over the life of the contracts.

Liability adequacy test: At each reporting date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition costs. In performing this test, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision under “insurance technical provisions” in the accompanying consolidated financial statements.

If the result of the test is that a loss is required to be recognised, the first step is to reduce any intangible item arising from business combinations related to insurance. If there is still a loss remaining, then the deferred acquisition cost is reduced to the extent that expense loadings are considered not recoverable. Finally, if there is a still remaining amount of loss, this should be booked as an addition to the reserve for premium deficiency.

Individual pension business

Individual pension system receivables presented under ‘other assets’ in the accompanying consolidated financial statements consists of ‘receivables from the clearing house on behalf of the participants’. Pension funds are the mutual funds that the individual pension companies invest in, by the contributions of the participants. Shares of the participants are kept at the clearing house on behalf of the participants.

‘Receivables from the clearing house on behalf of the participants’ is the receivable from the clearing house on pension fund basis against the contributions of the participants. The same amount is also recorded as payables to participants for the funds acquired against their contributions under the ‘individual pension system payables’.

In addition to the ‘payables to participants’ account, mentioned in the previous paragraph, individual pension system payables also includes participants’ temporary accounts, and payables to individual pension agencies. The temporary account of participants includes the contributions of participants that have not yet been invested. Individual pension system payables are presented under other liabilities and provisions in the accompanying consolidated financial statements.

Fees received from individual pension business consist of investment management fees, fees levied on contributions and entrance fees. Fees received from individual pension business are recognised in other income in the accompanying consolidated statement of comprehensive income.

SECTION FOUR

Information Related to Financial Position of the Group

I. Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 13.13% (The Parent Bank: 13.35%).

Risk measurement methods in calculation of capital adequacy ratio

Consolidated capital adequacy ratio is calculated within the scope of the "Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006, "Regulation for an Amendment for the Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26824 dated 22 March 2008 and "Regulation on the Equity of Banks".

In calculation of the consolidated capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of the Banks".

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*Convenience Translation of the Consolidated Financial Statements
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Information on consolidated capital adequacy ratio

	Unconsolidated – The Parent Bank’s Risk Weights – 31 March 2012							Consolidated – Group’s Risk Weights – 31 March 2012						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
Balance Sheet Items (Net)	17,919,652	-	1,214,508	20,161,540	37,648,131	1,066,069	3,117,486	19,203,115	-	2,389,217	20,241,643	38,999,000	1,066,069	3,117,486
Cash on hand	786,758	-	-	-	-	-	-	791,041	-	34	-	-	-	-
Securities in redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	4,685,096	-	-	-	-	-	-	4,685,096	-	-	-	-	-	-
Domestic and foreign banks, foreign head offices and branches	1,034,466	-	776,853	-	202,960	-	-	1,041,186	-	1,579,289	-	221,088	-	-
Interbank money market placements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve deposits	4,679,019	-	-	-	-	-	-	4,679,019	-	-	-	-	-	-
Loans	871,394	-	322,555	19,910,772	34,202,148	1,066,069	3,117,486	880,050	-	521,045	19,947,096	34,790,113	1,066,069	3,117,486
Loans under follow-up (Net)	-	-	-	-	96,337	-	-	-	-	-	-	113,545	-	-
Lease Receivables	-	-	-	-	-	-	-	751	-	-	43,779	473,326	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Held-to-maturity investments	5,669,201	-	51,475	-	-	-	-	5,676,287	-	51,475	-	-	-	-
Receivables from term sale of assets	-	-	-	-	93,363	-	-	-	-	-	-	93,368	-	-
Miscellaneous receivables	-	-	19,050	-	258,453	-	-	1,186,241	-	184,045	-	554,718	-	-
Accrued interests and income	113,631	-	40,293	250,768	452,269	-	-	113,783	-	49,047	250,768	461,467	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	985,567	-	-	-	-	-	-	174,325	-	-
Tangible assets	-	-	-	-	905,093	-	-	-	-	-	-	1,140,392	-	-
Other assets	80,087	-	4,282	-	451,941	-	-	149,661	-	4,282	-	976,658	-	-
Off-Balance Sheet Items	107,854	-	924,504	603,744	10,338,499	-	-	107,854	-	926,546	603,744	10,455,775	-	-
Non-cash loans and commitments	107,854	-	633,599	603,744	10,308,353	-	-	107,854	-	633,599	603,744	10,425,629	-	-
Derivative financial instruments	-	-	290,905	-	30,146	-	-	-	-	292,947	-	30,146	-	-
Non risk-weighted accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk-Weighted Assets	18,027,506	-	2,139,012	20,765,284	47,986,630	1,066,069	3,117,486	19,310,969	-	3,315,763	20,845,387	49,454,775	1,066,069	3,117,486

Summary information related to capital adequacy ratio

	Unconsolidated		Consolidated	
	Current Period	Previous Year	Current Period	Previous Year
Value at Credit Risk (VaCR)	66,631,150	63,377,481	68,374,697	65,189,906
Value at Market Risk (VaMR)	1,939,050	1,952,688	2,171,075	2,041,100
Value at Operational Risk (VaOR) ^(*)	7,443,688	6,531,375	8,610,738	7,608,913
Equity	10,148,689	9,616,230	10,394,434	9,895,265
Equity/ (VaCR+VaMR+VaOR)*100	13.35%	13.38%	13.13%	13.22%

^(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRS circular, capital adequacy ratio for the year 2011 was measured by taking value at operational risk calculated based on average of gross incomes for the years ended 31 December 2010, 2009 and 2008 into consideration. For the year 2012, value at operational risk is being calculated based on average of gross incomes for the years ended 31 December 2011, 2010 and 2009.

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Information on consolidated equity

	Current Period	Previous Year
CORE CAPITAL		
Paid-in capital	2,500,000	2,500,000
Nominal capital	2,500,000	2,500,000
Capital commitments (-)	-	-
Capital reserves from inflation adjustments to paid-in capital	-	-
Share premiums	726,722	726,722
Share cancellation profits	-	-
Legal reserves	753,544	627,279
I. Legal reserve (Turkish Commercial Code 466/1)	398,232	332,030
II. Legal reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per special legislations	355,312	295,249
Status reserves	5,050	3,980
Extraordinary reserves	5,160,746	4,122,736
Reserve allocated as per the decision held by the General Assembly	4,807,707	3,790,079
Retained earnings	353,039	332,657
Accumulated losses	-	-
Exchange rate differences on foreign currency capital	-	-
Reserves from inflation adjustments to legal, status and extraordinary reserves	-	-
Profit	479,089	1,333,600
Current period's profit	389,418	1,304,314
Previous years' profit	89,671	29,286
Free provision for possible losses (up to 25% of Core Capital)	52,622	51,676
Income on sale of equity shares and real estates to be used up for capital increase	50,452	14,010
Primary subordinated loans (up to 15% of Core Capital)	-	-
Non-controlling interest	311,691	314,080
Loss excess of reserves (-)	-	-
Current period's loss	-	-
Previous years' loss	-	-
Leasehold improvements (-)	70,937	71,969
Prepaid expenses (-)	-	-
Intangible assets (-)	81,881	79,988
Deferred tax asset excess of 10% of core capital (-)	-	-
Limit excesses as per the 3 rd paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (net) (-)	-	-
Total core capital	9,887,098	9,542,126
SUPPLEMENTARY CAPITAL		
General provisions	730,582	671,180
45% of revaluation surplus on movables	-	-
Bonus shares of associates, subsidiaries and joint-ventures	1,779	1,779
Primary subordinated loans excluding the portion included in core capital	-	-
Secondary subordinated loans	-	-
45% of valuation differences of marketable securities	6,441	(90,954)
Associates and subsidiaries	(11,219)	(19,393)
Available-for-sale financial assets	17,660	(71,561)
Inflation adjustment differences of capital reserves, profit reserves and previous years' profit/(loss)	-	-
Non-controlling interest	48,618	44,970
Total supplementary capital	787,420	626,975
TIER III CAPITAL		
CAPITAL	10,674,518	10,169,101
DEDUCTIONS FROM CAPITAL	280,084	273,836
Unconsolidated investments in entities (domestic/foreign) operating in banking and financial sectors exceeding 10% of ownership	-	-
Investments in entities (domestic/foreign) operating in banking and financial sectors at less than 10% exceeding 10% or more of the total core and supplementary capitals	148,092	140,112
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated loans and debt instruments purchased from such parties qualified as primary or secondary subordinated debts	-	-
Loan granted to customer against the Articles 50 and 51 of the Banking Law	-	-
Net book values of immovables exceeding 50% of the capital 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	131,614	133,265
Others	378	459
TOTAL EQUITY	10,394,434	9,895,265

II. Consolidated market risk

The Parent Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices on balance sheet and off-balance sheet positions of the banks.

The capital need for general market risk and specific risks is calculated using the standard method defined by the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and reported monthly.

In addition to the standard method, the Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Bank also performs daily back-testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liability accounts, liquidity analysis are performed and the duration of the Bank’s assets and liabilities is calculated.

The market risk analysis of the Parent Bank is reported monthly and sent to the related regulatory institutions.

Value at market risk

	Amount
(I) Capital obligation against general market risk - standard method	128,722
(II) Capital obligation against specific risks - standard method	8,207
(III) Capital obligation against currency risk - standard method	36,504
(IV) Capital obligation against stocks risks - standard method	-
(V) Capital obligation against exchange risks - standard method	-
(VI) Capital obligation against market risks of options - standard method	253
(VII) Capital obligation against market risks of banks applying risk measurement models	-
(VIII) Total capital obligations against market risk (I+II+III+IV+V+VI)	173,686
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	2,171,075

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of the changes in the levels of equity indices and the value of individual stocks.

The effect on equity (except for tax effect) as a result of change in the fair value of equity instruments quoted to Istanbul Stock Exchange (“ISE”) held as associates and subsidiaries in the accompanying financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, is nil (31 December 2011: nil).

III. Consolidated operational risk

The Group calculates the value at operational risk in accordance with the fourth section published in the Official Gazette date 1 June 2007 related to the “Computation of Value of Operational Risk” of the circular, “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette numbered 26333 and dated 1 November 2006. “Basic Indicator Approach” is used in the computation.

The amount calculated as TL 688,859 (31 December 2011: TL 608,713 from gross income of the years 2011, 2010 and 2009 and used for the calculation of capital adequacy ratio as at 31 March 2012, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to TL 8,610,738 (31 December 2011: TL 7,608,913) presented in the table included in Note I of this section is calculated as 12.5 times of the operational risk.

IV. 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 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 the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

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

As at 31 March 2012 and 31 December 2011, the Group does not have derivate financial instruments held for risk management purpose.

Foreign exchange risk management policy

Risk policy of the Parent Bank is based on the transactions within the limits and keeping the currency position well-balanced. In the light of the national legislations and international applications, the Parent Bank has established a foreign currency risk management policy that enables the Group to take a position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Parent Bank. 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	1.7750	2.3661
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.7675	2.3538
Day 2	1.7700	2.3587
Day 3	1.7500	2.3364
Day 4	1.7600	2.3329
Day 5	1.7750	2.3426
Last 30-days arithmetical average rate	1.7488	2.3172

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Information on currency risk

Current Period	Euro	US Dollar	Japanese Yen	Other FCs	Total
Assets:					
Cash and balances with the Central Bank of Turkey	1,376,451	3,348,759	188	735,376	5,460,774
Banks	1,043,639	1,354,913	5,279	39,070	2,442,901
Financial assets at fair value through profit or loss ⁽¹⁾	4,769	106,200	-	-	110,969
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	832,507	1,912,406	-	-	2,744,913
Loans and receivables ⁽²⁾	8,035,461	12,036,022	-	55,123	20,126,606
Associates, subsidiaries and joint-ventures	3	-	-	-	3
Held-to-maturity investments	172,713	1,361,427	-	-	1,534,140
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	1,525	2,557	-	-	4,082
Intangible assets	29	166	-	-	195
Other assets ^{(3) (4)}	323,459	406,417	-	6,631	736,507
Total assets	11,790,556	20,528,867	5,467	836,200	33,161,090
Liabilities:					
Bank deposits	719,287	1,239,918	-	11,135	1,970,340
Foreign currency deposits	7,313,455	11,059,883	4,156	246,284	18,623,778
Interbank money market takings	616,361	3,140,049	-	-	3,756,410
Funds borrowed ⁽⁵⁾	2,610,189	3,847,774	-	33,461	6,491,424
Securities issued	-	-	-	-	-
Miscellaneous payables	169,596	153,070	-	773	323,439
Derivative financial liabilities held for risk management purpose	-	-	-	-	-
Other liabilities ^{(1) (6)}	96,784	276,293	1,785	1,239	376,101
Total liabilities	11,525,672	19,716,987	5,941	292,892	31,541,492
Net 'on balance sheet' position	264,884	811,880	(474)	543,308	1,619,598
Net 'off-balance sheet' position	(158,831)	(423,225)	198	(536,474)	(1,118,332)
Derivative assets ⁽⁷⁾	587,668	3,103,828	30,003	19,333	3,740,832
Derivative liabilities ⁽⁷⁾	746,499	3,527,053	29,805	555,807	4,859,164
Non-cash loans ⁽⁸⁾	1,292,080	5,724,284	56,208	181,289	7,253,861
Previous Year					
	Euro	US Dollar	Japanese Yen	Other FCs	Total
Total assets	10,827,868	21,714,774	2,067	656,754	33,201,463
Total liabilities	11,432,492	19,667,246	4,279	121,653	31,225,670
Net 'on balance sheet' position	(604,624)	2,047,528	(2,212)	535,101	1,975,793
Net 'off-balance sheet' position	559,790	(2,087,169)	2,354	(2,207)	(1,527,232)
Derivative assets	910,626	2,921,104	12,331	27,864	3,871,925
Derivative liabilities	350,836	5,008,273	9,977	30,071	5,399,157
Non-cash loans ⁽⁸⁾	1,449,366	4,962,322	69,748	168,981	6,650,417

⁽¹⁾ Foreign exchange rates based accruals of derivative financial assets and liabilities which respectively amount to TL 34,541 and TL 33,948 are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 1,427,856 (31 December 2011: TL 1,204,076) presented in TL in the financial statements are included in the above table.

⁽³⁾ Foreign currency indexed factoring receivables amounted to TL 57,035 (31 December 2011: TL 100,611) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁴⁾ Prepaid expenses amounting to TL 12,448 (31 December 2011: TL 16,647) are not included.

⁽⁵⁾ Foreign currency indexed funds borrowed amounted to TL 3,314 (31 December 2011: TL 12,791) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁶⁾ Unearned income amounting to TL 22,562 (31 December 2011: TL 25,460) and deferred tax liabilities amounted to TL 301 are not included is not included.

⁽⁷⁾ Asset purchase commitments amounting to TL 278,025 and asset sales commitments amounting to TL 318,105 are included.

⁽⁸⁾ Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the three-month periods ended 31 March 2012 and 2011 would effect consolidated equity and the consolidated statement of income (without tax effects) by the amounts shown in the table below.

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

	31 March 2012		31 March 2011	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	15,493	29,188	21,341	33,011
EUR	(15,249)	6,547	(33,025)	(15,035)
Other currencies	707	707	546	546
Total, net	951	36,442	(11,138)	18,522

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

10 percent revaluation of the TL against the following currencies as at and for the three-month periods ended 31 March 2012 and 2011 would effect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	31 March 2012		31 March 2011	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(13,114)	(26,809)	(40,807)	(29,137)
Euro	15,249	(6,547)	30,673	15,035
Other currencies	170	170	223	223
Total, net	2,305	(33,186)	(9,911)	(13,879)

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

V. 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 re-pricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	10,155,190	10,155,190
Banks	2,196,622	192,411	165,595	-	-	292,691	2,847,319
Financial assets at fair value through profit/loss	15,709	141,243	19,490	110,208	18,236	62	304,948
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	3,634,727	1,699,314	3,091,335	2,720,961	2,231,997	12,294	13,390,628
Loans and receivables	19,215,756	8,496,738	15,196,030	11,994,175	6,127,600	113,545	61,143,844
Held-to-maturity investments	1,038,284	718,174	194,264	1,639,647	2,240,078	-	5,830,447
Other assets (*)	52,784	73,452	528,096	404,621	2,293	4,370,741	5,431,987
Total assets	26,153,882	11,321,332	19,194,810	16,869,612	10,620,204	14,944,523	99,104,363
<i>Liabilities:</i>							
Bank deposits	2,130,260	243,439	255,769	-	-	27,786	2,657,254
Other deposits	36,727,411	14,406,157	3,402,278	481,432	3,806	9,047,731	64,068,815
Interbank money market takings	6,200,430	1,648,498	506,052	-	-	-	8,354,980
Miscellaneous payables	-	85,114	-	-	-	2,964,113	3,049,227
Securities issued	-	-	916,963	-	-	-	916,963
Funds borrowed	874,378	4,042,140	1,695,049	137,117	21,385	-	6,770,069
Other liabilities (**)	5,932	25,834	58,413	12,042	60,446	13,124,388	13,287,055
Total liabilities	45,938,411	20,451,182	6,834,524	630,591	85,637	25,164,018	99,104,363
On balance sheet long position	-	-	12,360,286	16,239,021	10,534,567	-	39,133,874
On balance sheet short position	(19,784,529)	(9,129,850)	-	-	-	(10,219,495)	(39,133,874)
Off-balance sheet long position	163,737	1,243,800	189,868	-	231,648	-	1,829,053
Off-balance sheet short position	(74,987)	(60,616)	(292,381)	(574,373)	(719,773)	-	(1,722,130)
Position, Net	(19,695,779)	(7,946,666)	12,257,773	15,664,648	10,046,442	(10,219,495)	106,923

(*) Subsidiaries, associates and tangible and intangible assets are included in non-interest bearing column.

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

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Previous Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	7,141,862	7,141,862
Banks	1,440,909	285,832	2,108	-	-	812,486	2,541,335
Financial assets at fair value through profit/loss	90,885	126,566	13,828	108,150	20,097	2,096	361,622
Interbank money market placements	190,467	-	-	-	-	-	190,467
Available-for-sale financial assets	4,216,825	2,207,753	1,968,148	2,615,781	2,334,417	11,919	13,354,843
Loans and receivables	16,398,510	8,534,741	15,123,875	11,951,813	6,048,563	111,351	58,168,853
Held-to-maturity investments	393,491	810,574	745,303	1,634,477	2,395,393	-	5,979,238
Other assets (*)	13,126	70,436	602,015	544,910	888,715	3,603,122	5,722,324
Total assets	22,744,213	12,035,902	18,455,277	16,855,131	11,687,185	11,682,836	93,460,544
<i>Liabilities:</i>							
Bank deposits	2,806,127	581,887	32,739	-	-	34,116	3,454,869
Other deposits	33,481,477	12,490,392	2,866,843	395,629	3,367	9,149,399	58,387,107
Interbank money market takings	3,985,979	1,269,469	775,804	-	-	-	6,031,252
Miscellaneous payables	-	1,789	6,914	-	-	2,965,743	2,974,446
Securities issued	-	493,000	-	-	-	-	493,000
Funds borrowed	361,305	6,042,808	2,296,083	189,521	22,580	-	8,912,297
Other liabilities (**)	88,308	79,296	139,996	11,790	65,433	12,822,750	13,207,573
Total liabilities	40,723,196	20,958,641	6,118,379	596,940	91,380	24,972,008	93,460,544
On balance sheet long position	-	-	12,336,898	16,258,191	11,595,805	-	40,190,894
On balance sheet short position	(17,978,983)	(8,922,739)	-	-	-	(13,289,172)	(40,190,894)
Off-balance sheet long position	132,758	1,391,200	99,600	-	79,423	-	1,702,981
Off-balance sheet short position	(55,272)	(77,100)	(140,500)	(673,238)	(596,423)	-	(1,542,533)
Position, Net	(17,901,497)	(7,608,639)	12,295,998	15,584,953	11,078,805	(13,289,172)	160,448

(*) Subsidiaries, associates and tangible and intangible assets are stated in non-interest bearing column.

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

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Average interest rates applied to monetary financial instruments:

	Euro	US Dollar	Japanese Yen	TL
Current Period	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.70	0.76	-	11.70
Financial assets at fair value through profit/loss	5.47	8.43	-	10.90
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.22	7.05	-	8.97
Loans and receivables	5.23	5.39	-	15.33
Held-to-maturity investments	5.62	7.35	-	10.21
	-	-	-	-
Liabilities:				
Bank deposits	1.93	1.58	-	10.44
Other deposits	3.70	3.66	-	9.58
Interbank money market takings	1.64	2.06	-	10.24
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	10.57
Funds borrowed	2.32	2.17	-	10.17
<hr/>				
	Euro	US Dollar	Japanese Yen	TL
Previous Year	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.90	0.52	-	11.37
Financial assets at fair value through profit/loss	5.47	8.50	-	10.91
Interbank money market placements	-	-	-	12.16
Available-for-sale financial assets	5.27	6.93	-	8.41
Loans and receivables	5.15	4.98	-	14.92
Held-to-maturity investments	5.62	7.34	-	9.96
Liabilities:				
Bank deposits	2.56	1.93	-	11.00
Other deposits	3.76	4.21	-	9.62
Interbank money market takings	1.91	1.98	-	8.80
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	8.70
Funds borrowed	2.12	1.75	-	10.67

VI. Consolidated liquidity risk

In order to avoid the liquidity risk, the Parent Bank diverts funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Parent Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitization transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period	Demand	Upto 1Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed ^(*)	Total
Assets:								
Cash and balance with CBT	10,155,190	-	-	-	-	-	-	10,155,190
Banks	1,309,435	1,179,878	192,411	165,595	-	-	-	2,847,319
Financial assets at fair value through profit/loss	3,732	5,905	74,910	23,867	178,236	18,236	62	304,948
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	157,970	22,149	757,329	8,658,964	3,781,922	12,294	13,390,628
Loans and receivables	-	5,166,724	3,262,731	13,581,377	29,676,995	9,342,472	113,545	61,143,844
Held-to-maturity investments	-	17,759	33,742	132,986	3,369,064	2,276,896	-	5,830,447
Other assets	-	390,721	176,279	532,395	571,938	2,293	3,758,361	5,431,987
Total assets	11,468,357	6,918,957	3,762,222	15,193,549	42,455,197	15,421,819	3,884,262	99,104,363
Liabilities:								
Bank deposits	27,786	2,130,260	243,439	255,769	-	-	-	2,657,254
Other deposits	9,047,731	36,727,411	14,406,157	3,402,278	481,432	3,806	-	64,068,815
Funds borrowed	-	423,733	437,136	2,464,525	1,872,941	1,571,734	-	6,770,069
Interbank money market takings	-	6,200,430	1,594,664	559,886	-	-	-	8,354,980
Securities issued	-	-	-	916,963	-	-	-	916,963
Miscellaneous payables	-	1,525,883	191,603	56,091	35,547	-	1,240,103	3,049,227
Other liabilities	-	250,859	120,356	19,249	41,786	80,594	12,774,211	13,287,055
Total liabilities	9,075,517	47,258,576	16,993,355	7,674,761	2,431,706	1,656,134	14,014,314	99,104,363
Liquidity (Gap)/Surplus	2,392,840	(40,339,619)	(13,231,133)	7,518,788	40,023,491	13,765,685	(10,130,052)	-
Previous Year								
Total assets	8,905,390	5,464,615	3,773,670	14,407,187	41,518,542	16,762,906	2,628,234	93,460,544
Total liabilities	9,183,515	42,519,194	17,063,787	6,727,464	2,628,943	2,624,084	12,713,557	93,460,544
Liquidity (Gap)/Surplus	(278,125)	(37,054,579)	(13,290,117)	7,679,723	38,889,599	14,138,822	(10,085,323)	-

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash on short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and equity are included in this column.

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(Currency: Thousands of Turkish Lira (“TL”))

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Residual contractual maturities of monetary liabilities

Current period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	2,657,254	2,674,401	27,786	2,131,257	247,040	268,318	-	-
Other deposits	64,068,815	64,519,268	9,047,731	36,824,211	14,591,966	3,510,516	540,042	4,802
Funds borrowed	6,770,069	7,400,826	-	424,680	440,177	2,509,447	2,161,818	1,864,704
Money market takings	8,354,980	8,370,933	-	6,208,175	1,598,062	564,696	-	-
Issued Securities (Net)	916,963	947,858	-	-	-	947,858	-	-
Miscellaneous payables	3,049,227	3,049,227	1,240,103	1,525,883	191,603	56,091	35,547	-
Other liabilities	489,920	489,920	246,292	74,741	30,659	19,249	38,385	80,594
Total	86,307,228	87,452,433	10,561,912	47,188,947	17,099,507	7,876,175	2,775,792	1,950,100
Non-Cash Loans	16,440,603	16,440,603	6,821,421	1,406,963	1,320,365	4,051,912	2,101,473	738,469

Prior year	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	3,454,869	3,464,812	34,116	2,808,512	588,099	33,863	222	-
Other deposits	58,387,107	58,815,936	9,149,399	33,573,979	12,679,537	2,964,571	444,217	4,233
Funds borrowed	8,912,297	9,621,929	-	368,812	2,109,076	2,807,422	2,375,159	1,961,460
Money market takings	6,031,252	6,046,235	-	3,990,490	1,216,863	838,882	-	-
Issued Securities (Net)	493,000	496,581	-	-	496,581	-	-	-
Miscellaneous payables	2,974,446	2,974,446	133,580	1,683,573	149,540	104,294	35,396	868,063
Other liabilities	951,238	951,238	477,197	112,907	86,435	144,583	44,586	85,530
Total	81,204,209	82,371,177	9,794,292	42,538,273	17,326,131	6,893,615	2,899,580	2,919,286
Non-Cash Loans	15,814,381	15,814,381	9,724,999	1,027,359	770,703	2,442,300	1,189,150	659,870

This table shows the undiscounted cash flows on the Group’s financial liabilities on the basis of their earliest possible contractual maturities. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the consolidated financial statements.

VII. Consolidated segment reporting

The Parent Bank operates in corporate, commercial, small business, retail 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, 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 Parent 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 has been built in order to serve customers’ needs effectively and efficiently.

Additionally, the Parent Bank 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.

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	332,416	144,934	367,292	460,502	1,305,144
Undistributed expenses	-	-	-	(823,178)	(823,178)
Operating profit	332,416	144,934	367,292	(362,676)	481,966
Income from associates	-	-	-	-	13,569
Income before taxes	-	-	-	-	495,535
Provision for taxes	-	-	-	-	(106,634)
Net profit	-	-	-	-	388,901
Segment assets	21,580,776	39,541,868	31,207,645	1,695,070	94,025,359
Investment in associates and subsidiaries	-	-	-	322,417	322,417
Undistributed assets	-	-	-	4,756,587	4,756,587
Total assets	21,580,776	39,541,868	31,207,645	6,774,074	99,104,363
Segment liabilities	23,173,573	43,552,496	15,521,265	739,402	82,986,736
Equity	-	-	-	10,052,005	10,052,005
Undistributed liabilities	-	-	-	6,065,622	6,065,622
Total liabilities and equity	23,173,573	43,552,496	15,521,265	16,857,029	99,104,363

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		Previous Year	
	TL	FC	TL	FC
Cash	621,089	116,584	604,234	111,770
Central Bank of Turkey ^(*)	4,063,926	5,300,189	1,465,064	4,959,763
Others	9,401	44,001	33	998
Total	4,694,416	5,460,774	2,069,331	5,072,531

^(*) TL 4,679,019 (31 December 2011: TL 4,269,727) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals.

In accordance with "Announcement on Reserve Deposits" of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 11% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2011: 11% for demand deposits, and the rates decrease to 5% as maturities get longer). For foreign currency liabilities, all banks shall provide a reserve rate of 11% in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 6% as maturities get longer (31 December 2011: 11% in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 6% as maturities get longer).

Balances with the Central Bank of Turkey

	Current Period		Previous Year	
	TL	FC	TL	FC
Unrestricted demand deposits	4,063,926	621,170	1,465,064	690,036
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Reserve Deposits	-	4,679,019	-	4,269,727
Total	4,063,926	5,300,189	1,465,064	4,959,763

The Parent Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Bank. Subsequent to the decision, CBT required the Bank to provide reserve requirement for loans obtained by foreign branches, the Bank filed a claim in Ankara 15th Administrative Court for the suspension of execution and cancellation of the decision. As at 15 June 2011, the court decided on refusal of the claim with the right to appeal on State Council. CBT requested the Bank to provide additional reserves amounting to USD 384 million in average for 3.5 years period with the 4 May 2011 dated communique. In this context, the Bank has began to provide additional reserve requirements at 27 May 2011.

2. Further information on financial assets at fair value through profit/loss*Financial assets at fair value through profit/loss given as collateral or blocked*

	Current Period		Previous Year	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	69,448	11,092	95,711	11,466
Others	-	-	-	-
Total	69,448	11,092	95,711	11,466

Trading securities subject to repurchase agreements

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	2,858	-	3,098	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Others	-	-	-	-
Total	2,858	-	3,098	-

Trading purpose derivative financial assets

	Current Period		Previous Year	
	TL	FC	TL	FC
Forward transactions	3,143	1,659	3,141	4,720
Swap transactions	3,324	130,160	1,038	165,143
Futures	-	-	-	-
Options	15	268	3	93
Others	-	-	-	-
Total	6,482	132,087	4,182	169,956

3. Information on banks

	Current Period		Previous Year	
	TL	FC	TL	FC
Banks	404,418	2,442,901	408,679	2,132,656
Domestic	402,121	153,818	406,875	60,978
Foreign	2,297	2,289,083	1,804	2,071,678
Foreign head offices and branches	-	-	-	-
Total	404,418	2,442,901	408,679	2,132,656

4. Information on available-for-sale financial assets*Available-for-sale financial assets given as collateral or blocked*

	Current Period		Previous Year	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	1,032,174	376,885	661,402	387,393
Others	-	-	-	-
Total	1,032,174	376,885	661,402	387,393

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Available-for-sale financial assets subject to repurchase agreements

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	2,086,925	74,948	1,506,673	61,442
Treasury bills	-	-	-	-
Other debt securities	-	1,514,456	-	1,930,563
Bonds issued or guaranteed by banks	-	54,174	-	54,748
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	2,086,925	1,643,578	1,506,673	2,046,753

Information on available-for-sale financial assets

	Current Period		Previous Year	
Debt securities		13,473,647		13,513,369
Quoted		13,473,647		13,513,369
Unquoted		-		-
Equity securities		12,432		14,438
Quoted		1,544		1,169
Unquoted		10,888		13,269
Provisions for impairment losses (-)		95,451		172,964
Total		13,390,628		13,354,843

5. Information on loans***Information on all types of loans and advances given to shareholders and employees of the Group***

	Current Period		Previous Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	12,395	-	6,572
Legal entities	-	12,395	-	6,572
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	62,684	30	55,917	31
Total	62,684	12,425	55,917	6,603

Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled

	Performing Loans and Other Receivables		Loans and Other Receivables under Follow-Up	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash Loans				
Loans	58,937,203	45,627	1,530,605	485,554
Discounted bills	43,915	-	172	-
Export loans	4,080,431	-	68,125	49,695
Import loans	-	-	-	-
Loans to the financial sectors	1,479,199	-	9	85
Overseas loans	297,740	-	6,612	-
Consumer loans	18,722,036	-	613,918	145,668
Credit cards	2,193,158	-	88,796	6,656
Precious metal loans	-	-	-	-
Others	32,120,724	45,627	752,973	283,450
Specialization loans	24,566	-	-	-
Other receivables	6,744	-	-	-
Total	58,968,513	45,627	1,530,605	485,554

Information on changes in payment schedules of the performing loans and other receivables

Performing Loans and Other Receivables (*)

Number of Restructuring	Number of Loans	Up to 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
1	12	34,476	-	-	-	34,476
1	43	-	6,185	-	-	6,185
1	32	-	-	4,966	-	4,966
	87	34,476	6,185	4,966	-	45,627

Loans under Follow-up and Other Receivables (*)

Number of Restructuring	Number of Loans	Up to 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
1	399	5,749	-	-	-	5,749
1	1770	-	16,696	-	-	16,696
1	1388	-	-	63,065	-	63,065
1	3	-	-	-	36	36
	3,560	5,749	16,696	63,065	36	85,546

(*) Performing loans and other receivables whose payment schedules are restructured or rescheduled after the date 28 May 2011 are included.

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

	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	252,917	18,379,689	18,632,606
Housing loans	5,321	8,915,663	8,920,984
Automobile loans	3,904	384,533	388,437
General purpose loans	78,867	4,466,063	4,544,930
Others	164,825	4,613,430	4,778,255
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Consumer loans – FC	1,290	5,198	6,488
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,290	5,198	6,488
Others	-	-	-
Retail credit cards – TL	2,008,038	1,760	2,009,798
With installment	914,698	1,760	916,458
Without installment	1,093,340	-	1,093,340
Retail credit cards – FC	703	-	703
With installment	-	-	-
Without installment	703	-	703
Personnel loans – TL	1,760	31,810	33,570
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,726	31,810	33,536
Others	34	-	34
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Personnel loans – FC	417	-	417
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	417	-	417
Others	-	-	-
Personnel credit cards – TL	28,663	-	28,663
With installment	12,503	-	12,503
Without installment	16,160	-	16,160
Personnel credit cards – FC	34	-	34
With installment	-	-	-
Without installment	34	-	34
Overdraft Checking Accounts – TL (Real persons)	808,452	-	808,452
Overdraft Checking Accounts – FC (Real persons)	89	-	89
Total	3,102,363	18,418,457	21,520,820

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based commercial loans – TL	749,766	9,356,405	10,106,171
Real estate loans	2,302	138,854	141,156
Automobile loans	33,027	1,004,169	1,037,196
General purpose loans	714,437	8,213,382	8,927,819
Others	-	-	-
Installment-based commercial loans – FC indexed	15,806	577,829	593,635
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	15,806	577,829	593,635
Others	-	-	-
Installment-based commercial loans – FC	452,650	1,274,939	1,727,589
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	450,187	426,497	876,684
Others	2,463	848,442	850,905
Corporate credit cards – TL	249,339	54	249,393
With installment	74,354	54	74,408
Without installment	174,985	-	174,985
Corporate credit cards – FC	19	-	19
With installment	-	-	-
Without installment	19	-	19
Overdraft Checking Accounts – TL (Corporate)	253,100	-	253,100
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	1,720,680	11,209,227	12,929,907

Allocation of domestic and overseas loans

	Current Period	Previous Year
Domestic loans	60,725,947	57,754,229
Overseas loans	304,352	303,273
Total	61,030,299	58,057,502

Loans to associates and subsidiaries

As at 31 March 2012 and 31 December 2011, there are no loans given to associates and subsidiaries by the Group.

Specific provisions for loans

Specific Provisions	Current Period	Previous Year
Loans and receivables with limited collectibility	25,969	48,991
Loans and receivables with doubtful collectibility	238,936	176,438
Uncollectible loans and receivables	1,875,031	1,874,503
Total	2,139,936	2,099,932

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	13,196	36,149	84,700
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	13,196	36,149	84,700
Previous year	18,471	26,240	81,771
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	18,471	26,240	81,771

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the period	157,613	176,438	1,877,232
Additions (+)	141,306	9,431	40,136
Transfers from other categories of loans under follow-up (+) ^(*)	-	139,178	64,292
Transfers to other categories of loans under follow-up (-) ^(*)	138,706	62,100	34,922
Collections (-)	23,451	24,011	68,199
Write-offs (-)	-	-	1
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	1
Currency differences	-	-	(755)
Balance at the end of the period	136,762	238,936	1,877,783
Specific provisions (-)	25,969	238,936	1,875,031
Net balance on balance sheet	110,793	-	2,752

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance at the end of the year	3,891	1,005	274,998
Specific provisions (-)	778	1,005	272,246
Net balance on balance sheet	3,113	-	2,752
Previous Year			
Balance at the end of the year	1,414	315	309,702
Specific provisions (-)	672	315	306,973
Net balance on balance sheet	742	-	2,729

Non performing loans due to foreign currency denominated loans provided by the Parent Bank or domestic financial subsidiaries are followed in TL accounts, while non-performing loans provided by subsidiaries in abroad are followed in foreign currency accounts.

Write-off policy for uncollectible loans and receivables

The Group writes off a loan balance (and any related allowances for impairment losses) when it is concluded that those loans are uncollectible. This conclusion is given after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

Loan customer concentration of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	110,793	-	2,752
Consumer and commercial loans (Gross)	120,304	236,951	1,796,452
Specific provisions (-)	24,061	236,951	1,793,700
Consumer and commercial loans (Net)	96,243	-	2,752
Banks (Gross)	-	-	8,912
Specific provisions (-)	-	-	8,912
Banks (Net)	-	-	-
Other loans and receivables (Gross)	16,458	1,985	72,419
Specific provisions (-)	1,908	1,985	72,419
Other loans and receivables (Net)	14,550	-	-
Previous Year (Net)	108,622	-	2,729
Consumer and commercial loans (Gross)	155,483	174,471	1,796,258
Specific provisions (-)	47,132	174,471	1,793,529
Consumer and commercial loans (Net)	108,351	-	2,729
Banks (Gross)	-	-	9,565
Specific provisions (-)	-	-	9,565
Banks (Net)	-	-	-
Other loans and receivables (Gross)	2,130	1,967	71,409
Specific provisions (-)	1,859	1,967	71,409
Other loans and receivables (Net)	271	-	-

6. Information on held-to-maturity investments*Held-to-maturity debt securities issued by the governments*

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	4,296,307	-	4,343,224	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	1,482,597	-	1,581,438
Total	4,296,307	1,482,597	4,343,224	1,581,438

Information on held-to-maturity investment securities

	Current Period	Previous Year
Debt Securities	5,873,379	6,021,368
Quoted at stock exchanges	5,821,836	5,966,792
Unquoted at stock exchanges	51,543	54,576
Impairment losses (-)	42,932	42,130
Total	5,830,447	5,979,238

The movement table of the held-to-maturity investments

	Current Period	Previous Year
Balances at the beginning of the year	5,979,238	4,362,245
Foreign currency differences on monetary assets	(85,536)	223,839
Acquisitions during the year	51,475	3,102,225
Disposals through sales/redemptions	(77,071)	(1,688,257)
Impairment losses	(802)	(12,039)
Change in amortized costs of the securities (*)	(36,857)	(8,775)
Balances at the end of the year	5,830,447	5,979,238

(*) Differences in the amortized costs of the marketable securities are included in this column.

In year 2011 the Parent Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 1,690,000 to its held-to-maturity investment securities portfolio at their fair values of TL 1,764,346 as at their reclassification dates in the current year. These reclassifications are presented in "purchases during the period" line in the movement table of held-to-maturity investment securities. The value increases of such securities amounting to TL (2,497) are recorded under equity and will be amortized through the statement of income until their maturities.

Information about held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	-	51,475	-	51,543
Investments subject to repurchase agreements	4,184,421	1,444,424	4,238,594	1,450,875
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	58,503	31,820	57,713	31,722
Total	4,242,924	1,527,719	4,296,307	1,534,140

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Previous Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	-	54,520	-	54,576
Investments subject to repurchase agreements	2,328,425	940,202	2,370,567	962,317
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	1,938,751	619,877	1,972,657	619,121
Total	4,267,176	1,614,599	4,343,224	1,636,014

^(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Others” 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/Turkey	10.00	10.00
2 Bankalararası Kart Merkezi AŞ	İstanbul/Turkey	9.70	9.70
3 Kredi Kayıt Bürosu AŞ	İstanbul/Turkey	9.09	9.09
4 Güçbirliği Holding AŞ	İzmir/Turkey	0.07	0.07
5 İzmir Enternasyonel Otelcilik AŞ	İstanbul/Turkey	5.00	5.00
6 İMKB Takas ve Saklama Bankası AŞ	İstanbul/Turkey	4.86	5.28
7 Kredi Garanti Fonu AŞ	Ankara/Turkey	1.67	1.67
8 World Vakıf UBB Ltd.	Lefkosa/NCTR	82.00	85.24

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Year’s Profit/Loss	Fair Value
1	1,257,018	241,111	260,852	220,846	-	46,861	41,658	-
2	25,106	20,942	10,754	249	-	2,458	1,589	-
3	48,139	42,147	3,032	406	-	7,881	4,175	-
4	120,967	11,946	159	90	-	1,066	(9,203)	-
5	104,271	39,184	99,361	-	-	4,155	(351)	-
6	3,334,107	289,123	13,095	21,318	738	13,489	7,497	-
7	203,965	196,750	3,356	2,435	1	1,928	2,690	-
8	1,930	(31,696)	-	1	-	(856)	(829)	-

^(*) Financial information as at and for the year ended 31 December 2011 has been presented for these associates.

The name of World Vakıf Off Shore Banking Ltd, a subsidiary of the Bank, was changed as World Vakıf UBB. Ltd. on 4 February 2009. Pursuant to the 4 March 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., operating in NCTR, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. According to 24 May 2010 dated decision of the Nicosia Local Court, World Vakıf UBB Ltd. will be liquidated and NCTR Company Registrar is appointed to carry out liquidation process. Due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified “Investments in associates”. The financial statements of the Company have not been consolidated as at 31 March 2012 and 2010, but its equity until the liquidation decision date has been included in the accompanying consolidated financial statements.

As per the resolution of the Board of Directors of the Parent Bank on 3 April 2008, it was decided to work on disposal process of Roketsan Roket Sanayi AŞ (“Roketsan”), that the Bank owns 10% shares representing TL 14,600 nominal shares of its capital of TL 146,000 to the third parties or other shareholders of Roketsan in accordance with the 7th clause of the article of association on share transfer.

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

Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, IMKB Takas ve Saklama Bankası AŞ and Kredi Garanti Fonu 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 Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonal AŞ are not financial associates; these associates have not been consolidated. Associates whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values; the ones whose fair values cannot be reliably measured are reflected at their costs.

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.	Lefkosa/NCTR	15.00	15.00
2 Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	11.75	21.77
3 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	27.63	29.47
4 Türkiye Sınai Kalkınma Bankası AŞ (*)	İstanbul/Turkey	8.38	8.38

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Years’ Profit/Loss	Fair Value
1	759,629	63,299	7,695	16,600	2,174	2,904	1,766	-
2	14,605	14,328	81	191	221	581	(152)	23,660
3	190,944	188,150	140,498	555	826	1,333	781	455,892
4	10,022,739	1,617,206	26,181	87,126	63,870	87,216	60,264	1,802,609

(*) These figures are obtained from reviewed 31 March 2012 financial statements announced at Public Disclosure Platform.

The name of Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, a subsidiary of the Bank, has been changed as Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ on 3 April 2012. Amendment of association regarding this change has been discussed and decided on 28 March 2012 dated General Assembly meeting upon 2 March 2012 dated and 2354 numbered permission by Capital Market Board and 12 March 2012 dated 1814 numbered permission by General Directorate of Domestic Trade in Trade Ministry of Custom and Trade. The name has been registered on 3 March 2012 by İstanbul Trade Registry Office and has been announced on 9 April 2012 and 8044 numbered Turkish Trade Registry Gazette.

Movement of consolidated investments in associates

	Current Period	Previous Year
Balance at the beginning of the period	195,947	184,877
Movements during the period	89,937	11,070
Acquisitions and capital increases	-	21,553
Bonus shares received	25,132	9,591
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	64,805	(20,074)
Impairment losses	-	-
Balance at the end of the period	285,884	195,947
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

Sectoral distribution of consolidated investments and associates

	Current Period	Previous Year
Banks	157,141	128,267
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	128,743	67,680
Total	285,884	195,947

Quoted associates

	Current Period	Previous Year
Quoted at domestic stock exchanges	279,764	189,827
Quoted at international stock exchanges	-	-
Total	279,764	189,827

Investments in associates disposed during the period

There is not any consolidated associate disposed in the current period.

Investments in associates acquired during the period

There is not any associate acquired in the current period.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Parent Bank, from TL 800,000 to TL 1,100,000, by the General Assembly of the Company, the share of the Parent Bank amounting to TL 25,132 is presented in the movement table of investments in associates as bonus shares received.

In year 2011, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Parent Bank, by TL 78,000 from TL 22,000 to TL 100,000, by the General Assembly of the Company, the share of the Parent Bank amounting to TL 21,553 is presented in the movement table of investments in associates as shares received.

In year 2011, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”), an associate of the Parent Bank, from TL 700,000 to TL 800,000, by the General Assembly of TSKB, the share of the Parent Bank amounting to TL 8,378 is presented in the movement table of investments in associates as bonus shares received.

In year 2011, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (“Vakıf GYO”), an associate of the Bank, from TL 20,800 to TL 22,000, by the General Assembly of Vakıf GYO, the share of the Bank amounting to TL 332 is presented in the movement table of investments in associates as bonus shares received.

In year 2011, the capital of Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ, an associate of the Bank has been increased by TL 7,500 from TL 7,500 to TL 15,000. The share of the Bank amounting to TL 882 is presented in the movement table of investments in associates as bonus shares received.

In year 2011, the Bank has paid TL 1,000 of its capital commitment to Kredi Garanti Fonu AŞ. The paid amount is presented as acquisitions in movement table of investments in associates.

In year 2011, subsequent to the approval of the decision to increase the paid-in capital of Bankalararası Kart AŞ (“BKM”), an associate of the Bank, from TL 6,000 to TL 14,000, by the General Assembly of BKM, the share of the Bank amounting to TL 776 is presented in the movement table of investments in associates as bonus shares received.

8. Investments in subsidiaries

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/ Turkey	65.50	84.92
2	Taksim Otelcilik AŞ	Istanbul/ Turkey	51.00	51.52
3	Vakıf Pazarlama Sanayi ve Ticaret AŞ	Istanbul/ Turkey	69.33	74.98
4	Vakıf Gayrimenkul Değerleme AŞ	Ankara/ Turkey	54.29	58.54

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Fair Value
1	8,208	8,087	1,062	316	-	588	(51)	12,500
2	221,123	217,359	92,624	3,206	18	42	7,460	212,968
3	30,433	24,388	794	481	48	509	-	-
4	20,047	16,954	757	515	21	(76)	7,185	26,987

(**) Financial information as at and for the year ended 31 December 2011 has been presented for these associates.

As per the resolution of the Board of Directors of the Bank held on 8 September 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 article 451 of Turkish Commercial Code.

Legal entity of Vakıf Sistem Pazarlama Yazılım AŞ has ended with the merger. The title of the Company has been amended as Vakıf Pazarlama Sanayi ve Ticaret AŞ and new capital has amounted to TL 30,241. The share of the Parent Bank in Vakıf Pazarlama Sanayi ve Ticaret AŞ has been 69.33% that amounts to TL 20,966 after the merger.

Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at 31 March 2012 and 31 December 2011, but its equity until the merger date has been included in the accompanying consolidated financial statements.

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 and Vakıf Gayrimenkul Değerleme 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; the ones whose fair values cannot be reliably measured are reflected at their costs.

Investments in consolidated subsidiaries

	Title	Address(City / Country)	Bank's Share –If Different Voting Rights (%)	Bank's Risk Group Share (%)
1-	Güneş Sigorta AŞ ^(*)	Istanbul/Turkey	36.35	36.35
2-	Vakıf Emeklilik AŞ	Istanbul/Turkey	53.90	75.30
3-	Vakıf Finans Faktoring Hizmetleri AŞ	Istanbul/Turkey	78.39	86.97
4-	Vakıf Finansal Kiralama AŞ ^(*)	Istanbul/Turkey	58.71	64.40
5-	Vakıf Yatırım Menkul Değerler AŞ	Istanbul/Turkey	99.00	99.44
6-	Vakıfbank International AG	Vienna/Austria	90.00	90.00
7-	Vakıf Portföy Yönetimi A	Istanbul/Turkey	99.99	99.99

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and
For the Three-Month Period Ended 31 March 2012
(Currency: Thousands of Turkish Lira (“TL”))

Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit / (Loss)	Prior Year's Profit / (Loss)	Fair Value
1	861,227	279,516	161,856	4,587	247	(7,866)	(29,854)	348,930
2	1,513,322	122,570	34,823	17,820	12,838	7,046	2,162	165,471
3	577,601	88,624	348	16,800	-	3,861	2,656	57,708
4	633,783	102,307	4,161	9,824	68	2,123	6,082	123,105
5	84,960	53,565	347	2,043	149	1,479	1,630	55,298
6	1,726,859	204,244	1,554	13,558	2,265	4,252	3,119	166,683
7	6,899	6,190	8	174	3	475	322	16,633

(*) These figures are obtained from reviewed 31 March 2012 financial statements announced at Public Disclosure Platform.

Movement table of consolidated investments in subsidiaries in unconsolidated financial statements

	Current Period	Previous Year
Balance at the beginning of the period	504,663	547,961
Movements during the period	31,919	(43,298)
Acquisitions and capital increases	-	-
Bonus shares received	5,871	14,678
Share of current year profit	(14,389)	(13,038)
Sales and liquidations	-	-
Fair value changes	40,437	(44,938)
Impairment losses	-	-
Balance at the end of the period	536,582	504,663
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period	Previous Year
Measured at cost	-	-
Measured at fair value	536,582	504,663
Equity method of accounting	-	-
Total	536,582	504,663

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Previous Year
Banks	150,015	150,015
Insurance companies	216,026	193,303
Factoring companies	45,237	50,368
Leasing companies	72,275	54,080
Financing companies	-	-
Other financial subsidiaries	53,029	56,897
Total	536,582	504,663

Quoted consolidated subsidiaries

	Current Period	Previous Year
Quoted at domestic stock exchanges	199,112	152,804
Quoted at international stock exchanges	-	-
Total	199,112	152,804

Consolidated subsidiaries disposed during the year

There is not any disposal in the consolidated subsidiaries in the current year.

Consolidated investments in subsidiaries acquired during the period

In current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Parent Bank, from TL 50,000 to TL 60,000, by the General Assembly of Vakıf Leasing, the share of the Bank amounting to TL 5,871 is presented as bonus shares received in the movement table of investments in subsidiaries.

In the current period, subsequent to approval of the the Bank’s subsidiary Vakıf Gayrimenkul Değerleme AŞ’s increase in its paid-in capital from TL 3,500 to TL 7,000 through bonus issuance, the Bank’s share of TL 1,900 of stocks are presented in bonus shares received line in movement table of investments in subsidiaries.

In year 2011, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, from TL 25,000 to TL 50,000, by the General Assembly of Vakıf Finansal Kiralama AŞ, the share of the Bank amounting to TL 14,678 is presented as bonus shares received in the movement table of investments in subsidiaries.

9. Investments in joint-ventures

There is not any investment in joint-ventures of the Group.

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period		Previous Year	
	Gross	Net	Gross	Net
Less than 1 year	154,342	131,381	195,121	162,102
Between 1-4 years	399,683	358,681	359,054	320,643
Longer than 4 years	30,817	29,690	21,240	20,696
Total	584,842	519,752	575,415	503,441

Net investments in finance lease receivables

	Current Period	Previous Year
Gross finance lease receivables	584,842	575,415
Unearned income on finance lease receivables (-)	(65,090)	(71,974)
Terminated lease contracts (-)	-	-
Net finance lease receivables	519,752	503,441

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 derivative financial instruments held for risk management purposes

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

As at 31 March 2012, the Group has investment property amounting to TL 164,584 (31 December 2011: TL 159,204) in total which consists of the net book value amounting to TL 140,252 (31 December 2011: TL 140,354) for the associate operating in the field of real estate investment sector and the net book value amounting to TL 24,332 (31 December 2011: TL 18,850) for the subsidiaries operating in the insurance business.

13. Information on deferred tax assets

Items generating deferred tax assets or liabilities are listed below as at 31 March 2012 and 31 December 2011:

	Current Period	Previous Year
Provision for employee termination benefits and unused vacations	51,136	50,125
Other provisions	38,987	40,736
Valuation difference for associates and subsidiaries	28,652	31,382
Investment incentives	27,002	28,436
Reporting Standarts - Tax Code depreciation differences	16,870	16,030
Valuation differences of financial assets and liabilities	8,104	62,824
Tax losses carried forward	4,010	7,029
Other differences	3,779	1,606
Deferred tax assets	178,540	238,168
Net-off of the deferred tax assets and liabilities from the same entity	(37,743)	(40,498)
Deferred tax assets, (net)	140,797	197,670
	Current Period	Previous Year
Valuation differences of financial assets and liabilities	31,653	32,898
Valuation difference for associates and subsidiaries	893	3,227
Other differences	8,598	8,039
Deferred tax liabilities	41,144	44,164
Net-off of the deferred tax assets and liabilities from the same entity	(37,743)	(40,498)
Deferred tax liabilities, (net)	3,401	3,666

As further detailed in the accounting policies (see Section Three Note XVIII), temporary Article no. 69, added to Income Tax Law by Law no. 5479, stating that investment incentive calculated in accordance with the legislative provisions effective as at 31 December 2005 could only be deducted from the profits of 2006, 2007 and 2008, has been amended following a decision taken by the Turkish Constitutional Court on 15 October 2009 since the clause restricting the deduction to 2006, 2007 and 2008 ... was in contradiction of Constitutional Law. The Turkish Constitutional Court's decision was published in the 8 January 2010 Official Gazette number 27456. Based on this decision the Group will be able to deduct investment incentives from future taxable profit without any time limitation. Hence, the Group has recognised deferred tax assets amounting to TL 27,002 as at 31 March 2012 (31 December 2011: TL 28,436) due to investment incentives which are not used yet but could be deducted in future.

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

As at 31 March 2012, net book value of assets held for sale of the Group is amounting to TL 2,159 (31 December 2011: TL 2,159).

15. Information on other assets

As at 31 March 2012 and 31 December 2011, the details of other assets are as follows:

	Current Period	Previous Year
Receivables from private pension business	974,278	868,063
Prepaid expenses	441,288	398,979
Receivables from reinsurance companies	392,758	446,440
Receivables from insurance operations	272,524	266,178
Receivables from credit cards	185,917	392,479
Receivables from term sale of assets	93,363	103,778
Receivables from derivative financial instruments	80,663	20,177
Deferred insurance premium acquisition costs	77,925	79,501
Others	55,201	95,388
Total	2,573,917	2,670,983

II. Information and disclosures related to consolidated liabilities

1. Information on maturity profile of deposits

Current Period	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	1,683,272	-	340,826	11,995,778	1,525,319	163,289	106,644	-	15,815,128
Foreign currency deposits	1,347,699	-	2,233,718	10,026,246	2,087,969	492,359	2,241,797	-	18,429,788
Residents in Turkey	1,138,894	-	2,230,304	9,967,362	2,056,556	412,003	971,831	-	16,776,950
Residents in abroad	208,805	-	3,414	58,884	31,413	80,356	1,269,966	-	1,652,838
Public sector deposits	2,899,006	-	1,294,983	5,350,126	1,119,639	160,651	28,112	-	10,852,517
Commercial deposits	978,572	-	3,679,417	6,128,314	1,911,816	616,001	3,428	-	13,317,548
Others	1,945,192	-	646,920	1,970,997	805,360	79,376	11,999	-	5,459,844
Precious metal deposits	193,990	-	-	-	-	-	-	-	193,990
Bank deposits	27,786	-	1,372,773	901,329	248,753	100,341	6,272	-	2,657,254
Central Bank	168	-	-	-	-	-	-	-	168
Domestic banks	3,774	-	1,347,106	133,089	94,985	100,341	6,272	-	1,685,567
Foreign banks	7,357	-	25,667	768,240	153,768	-	-	-	955,032
Participation banks	16,487	-	-	-	-	-	-	-	16,487
Others	-	-	-	-	-	-	-	-	-
Total	9,075,517	-	9,568,637	36,372,790	7,698,856	1,612,017	2,398,252	-	66,726,069

Previous Year	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	1,671,682	-	362,643	11,508,016	1,195,391	216,923	75,894	-	15,030,549
Foreign currency deposits	1,593,247	-	1,713,252	8,198,861	1,827,824	435,120	2,256,902	-	16,025,206
Residents in Turkey	1,393,685	-	1,711,511	8,140,988	1,805,721	352,134	1,147,847	-	14,551,886
Residents in abroad	199,562	-	1,741	57,873	22,103	82,986	1,109,055	-	1,473,320
Public sector deposits	2,766,392	-	1,885,113	4,837,879	835,509	38,441	32,799	-	10,396,133
Commercial deposits	1,187,064	-	2,457,318	5,169,390	954,209	336,589	1,718	-	10,106,288
Others	1,931,014	-	681,617	2,936,530	966,888	294,692	18,190	-	6,828,931
Precious metal deposits	-	-	-	-	-	-	-	-	-
Bank deposits	34,116	-	1,666,239	833,548	916,823	2,069	2,074	-	3,454,869
Central Bank	116	-	-	-	-	-	-	-	116
Domestic banks	3,185	-	1,599,705	302,618	481,791	2,069	2,074	-	2,391,442
Foreign banks	19,066	-	66,534	530,930	435,032	-	-	-	1,051,562
Participation banks	11,749	-	-	-	-	-	-	-	11,749
Others	-	-	-	-	-	-	-	-	-
Total	9,183,515	-	8,766,182	33,484,224	6,696,644	1,323,834	2,387,577	-	61,841,976

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Previous Year	Current Period	Previous Year
Saving deposits	6,583,090	6,344,011	9,232,038	8,678,865
Foreign currency saving deposits	1,601,648	1,485,189	4,496,829	4,116,656
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	8,184,738	7,829,200	13,728,867	12,795,521

Saving deposits out of insurance coverage limits

	Current Period	Previous Year
Deposits and other accounts at foreign branches	8,038	7,231
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	2,114	1,859
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, 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		Previous Year	
	TL	FC	TL	FC
Forwards	3,561	1,816	3,399	4,574
Swaps	2,579	115,236	973	335,760
Futures	-	-	-	-
Options	13	241	4	93
Others	-	-	-	-
Total	6,153	117,293	4,376	340,427

3. Information on banks and other financial institutions

	Current Period		Previous Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	145,541	533,899	238,436	551,187
Foreign banks, institutions and funds	136,418	5,954,211	112,338	8,010,336
Total	281,959	6,488,110	350,774	8,561,523

Maturity information of funds borrowed

	Current Period		Previous Year	
	TL	FC	TL	FC
Short-term ^(*)	247,110	1,139,025	330,858	2,902,663
Medium and Long-term ^(*)	34,849	5,349,085	19,916	5,658,860
Total	281,959	6,488,110	350,774	8,561,523

^(*) Maturity profile of funds borrowed has been prepared in accordance with their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 7.6% (31 December 2011: 10.6%) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

On 1 September 2010, the Parent Bank obtained a syndication loan at the amount of US Dollar 135 million and Euro 408 million with interest rates of Libor + 1.30% and Euribor + 1.30% at 1 year maturity and syndication loan at the amount of US Dollar 10 million and Euro 45 million with interest rates of Libor + 1.75% and Euribor + 1.75% at 2 years maturity with the participation of 32 banks under the coordination of West LB AG, and the Parent Bank has repaid the part of the loan with one year maturity on 6 September 2011.

On 7 September 2011 this loan has been renewed with a syndication loan at the amount of US Dollar 145 million and Euro 433 million with interest rates of US Libor+ 1.00% and Euribor + 1.00% at a maturity of one year, with the participation of 26 banks under the coordination of ING Bank N.V.

On 28 March 2011, the Parent Bank has obtained syndication loan of USD 192.5 million and Euro 573.5 million with one year maturity at the cost of Libor + 1.10% and Euribor + 1.10%, with the participation of 34 banks under the coordination of West LB AG, the the loan was repaid on 29 March 2012.

Information on securities issued

On 8 August 2011, the Parent Bank has issued discounted bonds with a nominal value of TL 500,000 and 176 days maturity. The bond has matured as at 31 January 2012.

On 31 January 2012, the Parent Bank has issued discounted bonds with a nominal value of TL 1,000,000 and 178 days maturity. As at 31 March 2012, the Bank has repurchased and recognized TL 597 thousand of nominal bond. The carrying value of these bonds amounts to TL 916,963 as at 31 March 2012 (31 December 2011: None).

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.

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

Obligations under finance leases

	Current Period		Previous Year	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	-	-	-	-
Longer than 4 years	25	21	-	-
Total	25	21	-	-

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

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

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	631,317	583,470
Provisions for loans and receivables in Group II	50,496	38,615
Provisions for non-cash loans	46,072	46,189
Others	2,697	2,906
Total	730,582	671,180

Provision for currency exchange gain/loss on foreign currency indexed loans

	Current Period	Previous Year
Provision for currency exchange gain/loss on foreign currency indexed loans	50,897	2,419

As at 31 March 2012 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 50,897 (31 December 2011: 2,419) and has reflected the related foreign exchange loss amount in the consolidated financial statements by offsetting from related loans.

Provisions for non-cash loans that are not indemnified or converted to cash

	Current Period	Previous Year
Non-cash Loans with Limited Collectibility	1,091	417
Non-cash Loans with Doubtful Collectibility	991	7,484
Uncollectible Non-cash Loans	63,739	60,036
Total	65,821	67,937

Information on other provisions

As at 31 March 2012, the Parent Bank has recorded provision amounting to 5% of loans under follow up (31 December 2011: 5%). Part of that amount has been recognized under general provisions and the remaining TL 52,622 (31 December 2011: TL 51,676) has been recognized as provisions for miscellaneous risks under other provisions in the accompanying financial statements.

Information on other provisions exceeding 10% of total provisions

	Current Period	Previous Year
Specific provisions for non-cash loans	65,821	67,937
Provision for loans under follow-up	52,622	51,676
Provision for World Vakıf UBB Ltd with regard to its negative equity	26,299	27,105
Provisions for lawsuits against the Group	17,455	17,056
Provisions for credit card promotions	7,385	7,923
Provision for cheques	3,331	17,736
Other provisions	9,286	39,175
Total	182,199	228,608

8. Taxation

Current Taxes

Tax provision

As at and for the three-month period ended 31 March 2012, the tax liability of the Group is amounting to TL 94,838 (31 December 2011: TL 22,502).

Information on taxes payable

	Current Period	Previous Year
Corporate taxes payable	94,838	22,502
Taxation on securities	93,808	62,943
Capital gains tax on property	1,274	1,216
Banking and Insurance Transaction Tax (BITT)	31,302	28,855
Taxes on foreign exchange transactions	-	-
Value added tax payable	1,069	1,417
Others	38,624	28,394
Total	260,915	145,327

Information on premiums payable

	Current Period	Previous Year
Social security premiums- employee share	524	789
Social security premiums- employer share	1,997	1,930
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	702	429
Unemployment insurance- employer share	1,509	958
Others	147	456
Total	4,879	4,562

Information on deferred tax liabilities

Disclosed in Note 13 of information and disclosures for consolidated assets.

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

None.

10. Information on subordinated loans

None.

11. Information on shareholders' equity

Paid-in capital

	Current Period	Previous Year
Common stock	2,500,000	2,500,000
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 2,500,000 is divided into groups comprised of 43.0% Group (A), 15.6 % Group (B), 16.2% Group (C) and 25.2% Group (D).

Board of Directors' members; one member is appointed by the Prime Minister representing The General Directorate of the Foundations (Group A), three members are appointed representing Group (A), one member is appointed representing Group (B), and two members are appointed representing Group (C), and one member is appointed among the nominees offered by the shareholders at the General Assembly. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	5,000,000

The registered capital ceiling was increased from TL 1,300,000 to TL 5,000,000 as per the resolution no. 74202 dated 16 February 2006 by the Board of Directors.

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

There is no share capital increase in the current year and previous year.

Information on share capital increases from revaluation funds

None.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and
For the Three-Month Period Ended 31 March 2012
(Currency: Thousands of Turkish Lira ("TL"))

*Convenience Translation of the Consolidated Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

Capital commitments for current financial year and following year

None.

Previous 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 securities

	Current Period		Previous Year	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	(24,931)	-	(19,393)	-
Fair value differences of available-for-sale securities	(117,386)	156,631	(181,240)	109,679
Foreign exchange differences	-	-	-	-
Total	(142,317)	156,631	(200,633)	109,679

III. Information and disclosures related to consolidated off-balance sheet items**1. Disclosures related to other contingent liabilities***Type and amount of irrevocable commitments*

	Current Period	Previous Year
Commitments for credit card limits	4,666,910	4,322,604
Loan granting commitments	4,267,938	4,579,863
Commitments for cheque payments	1,086,562	829,640
Asset purchase commitments	790,749	1,626,838
Other	474,383	519,642
Toplam	11,286,542	11,878,587

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 Parent Bank provided specific provision amounting to TL 65,821 (31 December 2011: TL 67,937) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 70,186 (31 December 2011: TL 69,605).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Previous Year
Final letters of guarantee	4,423,027	4,493,718
Letters of guarantee for advances	2,055,644	1,946,721
Provisional letters of guarantee	441,492	489,911
Letters of guarantee given to custom offices	329,227	323,046
Other letters of guarantee	4,206,439	3,969,712
Total	11,455,829	11,223,108

2. Non-cash loans

	Current Period	Previous Year
Non-cash loans given for cash loan risks	1,022,565	591,334
With original maturity of 1 year or less	666,794	353,374
With original maturity of more than 1 year	355,771	237,960
Other non-cash loans	15,418,038	15,223,047
Total	16,440,603	15,814,381

3. Sectoral risk concentrations of non-cash loans

	Current Period				Previous Year			
	TL	%	FC	%	TL	%	FC	%
Agricultural	57,529	0.63	155,249	2.14	44,778	0.49	189,336	2.79
Farming and cattle	46,966	0.51	143,232	1.97	39,146	0.43	176,234	2.59
Forestry	8,763	0.10	7,037	0.10	4,610	0.05	7,949	0.12
Fishing	1,800	0.02	4,980	0.07	1,022	0.01	5,153	0.08
Manufacturing	3,997,865	43.52	3,664,781	50.52	3,990,192	44.24	3,237,435	47.63
Mining	59,660	0.65	67,119	0.93	49,592	0.55	53,415	0.79
Production	2,871,055	31.25	3,171,622	43.72	2,889,888	32.04	2,816,140	41.43
Electric, gas and water	1,067,150	11.62	426,040	5.87	1,050,712	11.65	367,880	5.41
Construction	1,509,520	16.42	1,020,009	14.06	1,509,054	16.73	1,021,201	15.03
Services	2,979,188	32.43	1,464,252	20.18	2,843,974	31.54	1,385,717	20.39
Wholesale and retail trade	1,230,166	13.39	511,516	7.05	1,093,274	12.12	380,986	5.61
Hotel, food and beverage services	57,708	0.63	6,818	0.09	57,270	0.64	1,931	0.03
Transportation and Telecommunication	489,955	5.33	745,266	10.27	463,721	5.14	781,092	11.48
Financial institutions	1,136,512	12.37	183,972	2.54	1,166,857	12.94	202,866	2.99
Real estate and renting services	7,210	0.08	120	-	15,604	0.17	43	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	6,064	0.07	-	-	6,817	0.08	-	-
Health and social services	51,573	0.56	16,560	0.23	40,431	0.45	18,799	0.28
Others	642,640	7.00	949,570	13.10	630,744	7.00	961,950	14.16
Total	9,186,742	100.00	7,253,861	100.00	9,018,742	100.00	6,795,639	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	9,083,244	2,258,407	46,444	705
Confirmed bills of exchange and acceptances	22,604	783,262	-	-
Letters of credit	-	4,172,023	-	-
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	-	-	-	-
Other guarantees and sureties	-	3,728	-	-
Total Non-Cash Loans	9,105,848	7,217,420	46,444	705

Previous Year	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	8,914,681	2,199,461	40,559	297
Confirmed bills of exchange and acceptances	29,056	454,538	-	-
Letters of credit	732	4,098,201	-	467
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	-	-	-	-
Other guarantees and sureties	-	6,784	-	-
Total Non-Cash Loans	8,944,469	6,758,984	40,559	764

5. Contingent assets and liabilities

None.

6. Services rendered on behalf of third parties

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

IV. Information on disclosures related to the consolidated statement of income**1. Interest income***Information on interest income received from loans*

	Current Period		Previous Period	
	TL	FC	TL	FC
Short-term loans	424,197	55,536	286,388	28,036
Medium and long-term loans	901,999	179,686	592,769	115,982
Loans under follow-up	22,515	-	31,386	-
Premiums received from resource utilization support fund	-	-	-	-
Total	1,348,711	235,222	910,543	144,018

Information on interest income received from banks

	Current Period		Previous Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	20,673	848	13,757	455
Foreign banks	144	1,852	820	2,131
Foreign head office and branches	-	-	-	-
Total	20,817	2,700	14,577	2,586

Information on interest income received from associates and subsidiaries

	Current Period	Previous Period
Interests received from the associates and subsidiaries	5	34

2. Interest Expense*Interest expenses on funds borrowed*

	Current Period		Previous Period	
	TL	FC	TL	FC
Banks	7,278	39,494	5,616	26,353
Central Bank of Turkey	-	-	-	-
Domestic banks	2,094	4,786	2,399	1,549
Foreign banks	5,184	34,708	3,217	24,804
Foreign head offices and branches	-	-	-	-
Other institutions	-	2,357	-	1,570
Total	7,278	41,851	5,616	27,923

Interest expenses paid to associates and subsidiaries

	Current Period	Previous Period
Interests paid to the associates and subsidiaries	7,190	5,300

Interest expense on securities issued

Interest paid to securities issued as at for the three-month period ending at 31 March 2012 is TL 19,047 (31 March 2011: None).

3. Trading income/losses

	Current Period	Previous Period
Income	680,943	395,266
Income from capital market transactions	17,683	28,811
Income from derivative financial instruments	242,515	122,321
Foreign exchange gains	420,745	244,134
Losses	(572,670)	(354,107)
Losses from capital market transactions	(556)	(5,396)
Losses from derivative financial instruments	(204,505)	(111,737)
Foreign exchange losses	(367,609)	(236,974)
Trading income/losses, net	108,273	41,159

Net gain arising from changes in foreign exchange rate that relate to the Group's derivative financial instruments based on foreign exchange rate is TL 36,066 as at and for the three-month period ended 31 March 2012 (31 March 2011: net loss of TL 40,747).

4. Other operating income

	Current Period	Previous Period
Income from reversal of the impairment losses	151,740	173,909
Earned insurance premiums (net of reinsurance share)	135,585	137,048
Communication income	18,163	20,471
Income from private pension business	8,611	6,639
Gain on sale of assets	5,257	36,180
Rent income	325	2,767
Other income	33,597	28,203
Total	353,278	405,217

5. Provision expenses for losses on loans and other receivables

	Current Period	Previous Period
Specific provisions on loans and other receivables	138,306	95,490
<i>Loans and receivables in Group III</i>	21,057	23,841
<i>Loans and receivables in Group IV</i>	110,416	51,936
<i>Loans and receivables in Group V</i>	6,833	19,713
Non-performing commissions and other receivables	-	-
General provision expenses	59,762	28,831
Provision for possible losses	2,740	3,127
Impairment losses on securities	42,779	42,806
<i>Trading securities</i>	14,821	22,653
<i>Investment securities available-for-sale</i>	27,958	20,153
Other impairment losses	5,110	9,272
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	5,110	9,272
Others ^(*)	27,836	26,652
Total	276,533	206,178

(*) Other provision expenses amounting to TL 27,836 (31 March 2011: TL 26,652) is comprised of provision expenses for dividends to the personnel amounting to TL 24,254 (31 March 2011: TL 21,450), provision for non-cash loans that are not indemnified or converted to cash and provisions for cheques amounting to TL 2,872 (31 March 2011: TL 4,541) and other provision expenses amounting to TL 710 (31 March 2011: TL 661).

6. Other operating expenses

	Current Period	Previous Period
Personnel costs	250,356	229,647
Reserve for employee termination benefits	6,133	2,679
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses on tangible assets	27,810	25,692
Impairment losses on intangible assets	-	-
Amortisation expenses on intangible assets	2,848	2,361
Impairment losses on assets to be disposed	451	1,112
Depreciation expenses on assets to be disposed	3,080	2,808
Impairment losses on assets held for sale	-	-
Other operating expenses	211,844	192,077
<i>Operational lease related expenses</i>	30,474	27,830
<i>Repair and maintenance expenses</i>	3,765	2,892
<i>Advertisement expenses</i>	9,144	3,691
<i>Other expenses</i>	168,461	157,664
Loss on sale of assets	38	267
Others	167,815	177,410
Total	670,375	634,053

7. Provision for taxes on income***Current year taxation benefit or charge and deferred tax benefit or charge***

In the current year, the Group recorded a tax provision of TL 70,007 (31 March 2011: TL 80,733) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

Sources of deferred tax benefit/charge	Current Period	Previous Period
Arising from origination (+)/ reversal (-) of deductible temporary differences	(50,228)	(10,909)
Arising from origination (-)/ reversal (+) of taxable temporary differences	13,601	(4,925)
Arising from origination (+)/ reversal (-) of tax losses	-	-
Arising from tax rate change	-	-
Total	(36,627)	(15,834)

8. Net profit and loss***Any further explanation on operating results needed for a proper understanding of the Bank's performance***

Group has earned TL 2,145,779 interest income and TL 90,241 net fee and commission income also incurred TL 1,268,697 amount of interest expense from its ordinary banking operations (31 March 2011: TL 1,479,515 interest income, TL 735,904 interest expense, TL 116,652 net fee and commission income).

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

None.

9. Income/loss related to non-controlling interest

	Current Period	Previous Period
Income/(losses) related to non-controlling interest	(517)	(15,542)

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

Other fees and commission income of the Group mainly consist of credit card fees and commissions, receipt and payment commissions, money transfer commissions, research fees and reinsurance commissions received due to insurance business.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks and commissions to agent's due to insurance business.

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

Current Period	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	-	591,730	-	6,572	4,443	1,385
Balance at the end of the year	-	543,492	-	12,395	3,692	10,352
Interest and commission income	5	74	-	10	56	12

Previous Year	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	-	316,196	-	563	8,978	2,371
Balance at the end of the year	-	591,730	-	6,572	4,443	1,385
Interest and commission income	34	55	-	-	106	25

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

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	Previous Year	Current Period	Previous Year	Current Period	Previous Year
Deposits						
Balance at the beginning of the year	855,959	411,915	728,474	581,885	85,795	54,423
Balance at the end of the year	1,254,384	855,959	749,954	728,474	66,071	85,795
Interest on deposits	7,190	5,300	14,294	8,331	2	107

Information on forward and option agreements made with the Parent Bank's risk group

None.

2. Disclosures of transactions with the Parent Bank's risk group**Relations with entities in the risk group of / or controlled by the Bank**

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.

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The pricing of transactions with the risk group companies is set in compliance with the market prices. The ratio of cash and non-cash loans extended to the the risk group to the overall cash and non-cash loans are 0.01% (31 December 2011: 0.01%) and 3.44% (31 December 2011: 3.83%).

Current Period	Compared with the Financial Statement	
	Amount	Amount %
Cash Loans	3,692	0.01
Non-Cash Loans	566,239	3.44
Deposits	2,070,409	3.10

Previous Year	Compared with the Financial Statement	
	Amount	Amount %
Cash Loans	4,443	0.01
Non-Cash Loans	599,687	3.83
Deposits	1,670,228	2.70

SECTION SIX**Other Disclosures and Footnotes****I. Other disclosures on the Parent Bank's activity**

- As per the resolution of 58th Annual General Assembly held on 30 March 2012, the net profit of year 2011 is decided to be distributed as follows:

Profit Distribution Table of Year 2011	
Current year's profit of the Parent Bank's unconsolidated financial statements	1,226,785
Deferred tax income	(25,524)
Net profit of the year subject to distribution	1,201,261
Legal reserves	120,126
<i>First legal reserves</i>	60,063
<i>Reserves allocated, according to banking law and articles of association.</i>	60,063
Net profit of the year subject to distribution	1,081,135
Other reserves	33,497
Extraordinary reserves	1,010,638
Dividends to the shareholders	37,000

- The public offering of the Bank's bill with TL 1,000,000,000 nominal value and 178 days maturity in accordance with the communiqué approved by CMB on 31 January 2012, has been realized. The bill has started to be traded on Istanbul Stock Exchange with the ISIN code TRQVKFB71212. Capital and interest will be paid as a single payment at maturity.

II. Information on the Parent Bank's rating given by international institutions

May 2012^(*)	Standard & Poors^(**)
Foreign Currency Credit Rating	BB / Stable / -
Local Currency Credit Rating	BB / Stable / -
National	trAA / -- / trA-1
Continuance Rating	BBB- / -- / --
April 2012^(*)	Moody's Investors' Service
Financial Strength Rating ^(**)	D+
Local Currency Deposit Rating	Baa3 / P-3
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Ba3 / NP
Foreign Currency Outlook	Positive
November 2011^(*)	Fitch Rating
Long Term Foreign Currency	BB+
Short Term Foreign Currency	B
Foreign Currency Outlook	Stable
Long Term Local Currency	BB+
Short Term Local Currency	B
Local Currency Outlook	Stable
National Long Term	AA+ (tur)
National Outlook	Stable
Individual	C/D
Support Rating	3
Base Support Rating	BB+
April 2012^(*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB
Support Rating	2
Outlook Foreign Currency	Stable

^(*) Dates represent the last change dates of credit ratings and outlook.

^(**) As at 16 March 2012, it is taken into evaluation for a downgrade.

III. Significant events and matters subsequent to balance sheet date that are not resulted

- The book building of the Parent Bank's bond with TL 500,000,000 (Full TL) nominal value and 179 days maturity approved by CMB communiqué on 24 May 2012 has been realized on 28-29-30 May 2012 and the bond has started to be traded on Istanbul Stock Exchange with the ISIN code "TRQVKFBK1215" on 1 June 2012. The compound and simple yields of the bill are 10.72% and 10.44% respectively.
- The book building of the Parent Bank's bond with TL 200,000,000 (Full TL) nominal value and 374 days maturity approved by CMB communiqué on 24 May 2012 has been realized on 28-29-30 May 2012 and the bond has started to be traded on Istanbul Stock Exchange with the ISIN code "TRSVKFB61318" on 1 June 2012. The compound yield and coupon rate of the bill are 10.34% and 0.84% respectively.
- On 24 April 2012, the Parent Bank has issued bonds amounting to USD 500 million with a maturity of 24 April 2017. 36% of the bonds were issued to Europe, 27% to USA, 27% to United Kingdom and remaining 10% to Asia and Middle East. The 64% of the bonds were issued to fund managers, 18 % to banks, 14% to private banks and remaining 4% to insurance and pension funds.
- On 10 April 2012, the Bank has obtained syndication loan of USD 152 million and Euro 586.7 million with one year maturity at the cost of Libor + 1.45% and Euribor + 1.45%, with the participation of 41 banks from 19 countries under the coordination of Wells Fargo NA and agency of ING Bank N.V. London in order to finance foreign trade.

IV. Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date

None.

SECTION SEVEN

I. Independent Auditors’ Review Report

1. Information on the independent auditors’ review report

The consolidated financial statements and footnotes of the Bank and its financial subsidiaries as at and for the three-month period ended 31 March 2012, have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity). It was noted in their review report dated 30 May 2012 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the Group’s financial position and results of its operations as at and for the three-month period ended 31 March 2012.