

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

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

Consolidated Financial Statements

As at and for the Nine-Month Period Ended

30 September 2013

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ  
25 November 2013

*This report contains "Independent Auditors' Review Report" comprising 1 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 76 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 30 September 2013, the consolidated statements of income, changes in shareholders' equity and cash flows for the nine-month period then ended. These consolidated financial statements are the responsibility of the Bank's 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 a consolidated company as at 30 September 2013, which reflects total assets constituting 1.86%; and total operating income constituting 0.54% as at and for the period ended 30 September 2013 of the related consolidated totals. Those statements were reviewed by another auditor whose report has been furnished to us, and our report, insofar as it relates to the amounts included for that company is based solely on the report of another auditor.

We conducted our review in accordance with the regulations with the "Accounting and Recording Rules" and "Independent Auditing Standards" of (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain limited 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, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and its financial subsidiaries as at 30 September 2013, and of the results of its operations and its cash flows for the nine-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,  
25 November 2013

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 NINE-MONTH PERIOD ENDED 30 September 2013**

Address : Sanayi Mahallesi, Eski Büyükdere Caddesi  
Güler Sokak, No:51, Kağıthane / İstanbul

Telephone : 0212 398 15 15- 0 212 398 10 00

Fax : 0212 398 11 55

Electronic web site : [www.vakifbank.com.tr](http://www.vakifbank.com.tr)

Electronic mail address : [posta@vakifbank.com.tr](mailto:posta@vakifbank.com.tr)

The consolidated financial report as at and for the nine-month period ended 30 September 2013 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  
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ  
Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ

---

**ASSOCIATES**

Kıbrıs Vakıflar Bankası Ltd.  
Türkiye Sınai Kalkınma Bankası AŞ

The consolidated interim financial statements and related disclosures and footnotes as at and for the nine-month period ended 30 September 2013 that were subject to independent 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”).

25 November 2013

Ramazan GÜNDÜZ  
Chairman of  
Board of Directors

Ali Fuat TAŞKESEN LİOĞLU  
Board Member and  
Audit Committee Member

Sadık TILTAK  
Board Member and  
Audit Committee Member

Halil AYDOĞAN  
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:

Name-Surname/Title : S. Buğra SÜRÜEL / Manager  
Phone no : 0312 591 11 48  
Fax no : 0312 591 20 01

	<b>Page No:</b>
<b><u>SECTION ONE</u></b>	
General Information	
I. History of the Parent Bank including its incorporation date, initial legal status, amendments to legal status	1
II. The Parent Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank's risk group	1
III. Information on the Parent Bank's board of director's chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the Bank	2
IV. Information on people and entities who have qualified share in the Parent Bank	3
V. Information about the services and nature of activities of the Parent Bank	4
VI. Differences between the communique on preparation of consolidated financial statements of banks and turkish accounting standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods	4
VII. The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities	4
<b><u>SECTION TWO</u></b>	
Consolidated Financial Statements	
I. Consolidated balance sheet – Assets	5
II. Consolidated balance sheet - Liabilities and equity	6
III. Consolidated off-balance sheet items	7
IV. Consolidated statement of income	8
V. Consolidated statement of gains and losses recognized in shareholders' equity	9
VI. Consolidated statement of changes in shareholder's equity	10
VII. Consolidated statement of cash flows	11
<b><u>SECTION THREE</u></b>	
Accounting Policies	
I. Basis of presentation	12
II. Strategy for the use of financial instruments and foreign currency transactions	12
III. Information on companies subject to consolidation	13
IV. Information on forwards, options and other derivative transactions	15
V. Information on interest income and expenses	15
VI. Information on fees and commissions	15
VII. Information on financial assets	16
VIII. Information on impairment of financial assets	17
IX. Information on netting of financial instruments	17
X. Information on repurchase and resale agreements and securities lending	17
XI. Information on assets and liabilities arising from assets held for sale and discontinued operations	17
XII. Information on goodwill and other intangible assets	18
XIII. Information on tangible assets	18
XIV. Information on investment properties	18
XV. Information on leasing activities	19
XVI. Information on provisions and contingent liabilities	19
XVII. Information on obligations of the Group concerning employee rights	19
XVIII. Information on taxation	20
XIX. Additional information on borrowings	22
XX. Information on issuance of equity securities	22
XXI. Confirmed bills of exchange and acceptances	22
XXII. Government incentives	22
XXIII. Segment reporting	22
XXIV. Other disclosures	23
<b><u>SECTION FOUR</u></b>	
Information Related to the Financial Position of the Group	
I. Consolidated capital adequacy ratio	25
II. Consolidated market risk	29
III. Consolidated operational risk	30
IV. Consolidated foreign currency exchange risk	30
V. Consolidated interest rate risk	33
VI. Consolidated liquidity risk	37
VII. Consolidated segment reporting	40
<b><u>SECTION FIVE</u></b>	
Disclosures and Footnotes on Consolidated Financial Statements	
I. Information and disclosures related to consolidated assets	42
II. Information and disclosures related to consolidated liabilities	60
III. Information and disclosures related to consolidated off-balance sheet items	66
IV. Information and disclosures related to consolidated statement of income	68
V. Information and disclosures related to the parent Bank's risk group	72
<b><u>SECTION SIX</u></b>	
Other Disclosures and Footnotes	
I. Other disclosures on the Parent Bank's activity	74
II. Information on the Parent Bank's rating given by international institutions	74
III. Significant events and matters subsequent to balance sheet date that are not resulted	75
IV. Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date	75
<b><u>SECTION SEVEN</u></b>	
Independent Auditors' Review Report	
I. Information on Independent Auditors' Review Report	76

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013

(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 30 September 2013 and 31 December 2012, 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 Parent Bank’s shareholders’ structure as at 30 September 2013 is stated below:

<b>Shareholders</b>	<b>Number of Shares- 100 shares</b>	<b>Nominal Value of the Shares – Thousands of TL</b>	<b>Share Percentage (%)</b>
Registered 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 represented by the General Directorate of the Foundations (Group B)	386.224.784	386,225	15.45
Other appendant foundations (Group B)	3.137.488	3,137	0.13
Other registered foundations (Group B)	1.453.085	1,453	0.06
Other real persons and legal entities (Group C)	1.536.265	1,536	0.06
Publicly traded (Group D)	630.037.072	630,037	25.20
<b>Total</b>	<b>2.500.000.000</b>	<b>2,500,000</b>	<b>100.00</b>

### **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**

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Date of Appointment</b>	<b>Education</b>	<b>Experience in Banking and Business Administration</b>
<b><u>Board of Directors</u></b>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	35 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	30 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	36 years
İsmail ALPTEKİN	Member	6 April 2009	University	15 years
Halim KANATCI	Member	28 April 2009	University	40 years
Ahmet CANDAN	Member	19 March 2010	University	26 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	25 years
Ali Fuat TAŞKESENLIOĞLU	Member	30 March 2012	University	25 years
Sadık TILTAK	Member	30 March 2012	University	25 years
<b><u>Audit Committee</u></b>				
Ali Fuat TAŞKESENLIOĞLU	Member	6 April 2012	Master	25 years
Sadık TILTAK	Member	5 April 2013	University	25 years
<b><u>Auditors</u></b>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	36 years
Yunus ARINCI	Auditor	19 March 2010	Master	16 years
<b><u>Executive Vice Presidents</u></b>				
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant	13 June 2006	PHD	17 years
Hasan ECESoy	Treasury	18 June 2010	PHD	19 years
Serdar SATOĞLU	Private Banking, Subsidiaries Department	2 July 2010	PHD	17 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	16 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	University	22 years
Yıldırım EROĞLU	Retail Banking, Payment Systems, Payment System Operations,	6 December 2011	University	20 years
Numan BEK	International Relations and Investor Relations, Foreign Branches Coordination	18 July 2012	University	22 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking Department	23 October 2013	University	18 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels	28 October 2013	University	20 years
Mehmet Emin KARAAĞAÇ	Loans and Risk follow-up, Law Affairs	8 November 2013	University	24 years

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

Consolidated Financial Report as at and

For the Nine-month Period Ended 30 September 2013

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

As per 3 January 2013 dated resolution of the Board of Directors, Ramazan Gündüz has been assigned as Audit Committee member and Halim Kanatçı has been resigned this duty. As per 5 April 2013 dated resolution of the Board of Directors, Sadık Tıltak has been assigned as Audit Committee member and Ramazan Gündüz has resigned this duty.

As at 29 March 2013, Halil Aydoğan has been assigned as Genel Manager and Süleyman Kalkan has been resigned this duty.

As per 29 March 2013 dated resolution of the Board of Directors, Ramazan Gündüz has been assigned as Chairman of the Board of Directors. As at the same date, Mehmet Emin Özcan has been assigned as Deputy Chairman of the Board of Directors.

As per 3 October 2013 dated resolution of the Board of Directors, Assistant Manager İbrahim Bilgiç has been assigned to the headquarters’ order of service. The termination of employment contract of Assistant Manager Ömer Elmas has been decided.

As per 4 October 2013 dated resolution of the Board of Directors, the employment contracts of Assistant Managers Şahin Uğur and Feyzi Özcan has been terminated regarding their retirement status. Assistant Manager Mehmet Cantekin has been assigned to the headquarters’ order of service. Director of Retail Banking Muhammet Lütfü Çelebi has been assigned as Assistant Manager responsible for Consumer Loans, Retail Banking, Payment Systems, Payment System Operations, Corporate Salary Payments and Insurance Banking Directorates.

As per 7 October 2013 dated resolution of the Board of Directors, Head of Internal Audit Department, Mustafa Saydam has been assigned as Assistant Manager responsible for Human Resources, Planning and Performance, Support Services and Loans Follow-up Directorates.

As per 25 October 2013 dated resolution of the Board of Directors, Assistant Manager Mitat Şahin has been assigned to the headquarters’ order of service. The Bank’s Chief Legal Counsel, Mehmet Emin Karaağaç has been assigned as Assistant Manager.

As per 8 November 2013 dated resolution of the Board of Directors, Mehmet Emin Karaağaç has been assigned as Assistant Manager responsible for Loans and Risk Follow-up and Law Affairs.

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 Parent Bank**

The shareholder holding control over the Bank is the General Directorate of the Foundations and Appendant foundations represented by the General Directorate of the Foundations having 58.45% of the Bank’s outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Bank.



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

Consolidated Financial Report as at and

For the Nine-month Period Ended 30 September 2013

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

### **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 30 September 2013, the Parent Bank has 841 domestic, 3 foreign, in total 844 branches (31 December 2012: 741 domestic, 3 foreign, in total 744 branches). As at 30 September 2013, the Parent Bank has 14,554 employees (31 December 2012: 13,463 employees).

### **VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods**

As at and for the nine-month period ended 30 September 2013, 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 Yatırım Menkul Değerler AŞ, Vakıf Portföy Yönetimi AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

As at and for the nine-month period ended 30 September 2013, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

İstanbul Takas ve Saklama Bankası AŞ 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 Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonel AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements.

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.

### **VII. The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities**

The transfer of equities between the Bank and its subsidiaries is not immediate. Distribution of profits within equity as dividends complies with respective regulations. There are not any actual or foreseen juristical obstacles against the Bank and its subsidiaries on repayments of debts in between.

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

Consolidated Balance Sheet (Statement of Financial Position)

As at 30 September 2013

(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

ASSETS	Notes	Reviewed Current Period 30 September 2013			Audited Previous Year 31 December 2012		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	<b>V-I-1</b>	<b>1,378,309</b>	<b>15,731,462</b>	<b>17,109,771</b>	<b>2,249,946</b>	<b>10,081,548</b>	<b>12,331,494</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>		<b>462,990</b>	<b>63,695</b>	<b>526,685</b>	<b>213,829</b>	<b>82,661</b>	<b>296,490</b>
2.1 Financial assets held for trading purpose		462,990	63,695	526,685	213,829	82,661	296,490
2.1.1 Debt securities issued by the governments		113,072	15,084	128,156	121,695	14,820	136,515
2.1.2 Equity securities		3,461	-	3,461	2,709	-	2,709
2.1.3 Derivative financial assets held for trading purpose	V-I-2	266,203	48,611	314,814	21,584	67,841	89,425
2.1.4 Other securities		80,254	-	80,254	67,841	-	67,841
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		-	-	-	-	-	-
<b>III. BANKS</b>	<b>V-I-3</b>	<b>543,924</b>	<b>1,865,090</b>	<b>2,409,014</b>	<b>740,354</b>	<b>1,916,136</b>	<b>2,656,490</b>
<b>IV. RECEIVABLES FROM INTERBANK MONEY MARKETS</b>		<b>5,449</b>	<b>-</b>	<b>5,449</b>	<b>6,645</b>	<b>-</b>	<b>6,645</b>
4.1 Interbank money market placements		-	-	-	2,928	-	2,928
4.2 Istanbul Stock Exchange money market placements		2,687	-	2,687	-	-	-
4.3 Receivables from reverse repurchase agreements		2,762	-	2,762	3,717	-	3,717
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>V-I-4</b>	<b>12,908,881</b>	<b>3,939,497</b>	<b>16,848,378</b>	<b>10,277,762</b>	<b>4,057,019</b>	<b>14,334,781</b>
5.1 Equity securities		-	13,148	13,148	-	12,246	12,246
5.2 Debt securities issued by the governments		12,904,659	3,800,786	16,705,445	10,275,713	3,937,935	14,213,648
5.3 Other securities		4,222	125,563	129,785	2,049	106,838	108,887
<b>VI. LOANS AND RECEIVABLES</b>	<b>V-I-5</b>	<b>61,498,200</b>	<b>22,222,614</b>	<b>83,720,814</b>	<b>51,358,116</b>	<b>17,958,583</b>	<b>69,316,699</b>
6.1 Performing loans and receivables	V-I-5	61,208,684	22,220,007	83,428,691	51,052,492	17,956,408	69,008,900
6.1.1 Loans provided to the same risk group	V-V-1	14,028	14,581	28,609	2,006	7,366	9,372
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		61,194,656	22,205,426	83,400,082	51,050,486	17,949,042	68,999,528
6.2 Loans under follow-up		3,466,070	22,567	3,488,637	2,803,919	12,908	2,816,827
6.3 Specific provisions (-)	V-I-5	3,176,554	19,960	3,196,514	2,498,295	10,733	2,509,028
<b>VII. FACTORING RECEIVABLES</b>		<b>196,277</b>	<b>14,715</b>	<b>210,992</b>	<b>167,927</b>	<b>17,870</b>	<b>185,797</b>
<b>VIII. HELD-TO-MATURITY INVESTMENTS (Net)</b>	<b>V-I-6</b>	<b>4,791,838</b>	<b>81,343</b>	<b>4,873,181</b>	<b>4,198,301</b>	<b>62,759</b>	<b>4,261,060</b>
8.1 Debt securities issued by the governments		4,791,838	10,596	4,802,434	4,198,301	9,312	4,207,613
8.2 Other securities		-	70,747	70,747	-	53,447	53,447
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>V-I-7</b>	<b>221,728</b>	<b>3</b>	<b>221,731</b>	<b>197,977</b>	<b>3</b>	<b>197,980</b>
9.1 Associates, consolidated per equity method		176,796	-	176,796	170,692	-	170,692
9.2 Unconsolidated associates		44,932	3	44,935	27,285	3	27,288
9.2.1 Financial associates		32,599	-	32,599	14,952	-	14,952
9.2.2 Non-financial associates		12,333	3	12,336	12,333	3	12,336
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>V-I-8</b>	<b>172,502</b>	<b>-</b>	<b>172,502</b>	<b>165,521</b>	<b>-</b>	<b>165,521</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		172,502	-	172,502	165,521	-	165,521
<b>XI. INVESTMENTS IN JOINT-VENTURES (Net)</b>	<b>V-I-9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES</b>	<b>V-I-10</b>	<b>106,524</b>	<b>776,318</b>	<b>882,842</b>	<b>95,702</b>	<b>581,217</b>	<b>676,919</b>
12.1 Finance lease receivables		132,964	870,154	1,003,118	121,044	655,648	776,692
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		26,440	93,836	120,276	25,342	74,431	99,773
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE</b>	<b>V-I-11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		<b>1,404,884</b>	<b>3,628</b>	<b>1,408,512</b>	<b>1,351,514</b>	<b>3,574</b>	<b>1,355,088</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>122,740</b>	<b>226</b>	<b>122,966</b>	<b>99,837</b>	<b>199</b>	<b>100,036</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		122,740	226	122,966	99,837	199	100,036
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	<b>V-I-12</b>	<b>20,144</b>	<b>-</b>	<b>20,144</b>	<b>19,646</b>	<b>-</b>	<b>19,646</b>
<b>XVII. TAX ASSETS</b>	<b>V-I-13</b>	<b>165,360</b>	<b>577</b>	<b>165,937</b>	<b>208,167</b>	<b>-</b>	<b>208,167</b>
17.1 Current tax assets	V-I-13	1,185	-	1,185	-	-	-
17.2 Deferred tax assets	V-I-13	164,175	577	164,752	208,167	-	208,167
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)</b>	<b>V-I-14</b>	<b>2,093</b>	<b>-</b>	<b>2,093</b>	<b>2,093</b>	<b>-</b>	<b>2,093</b>
18.1 Assets held for sale		2,093	-	2,093	2,093	-	2,093
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	<b>V-I-15</b>	<b>1,907,148</b>	<b>535,405</b>	<b>2,442,553</b>	<b>1,595,908</b>	<b>328,598</b>	<b>1,924,506</b>
<b>TOTAL ASSETS</b>		<b>85,908,991</b>	<b>45,234,573</b>	<b>131,143,564</b>	<b>72,949,245</b>	<b>35,090,167</b>	<b>108,039,412</b>

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 30 September 2013

(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 30 September 2013			Audited Previous Year 31 December 2012		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	<b>V-II-1</b>	<b>56,005,123</b>	<b>22,557,186</b>	<b>78,562,309</b>	<b>49,467,915</b>	<b>18,918,889</b>	<b>68,386,804</b>
1.1	Deposits of the same risk group	V-V-1	1,297,090	211,712	1,508,802	746,250	590,694	1,336,944
1.2	Other deposits		54,708,033	22,345,474	77,053,507	48,721,665	18,328,195	67,049,860
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE</b>	<b>V-II-2</b>	<b>76,077</b>	<b>98,152</b>	<b>174,229</b>	<b>7,165</b>	<b>192,527</b>	<b>199,692</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	<b>V-II-3</b>	<b>380,416</b>	<b>10,946,273</b>	<b>11,326,689</b>	<b>271,385</b>	<b>7,829,596</b>	<b>8,100,981</b>
<b>IV.</b>	<b>INTERBANK MONEY MARKET</b>		<b>6,017,450</b>	<b>7,107,488</b>	<b>13,124,938</b>	<b>2,298,496</b>	<b>6,384,324</b>	<b>8,682,820</b>
4.1	Interbank Money Market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		216,190	-	216,190	191,929	-	191,929
4.3	Obligations under repurchase agreements		5,801,260	7,107,488	12,908,748	2,106,567	6,384,324	8,490,891
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>V-II-3</b>	<b>2,438,073</b>	<b>3,267,180</b>	<b>5,705,253</b>	<b>1,481,611</b>	<b>891,137</b>	<b>2,372,748</b>
5.1	Bills		2,438,073	-	2,438,073	1,379,768	-	1,379,768
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	3,267,180	3,267,180	101,843	891,137	992,980
<b>VI.</b>	<b>FUNDS</b>		<b>26,357</b>	<b>-</b>	<b>26,357</b>	<b>31,368</b>	<b>-</b>	<b>31,368</b>
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		26,357	-	26,357	31,368	-	31,368
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>2,588,259</b>	<b>354,779</b>	<b>2,943,038</b>	<b>2,197,932</b>	<b>241,224</b>	<b>2,439,156</b>
<b>VIII.</b>	<b>OTHER EXTERNAL RESOURCES PAYABLE</b>	<b>V-II-4</b>	<b>605,383</b>	<b>986,993</b>	<b>1,592,376</b>	<b>472,082</b>	<b>546,845</b>	<b>1,018,927</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X.</b>	<b>LEASE PAYABLES</b>	<b>V-II-5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE</b>	<b>V-II-6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>		<b>3,324,127</b>	<b>52,193</b>	<b>3,376,320</b>	<b>2,953,305</b>	<b>44,197</b>	<b>2,997,502</b>
12.1	General provisions	V-II-7	1,197,473	3,787	1,201,260	953,052	3,007	956,059
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		478,954	836	479,790	473,619	719	474,338
12.4	Insurance technical provisions (Net)		1,412,082	10,231	1,422,313	1,261,803	10,344	1,272,147
12.5	Other provisions	V-II-7	235,618	37,339	272,957	264,831	30,127	294,958
<b>XIII.</b>	<b>TAX LIABILITIES</b>	<b>V-II-8</b>	<b>277,009</b>	<b>2,878</b>	<b>279,887</b>	<b>344,677</b>	<b>5,552</b>	<b>350,229</b>
13.1	Current tax liabilities		274,288	2,878	277,166	340,668	2,885	343,553
13.2	Deferred tax liabilities	V-I-13	2,721	-	2,721	4,009	2,667	6,676
<b>XIV.</b>	<b>PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>V-II-9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	<b>V-II-10</b>	<b>-</b>	<b>1,871,780</b>	<b>1,871,780</b>	<b>-</b>	<b>1,630,188</b>	<b>1,630,188</b>
<b>XVI.</b>	<b>EQUITY</b>		<b>11,763,598</b>	<b>396,790</b>	<b>12,160,388</b>	<b>11,107,708</b>	<b>721,289</b>	<b>11,828,997</b>
<b>16.1</b>	<b>Paid-in capital</b>	<b>V-II-11</b>	<b>2,500,000</b>	<b>-</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>2,500,000</b>
<b>16.2</b>	<b>Capital reserves</b>		<b>586,734</b>	<b>175,005</b>	<b>761,739</b>	<b>944,141</b>	<b>555,621</b>	<b>1,499,762</b>
16.2.1	Share premium		726,720	-	726,720	726,720	-	726,720
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	(254,773)	175,005	(79,768)	165,190	555,621	720,811
16.2.4	Revaluation surplus on tangible assets		51,329	-	51,329	50,452	-	50,452
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		63,458	-	63,458	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		-	-	-	-	-	-
<b>16.3</b>	<b>Profit reserves</b>		<b>7,218,158</b>	<b>118,930</b>	<b>7,337,088</b>	<b>5,837,547</b>	<b>75,980</b>	<b>5,913,527</b>
16.3.1	Legal reserves		898,804	5,362	904,166	749,617	4,324	753,941
16.3.2	Status reserves		6,337	-	6,337	5,050	-	5,050
16.3.3.	Extraordinary reserves		6,002,598	4,593	6,007,191	4,797,750	4,593	4,802,343
16.3.4.	Other profit reserves		310,419	108,975	419,394	285,130	67,063	352,193
<b>16.4</b>	<b>Profit or loss</b>		<b>1,185,794</b>	<b>69,207</b>	<b>1,255,001</b>	<b>1,452,150</b>	<b>65,939</b>	<b>1,518,089</b>
16.4.1	Previous years' profit/loss		(29,339)	64,901	35,562	45,047	49,591	94,638
16.4.2	Current year's profit/loss		1,215,133	4,306	1,219,439	1,407,103	16,348	1,423,451
<b>16.5</b>	<b>Non-controlling interest</b>		<b>272,912</b>	<b>33,648</b>	<b>306,560</b>	<b>373,870</b>	<b>23,749</b>	<b>397,619</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>83,501,872</b>	<b>47,641,692</b>	<b>131,143,564</b>	<b>70,633,644</b>	<b>37,405,768</b>	<b>108,039,412</b>

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 30 September 2013

and Related Disclosures and Footnotes

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

Originally Issued in Turkish, See Section 3 Note I

	Notes	Reviewed Current Period 30 September 2013			Audited Previous Year 31 December 2012		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>59,681,556</b>	<b>45,764,468</b>	<b>105,446,024</b>	<b>48,138,895</b>	<b>34,442,488</b>	<b>82,581,383</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>V-III-2</b>	<b>13,456,624</b>	<b>8,369,447</b>	<b>21,826,071</b>	<b>10,554,546</b>	<b>6,696,491</b>	<b>17,251,037</b>
1.1 Letters of guarantee	V-III-1	13,433,478	3,448,993	16,882,471	10,520,455	2,120,048	12,640,503
1.1.1 Guarantees subject to State Tender Law		1,777,982	1,817,192	3,595,174	1,556,195	1,172,213	2,728,408
1.1.2 Guarantees given for foreign trade operations		337,878	-	337,878	379,638	-	379,638
1.1.3 Other letters of guarantee		11,317,618	1,631,801	12,949,419	8,584,622	947,835	9,532,457
1.2 Bank acceptances		14,338	971,298	985,636	19,554	786,278	805,832
1.2.1 Import letter of acceptance		750	51,297	52,047	-	36,632	36,632
1.2.2 Other bank acceptances		13,588	920,001	933,589	19,554	749,646	769,200
1.3 Letters of credit		297	3,940,026	3,940,323	693	3,774,016	3,774,709
1.3.1 Documentary letters of credit		297	3,940,026	3,940,323	693	3,774,016	3,774,709
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,607	1,607	-	2,705	2,705
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		8,511	5,227	13,738	13,844	11,910	25,754
1.8 Other guarantees		-	1,660	1,660	-	1,104	1,104
1.9 Other sureties		-	636	636	-	430	430
<b>II. COMMITMENTS</b>		<b>41,543,902</b>	<b>21,937,073</b>	<b>63,480,975</b>	<b>34,404,641</b>	<b>16,294,339</b>	<b>50,698,980</b>
2.1 Irrevocable commitments		14,323,680	839,629	15,163,309	12,369,642	1,089,293	13,458,755
2.1.1 Asset purchase commitments	V-III-1	438,177	585,040	1,023,217	813,896	880,456	1,694,352
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	22,950	-	22,950	-	-	-
2.1.4 Loan granting commitments	V-III-1	6,288,494	6,657	6,295,151	4,950,300	8,248	4,958,548
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	1,290,923	-	1,290,923	1,154,273	-	1,154,273
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	5,863,841	-	5,863,841	4,938,035	-	4,938,035
2.1.10 Commitments for credit card and banking operations promotions	V-III-1	261,133	-	261,133	306,109	-	306,109
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		158,162	247,932	406,094	206,849	200,589	407,438
2.2 Revocable commitments		27,220,222	21,097,444	48,317,666	22,035,179	15,205,046	37,240,225
2.2.1 Revocable loan granting commitments		27,216,768	21,093,583	48,310,351	22,035,179	15,205,046	37,240,225
2.2.2 Other revocable commitments		3,454	3,861	7,315	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>4,681,030</b>	<b>15,457,948</b>	<b>20,138,978</b>	<b>3,179,708</b>	<b>11,451,658</b>	<b>14,631,366</b>
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		4,681,030	15,457,948	20,138,978	3,179,708	11,451,658	14,631,366
3.2.1 Forward foreign currency purchases/sales		956,819	1,097,081	2,053,900	335,127	580,218	915,345
3.2.1.1 Forward foreign currency purchases		478,688	548,559	1,027,247	167,612	290,134	457,746
3.2.2.2 Forward foreign currency sales		478,131	548,522	1,026,653	167,515	290,084	457,599
3.2.2 Currency and interest rate swaps		3,288,593	11,202,596	14,491,189	2,418,898	8,548,598	10,967,496
3.2.2.1 Currency swaps-purchases		1,638,665	5,275,773	6,914,438	939,499	3,966,967	4,906,466
3.2.2.2 Currency swaps-sales		1,649,928	2,333,781	3,983,709	1,479,399	1,654,769	3,134,168
3.2.2.3 Interest rate swaps-purchases		-	1,796,521	1,796,521	-	1,463,431	1,463,431
3.2.2.4 Interest rate swaps-sales		-	1,796,521	1,796,521	-	1,463,431	1,463,431
3.2.3 Currency, interest rate and security options		435,618	434,617	870,235	425,683	650,910	1,076,593
3.2.3.1 Currency call options		263,415	172,211	435,626	212,841	325,454	538,295
3.2.3.2 Currency put options		172,203	262,404	434,607	212,842	325,454	538,296
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		-	2,723,654	2,723,654	-	1,671,932	1,671,932
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>802,574,995</b>	<b>202,452,524</b>	<b>1,005,027,519</b>	<b>520,142,409</b>	<b>149,801,020</b>	<b>669,943,429</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>349,132,430</b>	<b>1,488,819</b>	<b>350,621,249</b>	<b>164,855,739</b>	<b>1,662,037</b>	<b>166,517,776</b>
4.1 Customers' securities held		357,127	19,649	376,776	33,686	17,314	51,000
4.2 Investment securities held in custody		340,973,507	1,776	340,975,283	157,929,261	373,569	158,302,830
4.3 Checks received for collection		6,141,561	756,257	6,897,818	5,334,631	606,676	5,941,307
4.4 Commercial notes received for collection		948,991	241,439	1,190,430	954,298	224,610	1,178,908
4.5 Other assets received for collection		2,152	81	2,233	2,152	71	2,223
4.6 Assets received through public offering		-	5,936	5,936	-	5,231	5,231
4.7 Other items under custody		22,946	151,907	174,853	309	202,904	203,213
4.8 Custodians		686,146	311,774	997,920	601,402	231,662	833,064
<b>V. PLEDGED ITEMS</b>		<b>167,799,556</b>	<b>45,976,006</b>	<b>213,775,562</b>	<b>117,754,980</b>	<b>38,351,806</b>	<b>156,106,786</b>
5.1 Securities		315,141	25,809	340,950	334,204	26,537	360,741
5.2 Guarantee notes		710,620	226,675	937,295	668,146	98,231	766,377
5.3 Commodities		22,224,290	897,147	23,121,437	19,180,436	624,899	19,805,335
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		106,860,090	36,000,108	142,860,198	91,069,499	30,568,630	121,638,129
5.6 Other pledged items		8,115,419	8,678,509	16,793,928	5,723,364	6,887,220	12,610,584
5.7 Pledged items-depository		29,573,996	147,758	29,721,754	779,331	146,289	925,620
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>285,643,009</b>	<b>154,987,699</b>	<b>440,630,708</b>	<b>237,531,690</b>	<b>109,787,177</b>	<b>347,318,867</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>862,256,551</b>	<b>248,216,992</b>	<b>1,110,473,543</b>	<b>568,281,304</b>	<b>184,243,508</b>	<b>752,524,812</b>

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 Nine-month Period Ended 30 September 2013

(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 1 January 2013-30 September 2013	Reviewed Prior Period 1 January 2012-30 September 2012	Reviewed Current Period 1 July 2013-30 September 2013	Reviewed Prior Period 1 July 2012-30 September 2012
<b>I.</b>	<b>INTEREST INCOME</b>	<b>6,904,189</b>	<b>6,579,178</b>	<b>2,296,903</b>	<b>2,234,257</b>
1.1	Interest income from loans	V-IV-1 5,626,376	5,132,758	1,905,614	1,822,065
1.2	Interest income from reserve deposits	-	-	-	-
1.3	Interest income from banks	V-IV-1 45,132	48,232	12,470	12,412
1.4	Interest income from money market transactions	809	2,772	198	1,502
1.5	Interest income from securities portfolio	V-IV-1 1,123,030	1,295,667	320,969	381,883
1.5.1	Trading financial assets	V-IV-1 9,823	26,134	(3,390)	8,126
1.5.2	Financial assets designated at fair value through profit or loss	-	-	-	-
1.5.3	Available-for-sale financial assets	V-IV-1 834,948	823,658	241,399	235,638
1.5.4	Held-to-maturity investments	V-IV-1 278,259	445,875	82,960	138,119
1.6	Finance lease income	47,097	33,123	17,338	13,029
1.7	Other interest income	61,745	66,626	40,314	3,366
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>3,167,886</b>	<b>3,687,383</b>	<b>1,215,520</b>	<b>1,155,154</b>
2.1	Interest expense on deposits	V-IV-2 2,483,687	3,084,832	961,646	982,734
2.2	Interest expense on funds borrowed	V-IV-2 126,294	139,971	49,319	44,569
2.3	Interest expense on money market transactions	263,409	285,706	124,843	70,591
2.4	Interest expense on securities issued	V-IV-2 165,223	118,779	61,938	57,747
2.5	Other interest expenses	129,273	58,095	17,774	(487)
<b>III.</b>	<b>NET INTEREST INCOME (I – II)</b>	<b>3,736,303</b>	<b>2,891,795</b>	<b>1,081,383</b>	<b>1,079,103</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>	<b>499,276</b>	<b>257,786</b>	<b>138,552</b>	<b>92,167</b>
4.1	Fees and commissions received	729,179	458,055	223,779	160,908
4.1.1	Non-cash loans	96,079	75,516	35,477	28,312
4.1.2	Others	633,100	382,539	188,302	132,596
4.2	Fees and commissions paid	229,903	200,269	85,227	68,741
4.2.1	Non-cash loans	463	361	129	223
4.2.2	Others	229,440	199,908	85,098	68,518
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>16,293</b>	<b>6,772</b>	<b>-</b>	<b>151</b>
<b>VI.</b>	<b>TRADING INCOME/LOSSES (Net)</b>	<b>228,221</b>	<b>170,884</b>	<b>29,365</b>	<b>49,364</b>
6.1	Trading account income/losses	V-IV-3 147,465	90,569	33,659	46,970
6.2	Income/losses from derivative financial instruments	V-IV-3 67,971	1,416	(7,102)	(10,371)
6.3	Foreign exchange gains/losses	V-IV-3 12,785	78,899	2,808	12,765
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>1,093,258</b>	<b>930,346</b>	<b>328,212</b>	<b>288,302</b>
<b>VIII.</b>	<b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>	<b>5,573,351</b>	<b>4,257,583</b>	<b>1,577,512</b>	<b>1,509,087</b>
<b>IX.</b>	<b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	<b>V-IV-5 1,554,753</b>	<b>873,912</b>	<b>402,793</b>	<b>348,286</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>V-IV-6 2,497,863</b>	<b>2,074,164</b>	<b>831,653</b>	<b>722,568</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>	<b>1,520,735</b>	<b>1,309,507</b>	<b>343,066</b>	<b>438,233</b>
<b>XII.</b>	<b>INCOME RESULTED FROM MERGERS</b>	-	-	-	-
<b>XIII.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>	<b>21,988</b>	<b>20,728</b>	<b>7,797</b>	<b>6,004</b>
<b>XIV.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>	-	-	-	-
<b>XV.</b>	<b>INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)</b>	<b>1,542,723</b>	<b>1,330,235</b>	<b>350,863</b>	<b>444,237</b>
<b>XVI.</b>	<b>CONTINUING OPERATIONS PROVISION FOR TAXES</b>	<b>V-IV-7 (347,444)</b>	<b>(292,758)</b>	<b>(100,174)</b>	<b>(102,034)</b>
16.1	Current tax charges	V-IV-7 (325,139)	(277,428)	(128,662)	(112,889)
16.2	Deferred tax credits	V-IV-7 (22,305)	(15,330)	28,488	10,855
<b>XVII.</b>	<b>NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)</b>	<b>1,195,279</b>	<b>1,037,477</b>	<b>250,689</b>	<b>342,203</b>
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>	-	-	-	-
18.1	Income from investment properties	-	-	-	-
18.2	Income from sales of subsidiaries, affiliates and joint-ventures	-	-	-	-
18.3	Other income from discontinued activities	-	-	-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS</b>	-	-	-	-
19.1	Investment property expenses	-	-	-	-
19.2	Losses from sales of subsidiaries, affiliates and joint ventures	-	-	-	-
19.3	Other expenses from discontinued activities	-	-	-	-
<b>XX.</b>	<b>INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES</b>	-	-	-	-
<b>XXI.</b>	<b>DISCONTINUED OPERATIONS PROVISION FOR TAXES</b>	-	-	-	-
21.1	Current tax charge	-	-	-	-
21.2	Deferred tax charge	-	-	-	-
<b>XXII.</b>	<b>NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS</b>	-	-	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>1,195,279</b>	<b>1,037,477</b>	<b>250,689</b>	<b>342,203</b>
23.1.	Equity holders of the Bank	1,219,439	1,025,139	264,718	329,006
23.2.	Non-controlling interest	V-IV-9 (24,160)	12,338	(14,029)	13,197
	<b>III-XXIV</b>	<b>0.4781</b>	<b>0.4150</b>	<b>0.1003</b>	<b>0.1369</b>
	Earnings per 100 Share (full TL)				

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 Nine-month Period Ended 30 September 2013  
(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*

	Reviewed Current Period 1 January 2013-30 September 2013	Reviewed Prior Period 1 January 2012-30 September 2012	Reviewed Current Period 1 July 2013-30 September 2013	Reviewed Prior Period 1 July 2012-30 September 2012
<b>GAINS AND LOSSES RECOGNIZED IN EQUITY</b>				
<b>I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES</b>	<b>(866,205)</b>	<b>823,913</b>	<b>(92,706)</b>	<b>534,818</b>
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	46,569	(11,146)	26,685	1,865
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	1,270	(2,817)	(1,159)	(719)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	49,550	(90,237)	18,203	(6,847)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(768,816)	719,713	(48,977)	529,117
XI. CURRENT PERIOD'S PROFIT/(LOSS)	1,195,279	1,037,477	250,689	342,203
11.1 Change in fair value of securities (transfers to the statement of income)	208,456	(46,651)	75,964	(35,870)
11.2 Gains/Losses recognized in the statement of income due to reclassification of cash flow hedges	-	-	-	-
11.3 Gains/Losses recognized in the statement of income due to reclassification of net foreign investment hedges	-	-	-	-
11.4 Others	986,823	1,084,128	174,725	378,073
<b>XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)</b>	<b>426,463</b>	<b>1,757,190</b>	<b>201,712</b>	<b>871,320</b>

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 Nine-month Period Ended 30 September 2013

(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 Premium	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
<b>CHANGES IN EQUITY</b>																			
<b>Prior period – 30 September 2012</b>																			
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
<b>Changes during the period</b>																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	726,495	-	-	-	-	726,495	(608)	725,887
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	-	-	-	-	-	-	-	(10,031)	-	-	-	-	-	-	-	(10,031)	(1,115)	(11,146)
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	-	-	(2)	-	(72)	-	(452)	-	20,728	(113)	6,296	-	-	-	-	26,385	(1,324)	25,061
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,070)	(1,070)
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,070)	(1,070)
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	-	-	-	-	-	-	-	-	1,004,411	-	-	-	-	-	-	1,004,411	12,338	1,016,749
XVIII.	Profit distribution	-	-	-	-	126,734	1,070	1,012,716	25,524	(1,304,314)	64,828	-	36,442	-	-	-	(37,000)	(507)	(37,507)
18.1	Dividends	-	-	-	-	-	-	-	-	(37,000)	-	-	-	-	-	-	(37,000)	(507)	(37,507)
18.2	Transferred to reserves	-	-	-	-	126,734	1,070	1,012,716	25,524	(1,267,314)	64,828	-	36,442	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the period</b>		<b>2,500,000</b>	<b>-</b>	<b>726,720</b>	<b>-</b>	<b>753,941</b>	<b>5,050</b>	<b>4,802,343</b>	<b>348,150</b>	<b>1,025,139</b>	<b>94,001</b>	<b>641,837</b>	<b>50,452</b>	<b>1,779</b>	<b>-</b>	<b>-</b>	<b>10,949,412</b>	<b>366,764</b>	<b>11,316,176</b>
<b>Current period – 30 September 2013</b>																			
I.	Balances at the beginning of the period	2,500,000	-	726,720	-	753,941	5,050	4,802,343	352,193	1,423,451	94,638	720,811	50,452	1,779	-	-	11,431,378	397,619	11,828,997
<b>Changes during the period</b>																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of marketable securities	-	-	-	-	-	-	-	-	-	-	(790,630)	-	-	-	-	(790,630)	(76,189)	(866,819)
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	-	-	-	-	-	-	-	-	-	-	-	-	61,679	-	-	61,679	-	61,679
VIII.	Translation differences	-	-	-	-	-	-	-	41,911	-	-	-	-	-	-	-	41,911	4,658	46,569
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	-	-	-	-	-	-	-	-	-	-	(9,949)	-	-	-	-	(9,949)	(296)	(10,245)
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,736	5,736
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,736	5,736
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	-	-	-	-	-	-	-	-	1,219,439	-	-	-	-	-	-	1,219,439	(516)	(516)
XVIII.	Profit distribution	-	-	-	-	150,225	1,287	1,204,848	25,290	(1,423,451)	(59,076)	-	877	-	-	-	(100,000)	(24,160)	1,195,279
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(292)	(100,292)
18.2	Transferred to reserves	-	-	-	-	150,225	1,287	1,204,848	25,290	(1,323,451)	(59,076)	-	877	-	-	-	(100,000)	(292)	(100,292)
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the period</b>		<b>2,500,000</b>	<b>-</b>	<b>726,720</b>	<b>-</b>	<b>904,166</b>	<b>6,337</b>	<b>6,007,191</b>	<b>419,394</b>	<b>1,219,439</b>	<b>35,562</b>	<b>(79,768)</b>	<b>51,329</b>	<b>63,458</b>	<b>-</b>	<b>-</b>	<b>11,853,828</b>	<b>306,560</b>	<b>12,160,388</b>

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 Nine-month Period Ended 30 September 2013

(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*

	Reviewed Current Period 30 September 2013	Reviewed Previous Period 30 September 2012
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>I.1 Operating profit before changes in operating assets and liabilities</b>	<b>2,233,424</b>	<b>2,310,747</b>
1.1.1 Interests received	6,186,303	6,728,238
1.1.2 Interests paid	(2,965,838)	(3,586,946)
1.1.3 Dividends received	15,364	4,772
1.1.4 Fee and commissions received	729,179	458,055
1.1.5 Other income	584,150	530,552
1.1.6 Collections from previously written-off loans and other receivables	418,612	288,198
1.1.7 Payments to personnel and service suppliers	(2,289,562)	(2,028,203)
1.1.8 Taxes paid	(328,383)	(250,480)
1.1.9 Others	(116,401)	166,561
<b>I.2 Changes in operating assets and liabilities</b>	<b>(3,029,302)</b>	<b>(6,422,567)</b>
1.2.1 Net (increase) decrease in financial assets held for trading purpose	(8,154)	15,501
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	(5,342,334)	(3,508,439)
1.2.4 Net (increase) decrease in loans	(15,561,331)	(7,479,492)
1.2.5 Net (increase) decrease in other assets	(512,524)	(171,870)
1.2.6 Net increase (decrease) in bank deposits	(1,432,881)	(516,528)
1.2.7 Net increase (decrease) in other deposits	11,523,132	3,724,931
1.2.8 Net increase (decrease) in funds borrowed	2,819,152	(942,190)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	5,485,638	2,455,520
<b>I. Net cash flow from banking operations</b>	<b>(795,878)</b>	<b>(4,111,820)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash flow from investing activities</b>	<b>(3,199,055)</b>	<b>425,690</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(17,488)	(1,000)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(123,662)	(50,852)
2.4 Proceeds from disposal of tangible assets	218,378	62,875
2.5 Cash paid for purchase of available-for-sale financial assets	(5,295,956)	(1,710,332)
2.6 Proceeds from disposal of available-for-sale financial assets	2,652,540	2,071,071
2.7 Cash paid for purchase of held-to-maturity investments	(1,724,450)	(157,375)
2.8 Proceeds from disposal of held-to-maturity investments	1,122,288	239,594
2.9 Others	(30,705)	(28,291)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash flow from financing activities</b>	<b>3,183,910</b>	<b>2,452,236</b>
3.1 Cash obtained from funds borrowed and securities issued	6,120,093	3,926,268
3.2 Cash used for repayment of funds borrowed and securities issued	(2,835,891)	(1,436,525)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(100,292)	(37,507)
3.5 Re-payments for finance leases	-	-
3.6 Others	-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>	<b>(619)</b>	<b>(748)</b>
<b>V. Net decrease in cash and cash equivalents</b>	<b>(811,642)</b>	<b>(1,234,642)</b>
<b>VI. Cash and cash equivalents at the beginning of the year</b>	<b>5,375,797</b>	<b>5,006,075</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>4,564,155</b>	<b>3,771,433</b>

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, Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“Bank” or “Parent Bank”) and its Financial Subsidiaries (“Group”) 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”).

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 Parent Bank’s core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking. 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.

Lending loans and investments in marketable securities 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**

#### ***Investments in consolidated companies***

As at and for the nine-month period ended 30 September 2013, 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 Yatırım Menkul Değerler AŞ, Vakıf Portföy Yönetimi AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

*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 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 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 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.

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 incompliance with the 7<sup>th</sup> and 9<sup>th</sup> 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 30 September 2013 and 31 December 2012 but its equity until the liquidation decision date has included in the accompanying consolidated financial statements.

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

As per the resolution of the Board of Directors of the Parent Bank held on 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 30 September 2013 and 31 December 2012, but its equity until the merger date has been included in the accompanying consolidated financial statements.

#### ***Investments in associates consolidated per equity method***

As at and for the nine-month period ended 30 September 2013, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

*Türkiye Sınai Kalkınma Bankası AŞ* was established in 1950 to support investments in all 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 sales of investment securities are recognized at the date of delivery. The changes in fair value of assets during the period between trade date and settlement date are accounted for in financial assets at fair value through profit or loss, available-for-sale financial assets and financial assets held for trading in the settlement date-accounting policy.

*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.

### **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:

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

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

At each reporting 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. Group held investment property with respect to the consolidated real estate investment and insurance firms' activities.

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

Investment properties, following the initial recording, are measured by acquisition cost method (reducing accumulated depreciation and if it is present, provisions for impairment from acquisition cost) that is used in tangible assets.

**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****Provision for severance payments**

In accordance with existing Turkish Labour Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Parent 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 30 September 2013 is TL 3,254 (full TL) (31 December 2012: TL 3,034 (full TL)).

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

As at 30 September 2013 and 31 December 2012, the major actuarial assumptions used in the calculation of the total liability are as follows:

	<b>Current Period</b>	<b>Previous Year</b>
Discount rate	1.91%	1.91%
Expected rate of salary/limit increase	5.00%	5.00%
Estimated employee turnover rate	1.93%	1.93%



### **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 Parent Bank are the members of “Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı” (“the Fund”) established on 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,

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

Law requires the transfer to be completed in three years beginning from 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.

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 prepared for the period, 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 25<sup>th</sup> 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%. 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% 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 69<sup>th</sup> article of Law No: 193 with the 5<sup>th</sup> 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.

#### **XIX. Additional information on borrowings**

Group obtains funding resources such as syndication and securitization transactions in case of need. In the current period, the Parent Bank obtained funds through issuance of bonds and bills domestically and internationally.

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

#### **XX. Information on issuance of equity securities**

The shares of the Parent Bank having nominal value of TL 322,000,000 (full TL), 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 30 September 2013, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 254,653 (31 December 2012: TL 272,445).

#### **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 nine-month period 30 September 2013, earning per 100 shares is full TL 0.4781 (30 September 2012: full TL 0.4150).

### **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 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, whereas cash equivalents consists of 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 annullay 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**

As at 30 September 2013 the Bank’s consolidated capital adequacy ratio is 13.86% (31 December 2012: 15.56%) (The Parent Bank: 14.30% (31 December 2012: 16.14%)).

##### **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 (Regulation)”, “Regulation on Credit Risk Mitigation Techniques” and “Communiqué on Risk Weighted Amounts for Securitization Exposures” published in Official Gazette no. 28337 dated 28 June 2012 and “Regulation on the Equity of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

The data used in calculation of consolidated capital adequacy ratio is organized in accordance with the accounting records prepared in compliance with the current legislation. Besides, the Bank classifies these data as “Trading Book” and “Banking Book”; and takes into account in the calculation of market risk and credit risk accordingly. Operational risks are also included in the calculation of capital adequacy ratio.

In the calculation of risk-based amounts, the Group classifies its receivables into risk groups described in 6th article of the Regulation and considers the ratings and risk mitigating elements. The amounts are evaluated in the related risk weight group, accordingly. The Bank applies “basic financial guarantee method” in the consideration of risk mitigating elements for banking book accounts.

Trading Book Accounts and the Items Deducted from the Capital Base are not included in the calculation of credit risk. 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 multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”, subjected to risk mitigation in accordance with the “Communique on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the Regulation.

In the calculation of their risk-based values, Derivative Financial Instruments and Credit Derivative Contracts which are accounted in banking book, the receivable amounts due to counter parties are multiplied by the rates stated in the Appendix 2 of the Regulation, subjected to risk mitigation in accordance with the “Communique on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the same Regulation. In compliance with Article 5 of the Regulation, repo transactions, investment securities and commodity lending transactions are accounted for “Counterparty Credit Risk”. The Bank applies “Fair Value Measurement” in the calculation of “Counterparty Credit Risk”.

**Information on consolidated capital adequacy ratio**

	Unconsolidated Risk Weights – 30 September 2013								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
<b>Surplus credit risk weighted</b>	<b>43,853,474</b>	-	<b>7,421,222</b>	<b>30,074,317</b>	<b>22,890,994</b>	<b>41,635,133</b>	<b>2,566,632</b>	<b>7,599,297</b>	-
Risk classifications:									
Claims on sovereigns and Central Banks	37,925,461	-	-	3,741,807	-	-	-	-	-
Claims on regional governments or local authorities	15,374	-	1,094,771	182,942	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	38,546	-	-	-	-	288,686	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,424,772	-	6,298,129	2,422,441	-	1,612	-	-	-
Claims on corporate	349,814	-	-	1,131,104	-	34,703,726	-	-	-
Claims included in the regulatory retail portfolios	77,008	-	-	-	22,890,994	-	-	-	-
Claims secured by residential property	-	-	-	22,596,023	-	2,688,770	-	-	-
Past due loans	-	-	-	-	-	235,928	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,566,632	7,599,297	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	1,022,499	-	28,322	-	-	3,716,411	-	-	-

**Summary information related to unconsolidated capital adequacy ratio**

	Current Period	Prior Period
Capital to be employed for credit risk (Amount subject to credit risk*0.08) (I)	7,549,873	6,069,014
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	36,725	48,413
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	655,046	587,602
Shareholders' equity	14,734,382	13,527,730
<b>Shareholders' equity/ ((I+II+III)*12.5*100)</b>	<b>14.30%</b>	<b>16.14%</b>

(\*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSB circular, capital adequacy ratio for the year 2012 was measured by taking value at operational risk calculated based on average of gross incomes for the years 2011,2010 and 2009 into consideration. For the year 2013, value at operational risk is being calculated based on average of gross incomes for the years 2012, 2011 and 2010.

### Information on consolidated capital adequacy ratio

	Consolidated Risk Weights – 30 September 2013								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
<b>Surplus credit risk weighted</b>	<b>44,572,503</b>	-	<b>8,079,140</b>	<b>30,317,334</b>	<b>22,937,872</b>	<b>43,645,497</b>	<b>2,566,632</b>	<b>7,599,297</b>	-
Risk classifications:									
Claims on sovereigns and Central Banks	38,632,225	-	-	3,820,154	-	-	-	-	-
Claims on regional governments or local authorities	15,375	-	1,094,771	230,891	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	38,546	-	-	-	-	288,686	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,424,774	-	6,956,047	2,321,740	-	23,821	-	-	-
Claims on corporate	356,123	-	-	1,348,527	-	37,517,343	-	-	-
Claims included in the regulatory retail portfolios	77,026	-	-	-	22,937,872	-	-	-	-
Claims secured by residential property	-	-	-	22,596,022	-	2,688,770	-	-	-
Past due loans	-	-	-	-	-	291,265	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,566,632	7,599,297	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	1,028,434	-	28,322	-	-	2,835,612	-	-	-

### Summary information related to consolidated capital adequacy ratio

	Current Period	Prior Period
Capital to be employed for credit risk (Amount subject to credit risk*0.08) (I)	7,733,755	6,239,279
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	52,922	64,811
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	764,882	685,147
Shareholders' equity	14,814,480	13,595,507
<b>Shareholders' equity/ ((I+II+III)*12.5*100)</b>	<b>13.86%</b>	<b>15.56%</b>

(\*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio for the year 2012 was measured by taking value at operational risk calculated based on average of consolidated gross incomes for the years 2011, 2010 and 2009 into consideration. For the year 2013, value at operational risk is being calculated based on average of consolidated gross incomes for the years 2012, 2011 and 2010.



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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**Information about the shareholder equity items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Adjustments to Paid-in Capital	-	-
Share Premium	726,720	726,720
Share Repeal	-	-
Legal Reserves	7,337,088	5,913,527
Adjustments to legal reserves	-	-
Profit	1,255,001	1,518,089
Net Current period profit	1,219,439	1,423,451
Prior period profit	35,562	94,638
Provision for possible losses up to 25% of core capital	73,433	92,887
Profit on sale of associates, subsidiaries and buildings	51,329	50,452
Primary subordinated loans	-	-
Minority shares	304,739	320,280
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	71,480	68,567
Intangible Assets (-)	122,966	100,036
Deferred-Asset for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3 <sup>rd</sup> paragraph) of the (-)	-	-
Goodwill (Net)	-	-
<b>Total Core Capital</b>	<b>12,053,864</b>	<b>10,953,352</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Reserves	1,201,260	956,059
45% of increase in revaluation fund of moveables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Free shares from investment in associates, subsidiaries and joint-ventures that is not recognized in profit	63,458	1,779
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loan	1,837,877	1,619,541
45% of value increase fund of financial assets available for sale and associates and subsidiaries	(79,768)	324,365
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	1,821	34,849
<b>Total Supplementary Capital</b>	<b>3,024,648</b>	<b>2,936,593</b>
<b>CAPITAL</b>	<b>15,078,512</b>	<b>13,889,945</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>264,032</b>	<b>294,438</b>
Partnership share on non-consolidated banks and financial institutions	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Banks and financial institutions to which equity method is applied, however, assets and liabilities are not consolidated	176,796	170,692
Loans extended being noncompliant with articles 50 and 51 of the Law	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	87,148	123,528
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Other	88	218
<b>TOTAL EQUITY</b>	<b>14,814,480</b>	<b>13,595,507</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**II. Consolidated market risk**

The Parent Bank calculates market risk using standard method and allocates legal capital in compliance with “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in 28 June dated 2012 Official Gazette no. 28337.

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 needed 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 Bank is reported monthly and sent to the related regulatory institutions.

**Value at market risk**

	<b>Amount</b>
(I) Capital to be employed for general market risk	10,512
(II) Capital to be employed for specific risk	3,048
Capital to be employed for specific risk in securitisation positions- Standard Method	-
(III) Capital to be employed for currency risk	31,803
(IV) Capital to be employed for stocks	-
(V) Capital to be employed for clearing risk	-
(VI) Total capital to be employed for market risk because of options	929
(VII) Capital to be employed for counterparty credit risk - Standard Method	6,630
(VIII) Capital to be employed for general market risk	-
(IX) Total capital to be employed for market risk (I+II+III+IV+V+VI)	52,922
<b>(X) Amount subject to market risk (12.5 x VIII) ya da (12.5 x IX)</b>	<b>661,525</b>

**III. Consolidated operational risk**

The Bank calculated the value at operational risk in accordance with the third section of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" that is "Computation of Value of Operational Risk" published in 28 June 2012 dated Official Gazette no. 28337. The operational risk which the Bank is exposed to is calculated according to the "Basic Indicator Method" hence by multiplying the average of the last three years' actual gross income with 12.5, in line with the effective legislation practices in the country.

**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 Parent 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 30 September 2013 and 31 December 2012, 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:

	<b>US Dollar</b>	<b>Euro</b>
<b>The Bank's foreign currency purchase rate at the balance sheet date</b>	2.0200	2.7331
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.9700	2.6573
Day 2	1.9650	2.6569
Day 3	1.9500	2.6268
Day 4	1.9400	2.6176
Day 5	1.9300	2.6109
<b>Last 30-days arithmetical average rate</b>	1.9617	2.6179

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**Information on currency risk**

<b>Current Period</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Other FCs</b>	<b>Total</b>
<b>Assets:</b>				
Cash and balances with the Central Bank of Turkey	4,987,843	7,025,277	3,718,342	15,731,462
Banks	442,118	1,383,893	39,079	1,865,090
Financial assets at fair value through profit or loss <sup>(1)</sup>	5,447	32,658	-	38,105
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	1,174,598	2,764,899	-	3,939,497
Loans and receivables <sup>(2)</sup>	8,673,714	15,806,727	55,411	24,535,852
Associates, subsidiaries and joint-ventures	3	-	-	3
Held-to-maturity investments	8,535	72,808	-	81,343
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,731	1,897	-	3,628
Intangible assets	75	151	-	226
Other assets <sup>(3) (4)</sup>	513,591	820,353	1,427	1,335,371
<b>Total assets</b>	<b>15,807,655</b>	<b>27,908,663</b>	<b>3,814,259</b>	<b>47,530,577</b>
<b>Liabilities:</b>				
Bank deposits	569,646	1,420,278	1,433	1,991,357
Foreign currency deposits	9,632,953	9,877,402	1,055,474	20,565,829
Interbank money market takings	759,850	6,347,638	-	7,107,488
Funds borrowed <sup>(5)</sup>	4,591,390	6,351,869	15,522	10,958,781
Securities issued	27,427	3,213,769	25,984	3,267,180
Miscellaneous payables	231,159	99,715	23,905	354,779
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities <sup>(1) (6)</sup>	81,432	2,843,175	12,711	2,937,318
<b>Total liabilities</b>	<b>15,893,857</b>	<b>30,153,846</b>	<b>1,135,029</b>	<b>47,182,732</b>
<b>Net ‘on balance sheet’ position</b>	<b>(86,202)</b>	<b>(2,245,183)</b>	<b>2,679,230</b>	<b>347,845</b>
<b>Net ‘off-balance sheet’ position</b>	<b>260,763</b>	<b>2,546,077</b>	<b>(2,701,680)</b>	<b>105,160</b>
Derivative assets <sup>(7)</sup>	1,348,387	6,620,123	105,564	8,074,074
Derivative liabilities <sup>(7)</sup>	1,087,624	4,074,046	2,807,244	7,968,914
Non-cash loans <sup>(8)</sup>	1,298,233	6,741,085	330,129	8,369,447
<b>Previous Year</b>				
Total assets	12,393,687	21,833,713	2,572,431	36,799,831
Total liabilities	11,958,995	23,794,086	898,483	36,651,564
<b>Net on balance sheet position</b>	<b>434,692</b>	<b>(1,960,373)</b>	<b>1,673,948</b>	<b>148,267</b>
<b>Net off-balance sheet position</b>	<b>(333,160)</b>	<b>2,344,524</b>	<b>(1,676,440)</b>	<b>334,924</b>
Derivative assets <sup>(7)</sup>	744,260	5,427,272	161,987	6,333,519
Derivative liabilities <sup>(7)</sup>	1,077,420	3,082,748	1,838,427	5,998,595
Non-cash loans <sup>(8)</sup>	1,357,615	5,040,781	298,095	6,696,491

<sup>(1)</sup> Foreign exchange rates based accruals of derivative financial assets and liabilities are not included.

<sup>(2)</sup> Foreign currency indexed loans amounting to TL 2,313,238 (31 December 2012: TL 1,736,458) presented in TL in the financial statements are included in the above table.

<sup>(3)</sup> Foreign currency indexed factoring receivables amounted to TL 43,275 (31 December 2012: TL 21,726) presented in TL column in the accompanying consolidated balance sheet are included.

<sup>(4)</sup> Prepaid expenses amounting to TL 34,342 (31 December 2012: TL 25,151) and deferred tax assets amounting to TL 577 (31 December 2012: None) are not included.

<sup>(5)</sup> Foreign currency indexed funds borrowed amounted to TL 12,508 (31 December 2012: None) presented in TL column in the accompanying consolidated balance sheet are included.

<sup>(6)</sup> Unearned income amounting to TL 33,084 (31 December 2012: TL 22,900) are not included.

<sup>(7)</sup> Asset purchase commitments amounting to TL 281,008 (31 December 2012: TL 287,531), asset sales commitments amounting to TL 304,032 (31 December 2012: TL 592,925) and gold purchase swaps amounting to TL 2,723,654 (31 December 2012: TL 1,671,932) are included.

<sup>(8)</sup> Non-cash loans are not taken into consideration in the calculation of the net ‘off-balance sheet’ position.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**Exposure to currency risk**

10 percent devaluation of the TL against the following currencies as at and for the nine-month periods ended 30 September 2013 and 2012 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.

	30 September 2013		30 September 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	29,324	29,324	7,511	58,628
EUR	(11,573)	(11,573)	8,388	33,911
Other currencies	(1,433)	(1,433)	577	577
<b>Total, net</b>	<b>16,318</b>	<b>16,318</b>	<b>16,476</b>	<b>93,116</b>

(\*) 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 nine-month periods ended 30 September 2013 and 2012 would effect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	30 September 2013		30 September 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(27,689)	(27,689)	(5,198)	(56,315)
Euro	11,573	11,573	(8,388)	(33,911)
Other currencies	1,936	1,936	319	319
<b>Total, net</b>	<b>(14,180)</b>	<b>(14,180)</b>	<b>(13,267)</b>	<b>(89,907)</b>

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

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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)**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	17,109,771	17,109,771
Banks	1,533,069	163,647	2,147	-	-	710,151	2,409,014
Financial assets at fair value through profit/loss	144,885	178,644	144,656	42,511	12,528	3,461	526,685
Interbank money market placements	5,449	-	-	-	-	-	5,449
Available-for-sale financial assets	4,306,505	1,878,685	4,770,013	3,243,370	2,636,657	13,148	16,848,378
Loans and receivables	25,737,885	10,399,189	22,408,570	15,802,617	9,080,430	292,123	83,720,814
Held-to-maturity investments	434,447	1,301,418	1,122,958	495,047	1,519,311	-	4,873,181
Other assets (*)	101,562	140,255	236,911	708,053	10,010	4,453,481	5,650,272
<b>Total assets</b>	<b>32,263,802</b>	<b>14,061,838</b>	<b>28,685,255</b>	<b>20,291,598</b>	<b>13,258,936</b>	<b>22,582,135</b>	<b>131,143,564</b>
<i>Liabilities:</i>							
Bank deposits	1,955,845	275,533	367,812	-	-	21,803	2,620,993
Other deposits	38,596,829	16,472,523	6,587,118	812,628	21,805	13,450,413	75,941,316
Interbank money market takings	10,263,525	1,972,579	128,762	760,072	-	-	13,124,938
Miscellaneous payables	-	-	-	-	-	2,943,038	2,943,038
Securities issued	75,129	1,825,685	1,651,802	2,152,637	-	-	5,705,253
Funds borrowed	2,743,358	2,922,940	4,655,412	626,288	378,691	-	11,326,689
Other liabilities (**)	54,320	80,820	104,323	386,631	1,436,075	17,419,168	19,481,337
<b>Total liabilities</b>	<b>53,689,006</b>	<b>23,550,080</b>	<b>13,495,229</b>	<b>4,738,256</b>	<b>1,836,571</b>	<b>33,834,422</b>	<b>131,143,564</b>
On balance sheet long position	-	-	15,190,026	15,553,342	11,422,365	-	42,165,733
On balance sheet short position	(21,425,204)	(9,488,242)	-	-	-	(11,252,287)	(42,165,733)
Off-balance sheet long position	754,819	1,640,711	251,437	367,134	101,876	-	3,115,977
Off-balance sheet short position	(229,620)	(55,011)	(538,080)	(1,335,065)	(758,376)	-	(2,916,152)
<b>Position, Net</b>	<b>(20,900,005)</b>	<b>(7,902,542)</b>	<b>14,903,383</b>	<b>14,585,411</b>	<b>10,765,865</b>	<b>(11,252,287)</b>	<b>199,825</b>

(\*) 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.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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

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	-	-	-	-	-	12,331,494	12,331,494
Banks	1,840,727	294,710	146	-	-	520,907	2,656,490
Financial assets at fair value through profit/loss	34,048	37,319	41,966	168,898	11,550	2,709	296,490
Interbank money market placements	6,645	-	-	-	-	-	6,645
Available-for-sale financial assets	4,765,314	2,098,405	1,900,238	3,088,839	2,469,739	12,246	14,334,781
Loans and receivables	21,944,720	15,107,662	11,994,426	12,926,108	7,035,984	307,799	69,316,699
Held-to-maturity investments	368,474	776,415	640,988	1,254,479	1,220,704	-	4,261,060
Other assets (*)	26,051	127,048	193,088	513,453	43,208	3,932,905	4,835,753
<b>Total assets</b>	<b>28,985,979</b>	<b>18,441,559</b>	<b>14,770,852</b>	<b>17,951,777</b>	<b>10,781,185</b>	<b>17,108,060</b>	<b>108,039,412</b>
<i>Liabilities:</i>							
Bank deposits	2,792,890	880,011	364,596	-	-	15,263	4,052,760
Other deposits	33,991,113	15,098,710	3,634,010	550,332	12,928	11,046,951	64,334,044
Interbank money market takings	6,769,186	233,673	1,679,961	-	-	-	8,682,820
Miscellaneous payables	353	-	-	-	-	2,438,803	2,439,156
Securities issued	608,070	161,954	711,587	891,137	-	-	2,372,748
Funds borrowed	1,961,676	3,629,530	2,295,949	116,193	97,633	-	8,100,981
Other liabilities (**)	39,071	4,629	3,842	107,809	1,705,898	16,195,654	18,056,903
<b>Total liabilities</b>	<b>46,162,359</b>	<b>20,008,507</b>	<b>8,689,945</b>	<b>1,665,471</b>	<b>1,816,459</b>	<b>29,696,671</b>	<b>108,039,412</b>
On balance sheet long position	-	-	6,080,907	16,286,306	8,964,726	-	<b>31,331,939</b>
On balance sheet short position	(17,176,380)	(1,566,948)	-	-	-	(12,588,611)	<b>(31,331,939)</b>
Off-balance sheet long position	490,457	1,637,600	331,215	294,353	36,863	-	<b>2,790,488</b>
Off-balance sheet short position	(37,380)	(90,990)	(369,465)	(1,566,532)	(659,863)	-	<b>(2,724,230)</b>
<b>Position, Net</b>	<b>(16,723,303)</b>	<b>(20,338)</b>	<b>6,042,657</b>	<b>15,014,127</b>	<b>8,341,726</b>	<b>(12,588,611)</b>	<b>66,258</b>

(\*) 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.

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

Current Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBT	-	-	-	-
Banks	0.33	0.55	-	10.23
Financial assets at fair value through profit/loss	7.32	2.43	-	7.75
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.05	3.52	-	7.51
Loans and receivables	4.47	5.04	-	12.56
Held-to-maturity investments	-	2.20	-	12.36
<i>Liabilities:</i>				
Bank deposits	1.40	0.98	-	7.78
Other deposits	2.91	2.87	-	7.91
Interbank money market takings	0.47	1.23	-	7.20
Miscellaneous payables	-	-	-	-
Securities issued	1.53	3.80	-	7.68
Funds borrowed	1.10	1.79	-	6.92

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

<b>Previous Year</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Japanese Yen</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets:</b>				
Cash and balance with CBT	-	-	-	-
Banks	1.62	2.38	-	10.38
Financial assets at fair value through profit/loss	7.54	1.84	-	6.32
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.34	7.13	-	7.53
Loans and receivables	4.67	5.46	-	15.36
Held-to-maturity investments	6.50	1.16	-	10.05
<b>Liabilities:</b>				
Bank deposits	1.79	1.40	-	6.69
Other deposits	3.26	3.15	-	8.79
Interbank money market takings	0.43	1.31	-	5.57
Miscellaneous payables	-	-	-	-
Securities issued	-	5.75	-	7.64
Funds borrowed	1.45	2.09	-	9.37

**The interest rate risk of the banking book items:****Measurement Frequency of Interest Rate Risk**

Interest rate risk arising from banking book accounts is calculated in accordance with “Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standart Shock Technique” published in the 23 August 2011 dated Official Gazette no. 28034. Legal limit is monthly monitored and reported accordingly.

The unconsolidated economic value changes arising from the interest rate fluctuations which are measured according to “Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standart Shock Technique” are presented in the below table:

<b>Currency Unit</b>	<b>Applied Shock (+/- x base point)</b>	<b>Gain/ Loss</b>	<b>Gain/ Equity-Loss/ Equity</b>
1. TL	500 / (400)	(2,504,963)/2,542,307	(17.00%) / 17.25%
2. EURO	200 / (200)	7,800/26,439	(0.05%) / 0.18%
3. USD	200 / (200)	355,887/(295,128)	2.42% / (2.00%)
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>2,273,617</b>	<b>15.43%</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>(2,141,276)</b>	<b>(14.53%)</b>



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

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

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

Equities	Comparison		
	Balance Sheet Value	Fair Value Change	Market Value
1.Available for Sale Financial Assets	-	-	-
<i>Stocks quoted in exchange</i>	-	-	-
2.Investments in Associates	-	-	-
<i>Stocks quoted in exchange</i>	-	-	-
3.Investments in Subsidiaries	-	-	-
<i>Stocks quoted in exchange</i>	-	-	-
4.Stocks unquoted in exchange	<b>240,693</b>	<b>240,693</b>	-

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

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

Portfolio	Realized gains (losses) in current Period	Revaluated appreciation in the fair value		Unrealized Gain and Loss	
		Total (*)	Included to Supplementary Capital	Total (*)	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-
2. Share certificates quoted in a stock exchange	-	-	-	-	-
3. Other share certificates	-	(97,823)	-	-	-
<b>4. Total</b>	-	<b>(97,823)</b>	-	-	-

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

**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 fair value effect of a 10% increase/decrease in price of equity securities (all other variables held constant) which are recognized at market value and are presented under available for sale assets in the accompanying financial statements as at 30 September 2013, makes an effect of TL 240 on equity of the Group (30 September 2012: TL 139).

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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

**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 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed <sup>(*)</sup>	Total
<i>Assets:</i>								
Cash and balance with CBT	17,109,771	-	-	-	-	-	-	17,109,771
Banks	1,031,069	1,212,151	163,647	2,147	-	-	-	2,409,014
Financial assets at fair value through profit/loss	2,909	82,952	28,657	228,387	163,046	17,273	3,461	526,685
Interbank money market placements	-	5,449	-	-	-	-	-	5,449
Available-for-sale financial assets	-	120,309	87,852	3,787,399	7,300,078	5,539,592	13,148	16,848,378
Loans and receivables	-	6,723,040	594,450	11,210,774	26,966,862	37,933,565	292,123	83,720,814
Held-to-maturity investments	-	30,300	343,736	1,183,148	495,044	2,820,953	-	4,873,181
Other assets	1,269	905,193	210,129	228,563	819,493	40,079	3,445,546	5,650,272
<b>Total assets</b>	<b>18,145,018</b>	<b>9,079,394</b>	<b>1,428,471</b>	<b>16,640,418</b>	<b>35,744,523</b>	<b>46,351,462</b>	<b>3,754,278</b>	<b>131,143,564</b>
<i>Liabilities:</i>								
Bank deposits	21,803	1,955,845	275,533	367,812	-	-	-	2,620,993
Other deposits	13,450,413	38,596,829	16,472,523	6,587,118	812,628	21,805	-	75,941,316
Funds borrowed	-	300,406	484,281	6,303,313	2,323,734	1,914,955	-	11,326,689
Interbank money market takings	-	10,263,525	1,972,579	128,762	760,072	-	-	13,124,938
Securities issued	-	75,129	1,825,685	1,651,802	2,152,637	-	-	5,705,253
Miscellaneous payables	-	2,466,272	108,481	-	-	-	368,285	2,943,038
Other liabilities	-	582,682	177,113	78,548	410,409	1,455,364	16,777,221	19,481,337
<b>Total liabilities</b>	<b>13,472,216</b>	<b>54,240,688</b>	<b>21,316,195</b>	<b>15,117,355</b>	<b>6,459,480</b>	<b>3,392,124</b>	<b>17,145,506</b>	<b>131,143,564</b>
		(45,161,294)						
<b>Liquidity (Gap)/Surplus</b>	<b>4,672,802</b>	<b>(45,161,294)</b>	<b>(19,887,724)</b>	<b>1,523,063</b>	<b>29,285,043</b>	<b>42,959,338</b>	<b>(13,391,228)</b>	<b>-</b>
<i>Previous Year</i>								
	Demand	Upto 1Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed <sup>(*)</sup>	Total
Total assets	13,765,503	7,674,624	1,220,162	15,938,944	43,740,945	22,271,662	3,427,572	108,039,412
Total liabilities	11,062,214	46,997,596	17,019,744	10,746,017	3,608,426	2,877,958	15,727,457	108,039,412
		(39,322,972)						
<b>Liquidity (Gap)/Surplus</b>	<b>2,703,289</b>	<b>(39,322,972)</b>	<b>(15,799,582)</b>	<b>5,192,927</b>	<b>40,132,519</b>	<b>19,393,704</b>	<b>(12,299,885)</b>	<b>-</b>

<sup>(\*)</sup> 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.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

*Residual contractual maturities of monetary liabilities*

<b>Current period</b>	<b>Carrying amount</b>	<b>Gross nominal outflow</b>	<b>Demand</b>	<b>Less than one month</b>	<b>1-3 months</b>	<b>3 months to 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Bank deposits	2,620,993	2,628,917	21,803	1,957,229	276,388	373,497	-	-
Other deposits	75,941,316	76,472,050	13,450,413	38,698,625	16,636,615	6,771,401	888,654	26,342
Funds borrowed	11,326,689	11,957,983	-	301,052	484,282	6,376,970	2,578,248	2,217,431
Money market takings	13,124,938	13,159,789	-	10,274,347	1,976,118	129,137	780,187	-
Securities issued	5,705,253	6,187,926	-	75,195	1,839,701	1,695,005	2,578,025	-
Miscellaneous payables	2,943,038	2,943,038	368,285	2,466,272	108,481	-	-	-
Other liabilities	3,361,552	4,307,372	943,044	382,515	92,049	80,234	465,531	2,343,999
<b>Total</b>	<b>115,023,779</b>	<b>117,657,075</b>	<b>14,783,545</b>	<b>54,155,235</b>	<b>21,413,634</b>	<b>15,426,244</b>	<b>7,290,645</b>	<b>4,587,772</b>
<b>Non-Cash Loans</b>	<b>21,826,071</b>	<b>21,826,071</b>	<b>300,754</b>	<b>368,065</b>	<b>12,849,573</b>	<b>4,881,804</b>	<b>2,833,332</b>	<b>592,543</b>

  

<b>Prior year</b>	<b>Carrying amount</b>	<b>Gross nominal outflow</b>	<b>Demand</b>	<b>Less than one month</b>	<b>1-3 months</b>	<b>3 months to 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Bank deposits	4,052,760	4,063,583	15,263	2,794,719	886,791	366,810	-	-
Other deposits	64,334,044	64,723,597	11,046,951	34,067,776	15,251,225	3,730,789	611,031	15,825
Funds borrowed	8,100,981	8,556,970	-	288,586	381,136	4,313,607	2,230,115	1,343,526
Money market takings	8,682,820	8,706,596	-	6,773,608	234,179	1,698,809	-	-
Securities issued	2,372,748	2,623,486	-	610,517	164,324	728,357	1,120,288	-
Miscellaneous payables	2,439,156	2,439,156	135,208	2,124,680	85,174	93,109	985	-
Other liabilities	2,646,534	2,646,534	532,109	252,953	9,788	8,635	118,115	1,724,934
<b>Total</b>	<b>92,629,043</b>	<b>93,759,922</b>	<b>11,729,531</b>	<b>46,912,839</b>	<b>17,012,617</b>	<b>10,940,116</b>	<b>4,080,534</b>	<b>3,084,285</b>
<b>Non-Cash Loans</b>	<b>17,251,037</b>	<b>17,251,037</b>	<b>7,631,920</b>	<b>1,136,877</b>	<b>1,567,553</b>	<b>4,183,700</b>	<b>2,047,339</b>	<b>683,648</b>

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.

**Securitisation Positions**

None.

**Credit risk mitigation techniques**

“Basic Financial Guarantee” method is used for the financial guarantees in accordance with “Communique on Credit Risk Mitigation”. Cash or cash equivalent, treasury bill, government bond and guarantees are used in credit risk mitigation.

**Applications on guarantees’ valuation and method**

Policies on the valuation of financial guarantees and their evaluation and valuation of immovables that are received as mortgage for loans have been formed. These policies and procedures are prepared in accordance with “Communique on Credit Risk Mitigation” and include minimum conditions regarding guarantee valuation and management.

**Types of main guarantees received**

Main types of the guarantees that Bank receives for loans provided are mortgages, guarantees/sureties and financial guarantees.

**Main guarantors, credit derivatives’ counterparties and their credit worthiness**

Assessment of credit worthiness of main guarantors is determined and monitored in accordance with the lending and intelligence procedures of the Bank.

**Information about market and credit risk concentration in credit risk mitigation**

Market risk and credit risk concentrations are carefully avoided.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**Information about guarantees according to risk classifications**

Information about guarantees according to risk classifications is shown in the table below:

<b>Risk Classification</b>	<b>Amount</b>	<b>Financial Guarantees</b>	<b>Other/Physical Guarantees</b>	<b>Guarantees and credit derivatives</b>
Claims on sovereigns and Central Banks	42,452,379	4,237,779	-	-
Claims on regional governments or local authorities	1,341,036	19,414	-	-
Claims on administrative bodies and other non-commercial undertakings	327,232	45,115	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	13,726,382	4,424,791	-	-
Claims on corporates	39,221,992	383,934	-	-
Claims included in the regulatory retail portfolios	23,014,898	94,266	-	-
Claims secured by residential property	25,284,792	-	-	-
Past due loans	291,265	-	-	-
Higher risk categories decided by the Agency	10,165,929	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other receivables	3,892,370	-	-	-
<b>Total</b>	<b>159,718,275</b>	<b>9,205,299</b>	-	-

**Risk management strategies and policies**

Risk management strategies are determined so as to support the Parent Bank’s objectives and goals and maintain Parent Bank’s presence by developing the present risk management strategies and corporate wide risk culture in parallel with the changing business and risk environment and by applying the well accepted national and international risk management practices.

The mission of Parent Bank is to continuously increase the values added to the customers, employees, shareholders and society by managing the entrusted assets and values effectively and productively. In this scope, it is fundamental to adopt forward looking risk based approaches through forming high quality assets and good management of liabilities in all activities aiming high quality gains.

The Parent Bank’s risk management strategy is mainly based on avoiding high risks and legal risks with high impacts even if the probability of happening is low, taking measures for the risks that may occur due to ordinary banking activities, procuring protection, transferring risks to third parties through techniques like insurance or credit derivatives and accepting risks that have low impact and probability of occurrence.

Risks are defined, measured, reported and managed in compliance with the policies and national and international standards. In this respect, not only legal limits but also in-bank limits are considered. Up-to-dateness and compliance of the limits are monitored regularly. Credit risk mitigation policies are determined and approved by the Board of Directors. Besides, possible risks are considered by following the changes in the market and economic conditions.

Risk management system and organization have been formed in compliance with the Regulation of Internal Systems.

## **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.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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

Major financial statement items according to business lines:

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking</b>	<b>Other</b>	<b>Total Operations</b>
<b>OPERATING INCOME/ EXPENSES</b>					
Interest Income	2,326,184	3,299,303	1,116,500	162,202	6,904,189
<i>Interest income from loans</i>	2,326,184	3,299,303	-	889	5,626,376
<i>Interest income from securities portfolio</i>	-	-	1,110,827	12,203	1,123,030
<i>Interest income from banks</i>	-	-	5,048	40,084	45,132
<i>Interest income from money market transactions</i>	-	-	625	184	809
<i>Other interest income</i>	-	-	-	108,842	108,842
Interest Expense	1,054,892	1,428,795	517,923	166,276	3,167,886
<i>Interest expense on deposits</i>	1,054,892	1,428,795	-	-	2,483,687
<i>Interest expense on funds borrowed</i>	-	-	97,193	29,101	126,294
<i>Interest expense on money market transactions</i>	-	-	255,507	7,902	263,409
<i>Interest expense on securities issued</i>	-	-	165,223	-	165,223
<i>Other interest expenses</i>	-	-	-	129,273	129,273
Net Interest Income	1,271,292	1,870,508	598,577	(4,074)	3,736,303
Net Fees and Commissions Income	270,014	229,487	-	(225)	499,276
Trading Income/ Losses (Net)	-	-	205,926	22,295	228,221
Dividend Income	-	-	2,336	13,957	16,293
Other Income	-	-	-	1,093,258	1,093,258
Provision For Losses on Loans and Other Receivables	235,600	816,701	120,480	381,972	1,554,753
Other Expenses	-	-	-	2,497,863	2,497,863
Income/Loss From Investments Under Equity Accounting	-	-	21,988	-	21,988
<b>Profit Before Taxes</b>	<b>1,305,706</b>	<b>1,283,294</b>	<b>708,347</b>	<b>(1,754,624)</b>	<b>1,542,723</b>
Provision for taxes	-	-	-	(347,444)	(347,444)
<b>Net Profit/ Loss</b>	<b>1,305,706</b>	<b>1,283,294</b>	<b>708,347</b>	<b>(2,102,068)</b>	<b>1,195,279</b>
<b>SEGMENT ASSETS</b>					
Securities Portfolio	-	-	21,717,337	216,093	21,933,430
Derivative financial assets held for trading purpose	-	-	314,814	-	314,814
Banks and Receivables From Money Markets	-	-	1,862,556	551,907	2,414,463
Investments in Associates and Subsidiaries(Net)	-	-	391,579	2,654	394,233
Loans	29,519,574	54,139,362	-	61,878	83,720,814
Other Assets	-	-	16,218,079	6,147,731	22,365,810
<b>TOTAL ASSETS</b>	<b>29,519,574</b>	<b>54,139,362</b>	<b>40,504,365</b>	<b>6,980,263</b>	<b>131,143,564</b>
<b>SEGMENT LIABILITIES</b>					
Deposits	31,356,244	47,206,065	-	-	78,562,309
Derivative Financial Liabilities Held for Trading Purpose	-	-	164,030	10,199	174,229
Interbank Money Market	-	-	12,906,725	218,213	13,124,938
Funds Borrowed	-	-	10,511,059	815,630	11,326,689
Securities Issued	-	-	5,705,253	-	5,705,253
Other Liabilities	-	-	248,106	6,185,445	6,433,551
Provisions and Tax Liabilities	-	-	-	3,656,207	3,656,207
Equity	-	-	-	12,160,388	12,160,388
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,356,244</b>	<b>47,206,065</b>	<b>29,535,173</b>	<b>23,046,082</b>	<b>131,143,564</b>

## 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	808,696	181,418	793,004	190,016
Central Bank of Turkey <sup>(*)</sup>	541,281	15,511,680	1,452,478	9,870,679
Others	28,332	38,364	4,464	20,853
<b>Total</b>	<b>1,378,309</b>	<b>15,731,462</b>	<b>2,249,946</b>	<b>10,081,548</b>

<sup>(\*)</sup> TL 13,152,177 (31 December 2012: TL 8,108,813) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2012: 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 13% in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 6% as maturities get longer (31 December 2012: 11.5% 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	541,281	945,503	1,449,530	693,866
Unrestricted time deposits	-	-	-	-
Restricted time deposits <sup>(*)</sup>	-	1,414,000	2,948	1,068,000
Reserve Deposits	-	13,152,177	-	8,108,813
<b>Total</b>	<b>541,281</b>	<b>15,511,680</b>	<b>1,452,478</b>	<b>9,870,679</b>

<sup>(\*)</sup>The Parent Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Parent Bank. Subsequent to the decision, CBT required the Parent Bank to provide reserve requirement for loans obtained by foreign branches, the Parent 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 Parent 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 Parent Bank has began to provide additional reserve requirements at 27 May 2011.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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

**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	92,607	6,056	53,119	10,022
Others	-	-	-	-
<b>Total</b>	<b>92,607</b>	<b>6,056</b>	<b>53,119</b>	<b>10,022</b>

***Trading securities subject to repurchase agreements***

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	2,023	-	983	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>2,023</b>	<b>-</b>	<b>983</b>	<b>-</b>

***Trading purpose derivative financial assets***

	Current Period		Previous Year	
	TL	FC	TL	FC
Forward transactions	35,568	634	2,063	2,047
Swap transactions	230,464	44,875	19,313	65,521
Futures	-	-	-	-
Options	171	3,102	208	273
Others	-	-	-	-
<b>Total</b>	<b>266,203</b>	<b>48,611</b>	<b>21,584</b>	<b>67,841</b>

**3. Information on banks**

	Current Period		Previous Year	
	TL	FC	TL	FC
Banks	543,924	1,865,090	740,354	1,916,136
Domestic	529,917	760,918	739,761	300,982
Foreign	14,007	1,104,172	593	1,615,154
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>543,924</b>	<b>1,865,090</b>	<b>740,354</b>	<b>1,916,136</b>



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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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	801,010	196,536	6,226	184,493
Others	-	-	-	-
<b>Total</b>	<b>801,010</b>	<b>196,536</b>	<b>6,226</b>	<b>184,493</b>

*Available-for-sale financial assets subject to repurchase agreements*

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	7,115,359	104,056	4,504,521	53,640
Treasury bills	-	-	-	-
Other debt securities	-	3,179,515	-	3,292,531
Bonds issued or guaranteed by banks	-	70,981	-	42,563
Asset backed securities	-	-	-	-
<b>Total</b>	<b>7,115,359</b>	<b>3,354,552</b>	<b>4,504,521</b>	<b>3,388,734</b>

*Information on available-for-sale financial assets*

	Current Period		Previous Year	
	TL	FC	TL	FC
<b>Debt securities</b>		<b>17,111,910</b>		<b>14,418,802</b>
Quoted		17,111,910		14,418,802
Unquoted		-		-
<b>Equity securities</b>		<b>17,014</b>		<b>12,246</b>
Quoted		-		1,496
Unquoted		17,014		10,750
<b>Provisions for impairment losses (-)</b>		<b>280,546</b>		<b>96,267</b>
<b>Total</b>		<b>16,848,378</b>		<b>14,334,781</b>

**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
<b>Direct loans provided to the shareholders</b>	-	<b>29,732</b>	-	<b>37,919</b>
Legal entities	-	29,732	-	37,919
Real persons	-	-	-	-
<b>Indirect loans provided to the shareholders</b>	-	-	-	-
<b>Loans provided to the employees</b>	<b>76,115</b>	<b>27</b>	<b>68,881</b>	<b>34</b>
<b>Total</b>	<b>76,115</b>	<b>29,759</b>	<b>68,881</b>	<b>37,953</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
		Payment plan extensions	Other		Payment plan extensions	Other
<b>Non-specialized loans</b>	<b>79,970,856</b>	<b>194,752</b>	-	<b>2,684,363</b>	<b>559,755</b>	-
Loans given to enterprises	20,617,463	86,028	-	972,783	241,084	-
Export loans	3,514,851	21,075	-	43,710	11,526	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,941,756	-	-	86	-	-
Consumer loans	24,973,786	80,201	-	888,844	227,021	-
Credit cards	4,146,112	-	-	166,204	7,860	-
Other	24,776,888	7,448	-	612,736	72,264	-
<b>Specialized lending</b>	<b>10,675</b>	-	-	-	-	-
<b>Other receivables</b>	<b>8,290</b>	-	-	-	-	-
<b>Total</b>	<b>79,989,821</b>	<b>194,752</b>	-	<b>2,684,363</b>	<b>559,755</b>	-

**Information related to the changes in the payment plans of loans and other receivables:**

Number of modifications to extend payment plans	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
Extended for 1 or 2 times	194,752	367,690
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-

  

Extended period of time	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
0-6 Months	882	55
6-12 Months	2,931	916
1-2 Years	28,099	13,106
2-5 Years	162,249	320,670
5 Years and Over	591	32,943

(\*) The above tables include the change in the payment plans of performing loans and other receivables after 28 May 2011.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

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

	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer loans – TL</b>	<b>314,178</b>	<b>24,768,085</b>	<b>25,082,263</b>
Housing loans	5,928	12,804,107	12,810,035
Automobile loans	5,682	567,343	573,025
General purpose loans	231,692	8,853,652	9,085,344
Others	70,876	2,542,983	2,613,859
<b>Consumer loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
<b>Consumer loans – FC</b>	<b>1,496</b>	<b>5,682</b>	<b>7,178</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,496	5,682	7,178
Others	-	-	-
<b>Retail credit cards – TL</b>	<b>3,219,677</b>	<b>5,294</b>	<b>3,224,971</b>
With installment	1,854,990	5,216	1,860,206
Without installment	1,364,687	78	1,364,765
<b>Retail credit cards – FC</b>	<b>1,310</b>	-	<b>1,310</b>
With installment	-	-	-
Without installment	1,310	-	1,310
<b>Personnel loans – TL</b>	<b>1,747</b>	<b>30,257</b>	<b>32,004</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,725	30,257	31,982
Others	22	-	22
<b>Personnel loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
<b>Personnel loans – FC</b>	<b>405</b>	<b>63</b>	<b>468</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	405	63	468
Others	-	-	-
<b>Personnel credit cards – TL</b>	<b>43,530</b>	<b>4</b>	<b>43,534</b>
With installment	22,320	4	22,324
Without installment	21,210	-	21,210
<b>Personnel credit cards – FC</b>	<b>109</b>	-	<b>109</b>
With installment	-	-	-
Without installment	109	-	109
<b>Overdraft Checking Accounts – TL (Real persons)</b>	<b>1,047,850</b>	-	<b>1,047,850</b>
<b>Overdraft Checking Accounts – FC (Real persons)</b>	<b>89</b>	-	<b>89</b>
<b>Total</b>	<b>4,630,391</b>	<b>24,809,385</b>	<b>29,439,776</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

***Installment based commercial loans and corporate credit cards***

	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment-based commercial loans – TL</b>	<b>725,159</b>	<b>14,317,132</b>	<b>15,042,291</b>
Real estate loans	116	243,052	243,168
Automobile loans	22,039	1,425,499	1,447,538
General purpose loans	703,004	12,648,581	13,351,585
Others	-	-	-
<b>Installment-based commercial loans – FC indexed</b>	<b>17,414</b>	<b>599,186</b>	<b>616,600</b>
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	17,414	599,186	616,600
Others	-	-	-
<b>Installment-based commercial loans – FC</b>	<b>425,307</b>	<b>3,433,854</b>	<b>3,859,161</b>
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	<b>424,360</b>	<b>1,121,296</b>	<b>1,545,656</b>
Others	947	2,312,558	2,313,505
<b>Corporate credit cards – TL</b>	<b>1,050,084</b>	<b>8</b>	<b>1,050,092</b>
With installment	611,586	8	611,594
Without installment	438,498	-	438,498
<b>Corporate credit cards – FC</b>	<b>160</b>	<b>-</b>	<b>160</b>
With installment	-	-	-
Without installment	160	-	160
<b>Overdraft Checking Accounts – TL (Corporate)</b>	<b>574,597</b>	<b>-</b>	<b>574,597</b>
<b>Overdraft Checking Accounts – FC (Corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,792,721</b>	<b>18,350,180</b>	<b>21,142,901</b>

***Allocation of domestic and overseas loans***

	<b>Current Period</b>	<b>Previous Year</b>
Domestic loans	83,098,515	68,698,671
Overseas loans	330,176	310,229
<b>Total</b>	<b>83,428,691</b>	<b>69,008,900</b>

***Loans to associates and subsidiaries***

	<b>Current Period</b>	<b>Previous Year</b>
Directly loans to associates and subsidiaries	3,024	-
Indirectly loans to associates and subsidiaries	-	-
<b>Toplam</b>	<b>3,024</b>	<b>-</b>

***Specific provisions for loans***

<b>Specific Provisions</b>	<b>Current Period</b>	<b>Previous Year</b>
Loans and receivables with limited collectibility	64,784	76,679
Loans and receivables with doubtful collectibility	745,214	519,895
Uncollectible loans and receivables	2,386,516	1,912,454
<b>Total</b>	<b>3,196,514</b>	<b>2,509,028</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**Information on non-performing loans (Net)***Information on non-performing loans and other receivables restructured or rescheduled*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectibility</b>	<b>Loans and receivables with doubtful collectibility</b>	<b>Uncollectible loans and receivables</b>
<b>Current period</b>	<b>52,465</b>	<b>73,896</b>	<b>108,927</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	52,465	73,896	108,927
<b>Previous year</b>	<b>37,448</b>	<b>55,374</b>	<b>67,590</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	37,448	55,374	67,590

*Movements in non-performing loan groups*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectibility</b>	<b>Loans and receivables with doubtful collectibility</b>	<b>Uncollectible loans and receivables</b>
<b>Balance at the beginning of the period</b>	<b>370,402</b>	<b>520,449</b>	<b>1,925,976</b>
Additions (+)	1,140,796	38,891	21,837
Transfers from other categories of loans under follow-up (+)	-	1,030,173	674,802
Transfers to other categories of loans under follow-up (-) <sup>(*)</sup>	1,050,583	728,741	38,636
Collections (-)	141,971	113,011	163,630
Write-offs (-)	-	-	28
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	28
Currency differences	-	-	1,911
<b>Balance at the end of the period</b>	<b>318,644</b>	<b>747,761</b>	<b>2,422,232</b>
Specific provisions (-)	64,784	745,214	2,386,516
<b>Net balance on balance sheet</b>	<b>253,860</b>	<b>2,547</b>	<b>35,716</b>

<sup>(\*)</sup>Loans that are transferred from non-performing loans to restructured loans are presented in the Transfers to other categories of loans under follow-up lines.

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

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectibility</b>	<b>Loans and receivables with doubtful collectibility</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period</b>			
Balance at the end of the year	1,621	20,645	300,578
Specific provisions (-)	324	20,645	297,971
<b>Net balance on balance sheet</b>	<b>1,297</b>	<b>-</b>	<b>2,607</b>
<b>Previous Year</b>			
Balance at the end of the year	18,304	13,775	301,918
Specific provisions (-)	3,487	13,754	290,607
<b>Net balance on balance sheet</b>	<b>14,817</b>	<b>21</b>	<b>11,311</b>

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*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectibility</b>	<b>Loans and receivables with doubtful collectibility</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period (Net)</b>			
Consumer and commercial loans (Gross)	310,126	738,494	2,356,298
Specific provisions (-)	62,408	735,947	2,322,848
Consumer and commercial loans (Net)	247,718	2,547	33,450
Banks (Gross)	4,852	-	21,664
Specific provisions (-)	1,643	-	19,398
Banks (Net)	3,209	-	2,266
Other loans and receivables (Gross)	3,666	9,267	44,270
Specific provisions (-)	733	9,267	44,270
Other loans and receivables (Net)	2,933	-	-
<b>Previous Year (Net)</b>			
Consumer and commercial loans (Gross)	328,992	514,666	1,842,173
Specific provisions (-)	65,798	514,666	1,839,998
Consumer and commercial loans (Net)	263,194	-	2,175
Banks (Gross)	-	-	7,181
Specific provisions (-)	-	-	7,181
Banks (Net)	-	-	-
Other loans and receivables (Gross)	41,410	5,783	76,622
Specific provisions (-)	10,881	5,229	65,275
Other loans and receivables (Net)	30,529	554	11,347

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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	4,791,838	-	4,198,301	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	10,596	-	9,312
<b>Total</b>	<b>4,791,838</b>	<b>10,596</b>	<b>4,198,301</b>	<b>9,312</b>

***Information on held-to-maturity investment securities***

	Current Period	Previous Year
<b>Debt Securities</b>	<b>4,941,905</b>	<b>4,332,399</b>
Quoted at stock exchanges	4,871,158	4,278,952
Unquoted at stock exchanges	70,747	53,447
<b>Impairment losses (-)</b>	<b>68,724</b>	<b>71,339</b>
<b>Total</b>	<b>4,873,181</b>	<b>4,261,060</b>

***The movement table of the held-to-maturity investments***

	Current Period	Prior Period
<b>Balances at the beginning of the period</b>	<b>4,262,270</b>	<b>5,979,238</b>
Foreign currency differences on monetary assets	34,957	(114,339)
Purchases during the period	1,724,450	210,825
Transfers to available for sale portfolio <sup>(*)</sup>	-	(1,474,294)
Disposals through sales/redemptions	(1,122,287)	(275,294)
Impairment losses	2,615	(29,209)
Change in amortized costs of the securities <sup>(**)</sup>	(28,824)	(35,867)
<b>Balances at the end of the period</b>	<b>4,873,181</b>	<b>4,261,060</b>

(\*) In the scope of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" which is effective from 1 July 2012, the credit risk weight of foreign currency denominated debt securities has changed and therefore these securities have been reclassified according to the related standard. The Bank reclassified certain investment securities that were previously classified in held-to-maturity portfolio with total face value of USD 706,011,000 (full U.S. dollar) ve EUR 60,002,000 (full EURO) to its available-for-sale investment securities portfolio. The securities reclassified from held-to-maturity portfolio with amortized cost of TL 1,422,452 and fair value of TL 1,733,819 in total to available-for-sale investment securities portfolio as at the reclassification date.

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

***Information about held-to-maturity investments***

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	640,752	70,700	630,110	70,747
Investments subject to repurchase agreements	4,021,245	-	4,032,413	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others <sup>(*)</sup>	124,094	10,146	129,315	10,596
<b>Total</b>	<b>4,786,091</b>	<b>80,846</b>	<b>4,791,838</b>	<b>81,343</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

Previous Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	730,596	53,400	733,880	53,447
Investments subject to repurchase agreements	2,148,261	-	2,184,752	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others <sup>(*)</sup>	1,287,654	8,762	1,279,669	9,312
<b>Total</b>	<b>4,166,511</b>	<b>62,162</b>	<b>4,198,301</b>	<b>62,759</b>

<sup>(\*)</sup> 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	9.93	9.93
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 Enternasyonal Otelcilik AŞ	İstanbul/ Turkey	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ	İstanbul/ Turkey	4.86	5.28
7 Kredi Garanti Fonu AŞ	Ankara/ Turkey	1.75	1.75
8 World Vakıf UBB Ltd in Liquidation	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 2,195,033	407,036	304,993	22,370	-	30,555	61,905	-
2 33,001	23,773	19,197	347	14	4,171	4,238	-
3 91,353	78,926	48,825	1,784	-	28,150	24,044	-
4 130,087	1,053	90,284	292	-	(7,114)	(1,649)	-
5 99,318	26,007	94,127	-	-	(10,855)	2,373	-
6 3,202	562,169	20,150	78,695	2,750	53,588	45,429	-
7 277,342	271,721	3,178	7,385	-	10,746	6,692	-
8 1,555	(42,584)	-	2	-	(3,145)	(2,658)	-

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

Roketsan Roket Sanayi ve Ticaret AŞ, an associate of the Bank, has merged with its subsidiary Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ, with dissolution of Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ without liquidation. The merge has been registered in trade registry gazette on 29 June 2012. With the merger, the share of the Bank has increased by TL 4 from TL 14,600 to TL 14,604 and the ownership ratio of the Parent Bank has decreased from 10.00% to 9.93% due to two new shareholders from Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ.



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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

As per 5 April 2012 dated and 4686 numbered decision of the BRSA, Kredi Kayıt Bürosu AŞ and Bankalararası Kart Merkezi AŞ has been classified as non-financial associates. Based on this decision, Kredi Kayıt Bürosu AŞ ve Bankalararası Kart Merkezi have been transferred to "Other Business Enterprises" account from "Other financial investments" account.

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 30 September 2013 and 31 December 2012, but its equity until the liquidation decision date has been included in the accompanying consolidated financial statements.

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

İstanbul 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 Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonel AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements.

***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 Türkiye Sınai Kalkınma Bankası AŞ <sup>(*)</sup>	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
1 799,141	66,183	10,051	46,345	3,615	2,263	3,587	-
2 12,784,757	1,987,799	267,779	310,940	167,932	254,863	246,137	1,974,070

<sup>(\*)</sup>These figures are obtained from reviewed 30 September 2013 financial statements announced at Public Disclosure Platform.

***Movement of consolidated investments in associates***

	Current Period	Previous Year
<b>Balance at the beginning of the period</b>	<b>217,563</b>	<b>128,267</b>
<b>Movements during the period</b>	<b>(15,998)</b>	<b>89,296</b>
Transfers	-	-
Acquisitions	-	-
Bonus shares received	16,755	25,132
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	(32,753)	64,164
Impairment losses	-	-
<b>Balance at the end of the period</b>	<b>201,565</b>	<b>217,563</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of period (%)</b>	-	-

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

***Sectoral distribution of consolidated investments and associates***

	<b>Current Period</b>	<b>Previous Year</b>
Banks	201,565	217,563
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	-	-
<b>Total</b>	<b>201,565</b>	<b>217,563</b>

***Quoted associates***

	<b>Current Period</b>	<b>Previous Year</b>
Quoted at domestic stock exchanges	195,446	211,444
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>195,446</b>	<b>211,444</b>

***Investments in associates disposed during the period***

None.

***Investments in associates acquired during the period***

There is not any associate acquired in the current period.

In the current period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total.

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 Bank, from TL 1,100,000 to TL 1,300,000, by the General Assembly of the Company, the share of the Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

Per General Assembly of the Kredi Garanti Fonu an associate of the Bank held on 30 May 2012, the decision for merger of Türk Ekonomi Bankası AŞ and Fortisbank AŞ has taken. Due to this merger, the shares of the Fortisbank have been transferred to Türk Ekonomi Bankası AŞ hence the principle of equality in partnership between banks has been invalidated. In result, the shares are decided to be distributed equally between banks. The TL 211 which is the amount corresponding to Bank share has been paid in year 2012. Accordingly with the addition of TL 211 the share of the Bank has increased to TL 4,211 and shareholder ratio increased to 1.75%.

In year 2012, the Bank has paid its capital commitment amounting to TL 1,000 to Kredi Garanti Fonu AŞ, related to funding requirement of the associate.

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, from TL 800,000 to TL 1,100,000, by the General Assembly of the Company, the share of the Bank amounting to TL 25,132 is presented in the movement table of investments in associates as bonus shares received.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**8. Investments in subsidiaries**

***Information on significant subsidiaries***

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Finans Factoring Hizm. AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf Portföy Yönetimi AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf B Tipi Menkul Kıydetler Yat. Ort. AŞ
Paid in Capital	114,483	65,000	35,000	22,400	150,000	26,500	3,000	106,200	15,000
Share Premium	-	-	-	-	-	-	-	9,759	19
Adjustment to paid-in capital	-	353	137	28,831	1,448	10,424	16	21,599	92
Valuation changes in marketable securities	(1,663)	2,553	18,451	-	122,640	755	-	-	-
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	17,734	-	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business)	-	-	-	-	59	191	-	-	-
Legal Reserves	5,958	3,814	4,814	4,988	17,178	13,013	770	3,440	395
Extraordinary Reserves	-	35,609	3,788	32,280	19,246	32,827	4,063	52,037	-
Other Profit Reserves	116,261	-	2,308	-	-	-	-	-	16
Profit/Loss	88,332	3,835	6,265	2,406	(121,156)	60,292	1,433	3,277	(2,264)
<i>Prior Years' Profit/Loss</i>	<i>83,548</i>	<i>-</i>	<i>698</i>	<i>-</i>	<i>(76,851)</i>	<i>34,639</i>	<i>-</i>	<i>-</i>	<i>(1,100)</i>
<i>Current Years' Profit/Loss</i>	<i>4,784</i>	<i>3,835</i>	<i>5,567</i>	<i>2,406</i>	<i>(44,305)</i>	<i>25,653</i>	<i>1,433</i>	<i>3,277</i>	<i>(1,164)</i>
Minority Rights	-	81	-	-	-	-	-	-	-
<b>Total Core Capital</b>	<b>323,371</b>	<b>111,245</b>	<b>70,763</b>	<b>90,905</b>	<b>207,149</b>	<b>144,002</b>	<b>9,282</b>	<b>196,312</b>	<b>13,258</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>323,371</b>	<b>111,245</b>	<b>70,763</b>	<b>90,905</b>	<b>207,149</b>	<b>144,002</b>	<b>9,282</b>	<b>196,312</b>	<b>13,258</b>
<b>NET AVAILABLE EQUITY</b>	<b>323,371</b>	<b>111,245</b>	<b>70,763</b>	<b>90,905</b>	<b>207,149</b>	<b>144,002</b>	<b>9,282</b>	<b>196,312</b>	<b>13,258</b>

(\*)The figures from reviewed BRSA financial statements as at 30 September 2013 are presented.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Parent Bank, calculates capital adequacy in accordance with “Comminique on Capital and Capital Adequacy of Intermediary Firms” of CMB every six months. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with “Comminique on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms” published by Undersecretariat of Treasury every six month. According to the calculations at 30 September 2013, there is no capital requirement for the subsidiaries mentioned.

**Unconsolidated investments in subsidiaries**

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/ 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	15,690	7,329	1,066	179	-	(548)	(130)	12,500
2	243,871	240,645	112,384	5,909	1	4,836	8,439	218,159
3	45,699	36,611	11,132	305	94	1,475	6,942	26,000
4	29,079	23,127	725	1,097	48	5,790	197	33,567

(\*) Financial information as at and for the year ended 30 June 2013 has been presented for these subsidiaries.

In the current period, subsequent to the approval of the decision to increase the paid capital of Taksim Otelcilik AŞ, a subsidiary of the Bank, from TL 97,150 to TL 269,257, by the Extraordinary General Assembly of the company on 27 August 2013, the share of the Bank is increased from TL 49,547 to TL 137,324 (TL 57,176 from retained earnings and TL 30,601 from cash, in total TL 87,777) and the share portion of the Bank is remained the same. At 13 September 2013 TL 7,650 is paid from TL 30,601 which is Bank's share of cash capital commitment.

As per the resolution of the Board of Directors of the Parent 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 disolution 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 30 September 2013 and 31 December 2012, 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.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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 Factoring 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 AŞ	Istanbul/Turkey	99.99	99.99
8 Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ(*)	Istanbul/Turkey	11.75	21.77
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ(*)	Istanbul/Turkey	27.63	29.47

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit / (Loss)	Prior Year's Profit / (Loss)	Fair Value
1 1,092,911	288,510	383,818	9,579	824	(65,402)	(13,369)	276,470
2 2,240,382	156,439	61,625	22,098	162	21,424	22,216	349,100
3 221,414	90,905	2,529	13,010	-	2,406	8,445	97,907
4 1,064,197	111,245	5,914	48,217	12	3,835	4,154	78,653
5 292,979	70,763	269	10,821	215	5,567	1,956	84,367
6 2,435,035	323,371	1,809	44,667	7,207	4,784	13,866	285,563
7 9,651	9,282	172	465	10	1,433	1,538	21,698
8 13,758	13,258	50	182	(260)	(1,164)	446	19,299
9 198,186	196,312	141,747	1,144	2,091	3,277	3,688	999,924

(\*) The financial statements for these subsidiaries as at and for the period ended 30 September 2013 are presented.

**Movement table of consolidated investments in subsidiaries in unconsolidated financial statements**

	Current Period	Previous Year
<b>Balance at the beginning of the period</b>	<b>912,209</b>	<b>504,673</b>
<b>Movements during the period</b>	<b>124,327</b>	<b>407,536</b>
Transfers	-	155,712
Acquisitions	51,626	-
Bonus shares received	3,267	7,253
Share of current year profit	(15,272)	(14,389)
Sales and liquidations	-	-
Fair value changes	84,706	258,960
Impairment losses	-	-
<b>Balance at the end of the period</b>	<b>1,036,536</b>	<b>912,209</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share percentage at the end of the period (%)</b>	<b>-</b>	<b>-</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

***Valuation of consolidated subsidiaries in unconsolidated financial statements***

	<b>Current Period</b>	<b>Previous Year</b>
Measured at cost	-	-
Measured at fair value	1,036,536	912,209
Equity method of accounting	-	-
<b>Total</b>	<b>1,036,536</b>	<b>912,209</b>

***Sectoral distribution of consolidated investments in subsidiaries***

	<b>Current Period</b>	<b>Previous Year</b>
Banks	257,006	205,380
Insurance companies	275,187	311,392
Factoring companies	76,750	76,750
Leasing companies	46,177	57,773
Financing companies	-	-
Other financial subsidiaries	381,416	260,914
<b>Total</b>	<b>1,036,536</b>	<b>912,209</b>

***Quoted consolidated subsidiaries***

	<b>Current Period</b>	<b>Previous Year</b>
Quoted at domestic stock exchanges	424,668	336,708
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>424,668</b>	<b>336,708</b>

***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***

There is no subsidiary acquired in the current period.

In the current period, 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 60,000 to TL 65,000, by the General Assembly of the company, the share of the Bank amounting to TL 2,936 is presented as bonus shares received in the movement table of investments in subsidiaries.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf International AG, a subsidiary of the Bank, from EUR 45,000 (in thousands) to EUR 70,000 (in thousands), by the General Assembly of the company, the share of the Bank amounting to TL 51,626 is presented in acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, subsequent to approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, a subsidiary of the Bank, from TL 105,000 to TL 106,200, by the General Assembly of the company, the share of the Bank amounting to TL 331 is presented as bonus shares received in movement table of investments in subsidiaries.

In year 2012, 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 50,000 to TL 60,000, by the General Assembly of the company, 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 year 2012, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (“Vakıf GYO”), a subsidiary of the Parent Bank, by TL 5,000 from TL 100,000 to TL 105,000, by the General Assembly of the Company, the share of the Parent Bank amounting to TL 1,382 is presented in the movement table of investments in subsidiary as shares received.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ that were accounted as investments in associate in 2012 have been classified as subsidiary beginning from 1 January 2013 and presented in the transfers in movement table of investments in subsidiary.

**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	361,573	305,922	323,945	277,830
Between 1-4 years	582,353	520,419	410,051	359,094
Longer than 4 years	59,192	56,501	42,696	39,995
<b>Total</b>	<b>1,003,118</b>	<b>882,842</b>	<b>776,692</b>	<b>676,919</b>

***Net investments in finance lease receivables***

	Current Period	Previous Year
Gross finance lease receivables	1,003,118	776,692
Unearned income on finance lease receivables (-)	(120,276)	(99,773)
Terminated lease contracts (-)	-	-
<b>Net finance lease receivables</b>	<b>882,842</b>	<b>676,919</b>

***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 30 September 2013, the Group has investment property amounting to TL 20,144 (31 December 2012: TL 19,646) in total which consists of for the subsidiaries operating in the insurance business.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**13. Information on deferred tax assets****a) Current tax assets**

As at 30 September 2013 the current tax assets amounts to TL 1,185 (31 December 2012: None).

**b) Deferred tax assets**

Items generating deferred tax assets or liabilities are listed below as at 30 September 2013 and 31 December 2012:

	<b>Current Period</b>	<b>Previous Year</b>
Provision for employee termination benefits and unused vacations	67,315	61,564
Other provisions	42,276	47,237
Tax losses carried forward	30,758	13,479
Valuation difference for associates and subsidiaries	29,135	28,531
Investment incentives	21,868	26,052
Valuation differences of financial assets and liabilities	11,606	45,149
Reporting Standarts - Tax Code depreciation differences	10,280	13,005
Other differences	12,226	2,165
<b>Deferred tax assets</b>	<b>225,464</b>	<b>237,182</b>
Net-off of the deferred tax assets and liabilities from the same entity	(60,712)	(29,015)
<b>Deferred tax assets, (net)</b>	<b>164,752</b>	<b>208,167</b>

	<b>Current Period</b>	<b>Previous Year</b>
Valuation differences of financial assets and liabilities	54,906	28,908
Valuation difference for associates and subsidiaries	776	1,389
Other differences	7,751	5,394
<b>Deferred tax liabilities</b>	<b>63,433</b>	<b>35,691</b>
Net-off of the deferred tax assets and liabilities from the same entity	(60,712)	(29,015)
<b>Deferred tax liabilities, (net)</b>	<b>2,721</b>	<b>6,676</b>

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

As at 30 September 2013, net book value of assets held for sale of the Group is amounting to TL 2,093 (31 December 2012: TL 2,093).

**15. Information on other assets**

As at 30 September 2013 and 31 December 2012, the details of other assets are as follows:

	<b>Current Period</b>	<b>Previous Year</b>
Receivables from credit cards	568,770	387,146
Prepaid expenses	489,842	412,879
Receivables from reinsurance companies	489,694	482,067
Guarantees given for repurchase agreements	338,909	9,707
Receivables from insurance operations	229,264	272,070
Receivables from term sale of assets	104,226	47,410
Deferred commission expenses	74,938	77,015
Receivables from derivative financial instruments	60,892	134,520
Others	86,018	101,692
<b>Total</b>	<b>2,442,553</b>	<b>1,924,506</b>



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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

## 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	2,881,172	-	267,415	14,774,847	1,510,933	556,265	167,894	-	20,158,526
Foreign currency deposits	1,942,526	-	1,431,335	9,386,931	1,620,858	1,267,210	3,918,644	-	19,567,504
Residents in Turkey	1,453,859	-	1,400,824	9,203,226	1,481,880	1,104,315	915,451	-	15,559,555
Residents in abroad	488,667	-	30,511	183,705	138,978	162,895	3,003,193	-	4,007,949
Public sector deposits	3,352,707	-	1,436,547	5,972,249	928,081	274,518	12,729	-	11,976,831
Commercial deposits	1,630,314	-	2,798,643	8,687,100	1,408,695	426,779	111,653	-	15,063,184
Others	2,645,369	-	813,742	2,777,507	763,577	1,158,783	17,968	-	8,176,946
Precious metal deposits	998,325	-	-	-	-	-	-	-	998,325
Bank deposits	21,803	-	1,370,642	485,931	451,942	191,211	99,464	-	2,620,993
Central Bank	393	-	-	-	-	-	-	-	393
Domestic banks	1,511	-	811,509	102,895	312,181	19,503	12,247	-	1,259,846
Foreign banks	13,984	-	559,133	383,036	139,761	171,708	87,217	-	1,354,839
Participation banks	5,915	-	-	-	-	-	-	-	5,915
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,472,216</b>	<b>-</b>	<b>8,118,324</b>	<b>42,084,565</b>	<b>6,684,086</b>	<b>3,874,766</b>	<b>4,328,352</b>	<b>-</b>	<b>78,562,309</b>

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	2,046,323	-	280,169	12,493,455	2,056,054	99,207	115,769	-	17,090,977
Foreign currency deposits	1,900,860	-	1,514,141	8,111,572	1,391,423	656,744	2,567,856	-	16,142,596
Residents in Turkey	1,524,472	-	1,401,368	8,008,775	1,295,488	408,496	714,272	-	13,352,871
Residents in abroad	376,388	-	112,773	102,797	95,935	248,248	1,853,584	-	2,789,725
Public sector deposits	2,706,233	-	2,065,023	6,205,313	709,706	19,216	14,654	-	11,720,145
Commercial deposits	1,297,597	-	2,737,007	4,185,386	2,462,054	463,272	4,181	-	11,149,497
Others	2,293,689	-	2,211,287	1,894,945	953,617	60,847	14,195	-	7,428,580
Precious metal deposits	802,249	-	-	-	-	-	-	-	802,249
Bank deposits	15,263	-	2,608,713	676,526	385,456	356,339	10,463	-	4,052,760
Central Bank	402	-	-	-	-	-	-	-	402
Domestic banks	689	-	2,459,111	491,591	149,017	-	10,463	-	3,110,871
Foreign banks	7,547	-	149,602	184,935	236,439	356,339	-	-	934,862
Participation banks	6,625	-	-	-	-	-	-	-	6,625
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,062,214</b>	<b>-</b>	<b>11,416,340</b>	<b>33,567,197</b>	<b>7,958,310</b>	<b>1,655,625</b>	<b>2,727,118</b>	<b>-</b>	<b>68,386,804</b>

### *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	10,469,635	7,156,786	9,688,891	9,934,191
Foreign currency saving deposits	3,197,748	2,158,935	6,253,263	5,755,729
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
<b>Total</b>	<b>13,667,383</b>	<b>9,315,721</b>	<b>15,942,154</b>	<b>15,689,920</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

***Saving deposits out of insurance coverage limits***

	<b>Current Period</b>	<b>Previous Year</b>
Deposits and other accounts at foreign branches	18,870	14,724
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	2,468	2,352
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***

	<b>Current Period</b>		<b>Previous Year</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forwards	34,106	611	2,134	2,063
Swaps	41,804	94,385	4,853	190,187
Futures	-	-	-	-
Options	167	3,156	178	277
<b>Total</b>	<b>76,077</b>	<b>98,152</b>	<b>7,165</b>	<b>192,527</b>

**3. Information on banks and other financial institutions**

	<b>Current Period</b>		<b>Previous Year</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	293,078	432,492	238,899	319,996
Foreign banks, institutions and funds	87,338	10,513,781	32,486	7,509,600
<b>Total</b>	<b>380,416</b>	<b>10,946,273</b>	<b>271,385</b>	<b>7,829,596</b>

***Maturity information of funds borrowed***

	<b>Current Period</b>		<b>Previous Year</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term (*)	143,578	6,334,928	209,631	4,258,071
Medium and Long-term (*)	236,838	4,611,345	61,754	3,571,525
<b>Total</b>	<b>380,416</b>	<b>10,946,273</b>	<b>271,385</b>	<b>7,829,596</b>

(\*) 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 9.5% (31 December 2012: 8.4%) 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 with interest rate of Libor + 1.30% and Euro 408 million with interest rate of Euribor + 1.30% at 1 year maturity; and syndication loan at the amount of US Dollar 10 million with interest rate of Libor + 1.75% and Euro 45 million with interest rates of Euribor + 1.75% at 2 years maturity with the participation of 32 banks under the coordination of West LB AG. The Parent Bank has repaid the part of the loan with one year maturity on 6 September 2011. On 6 September 2011, repayment of loan's one year maturity segments was realized. On 31 August 2012, two years maturity segments were paid off.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

This loan has been renewed with a syndicated 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 NV on 7 September 2011. The syndicated loan’s repayment was realized on 10 September 2012. This loan has been renewed with a syndicated loan at the amount of US Dollar 151 million and Euro 444.5 million with the interest rate of US Libor + 1.35% and Euribor + 1.35% at a maturity of one year, with the participation of 24 banks with the coordination and agency of ING Bank N.V. on 18 September 2012.

On 28 March 2011, the Parent Bank has obtained syndication loan of US Dollar 192.5 million and Euro 573.5 million with one year maturity at the cost Libor + 1.10% for US Dollar and Euribor + 1.10% for Euro, with the participation of 34 banks under the coordination of West LB AG, the loan was repaid on 29 March 2012. This loan has been renewed with a syndicated loan at the amount of US Dollar 152 million and Euro 586.7 million with interest rates of US Libor + 1.45 % and Euribor + 1.45 % at a maturity of one year, with the participation of 41 banks under the coordination of Wells Fargo Bank NA on 10 April 2012. Repayment of the loan obtained on 10 April 2012 was realized on 12 April 2013. This loan has been renewed with a syndicated loan amounting to US Dollar 251.5 million and Euro 555.2 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 38 banks, Sumitomo Mitsui Banking Corporation and Brussels Branch acting as agent banks and under the coordination of Bank of America Merrill Lynch on 11 April 2013.

**Information on securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	2,495,077	3,232,725	1,503,199	1,010,000
Net Book Value	2,438,073	3,267,180	1,481,611	891,137

ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal (TL)	Net Book Value
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,212,000	1,226,742
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,010,000	1,029,537
TRQVKFBK1322	Discounted	-	TL	17.05.2013	08.11.2013	175	655,458	652,009
TRQVKFB21415	Discounted	-	TL	06.09.2013	28.02.2014	175	660,708	635,931
TRQVKFBA1316	Discounted	-	TL	05.07.2013	20.12.2013	168	643,220	632,339
TRQVKFB21423	Discounted	-	TL	06.09.2013	28.02.2014	175	188,617	181,571
TRQVKFB11416	Discounted	-	TL	18.01.2013	17.01.2014	364	149,402	146,215
XS0957643801	Fixed	1.90	USD	06.08.2013	06.02.2014	184	145,844	145,814
XS0960939857	Fixed	1.97	USD	15.08.2013	13.02.2014	182	112,312	112,300
XS0963672950	Fixed	1.95	USD	20.08.2013	13.02.2014	177	111,100	111,092
XS0966276452	Fixed	1.70	USD	28.08.2013	25.11.2013	89	74,538	74,532
XS0960939774	Fixed	1.87	USD	15.08.2013	14.11.2013	91	73,528	73,525
XS0968746189	Fixed	1.68	USD	03.09.2013	03.12.2013	91	72,720	72,717
XS0969637346	Fixed	1.70	USD	09.09.2013	11.12.2013	93	70,700	70,693
XS0972635071	Fixed	1.66	USD	16.09.2013	17.12.2013	92	70,700	70,686
TRQVKFB51412	Discounted	-	TL	17.05.2013	16.05.2014	364	62,585	60,381
TRQVKFB51420	Discounted	-	TL	05.07.2013	16.05.2014	315	53,985	51,367
TRQVKFBK1314	Discounted	-	TL	27.11.2012	08.11.2013	346	51,578	51,221
XS0972684442	Fixed	1.70	USD	18.09.2013	18.12.2013	91	50,500	50,495
XS0963672794	Fixed	1.85	USD	20.08.2013	14.11.2013	86	40,400	40,400
XS0973201444	Fixed	1.83	USD	20.09.2013	24.03.2014	185	39,188	39,184
XS0957643983	Fixed	1.80	USD	06.08.2013	07.11.2013	93	36,360	36,356
XS0974147695	Fixed	1.66	USD	23.09.2013	06.01.2014	105	36,158	36,154
XS0943035328	Floating	1.53	EUR	14.06.2013	16.06.2014	367	27,331	27,463
TRQVKFB81419	Discounted	-	TL	06.09.2013	22.08.2014	350	29,524	27,039
XS0942820803	Fixed	1.00	CHF	12.06.2013	13.06.2014	366	25,914	26,061
XS0954721501	Fixed	1.60	USD	23.07.2013	21.10.2013	90	23,432	23,429
<b>Total</b>							<b>5,727,802</b>	<b>5,705,253</b>

**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*

None.

**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*

	<b>Current Period</b>	<b>Prior period</b>
Provisions for loans and receivables in Group I	1,032,762	786,341
-Additional provision for loans with extended payment plans	7,597	7,033
Provisions for loans and receivables in Group II	98,668	112,769
-Additional provision for loans with extended payment plans	10,438	9,331
Provisions for non-cash loans	65,879	53,713
Others	3,951	3,236
<b>Total</b>	<b>1,201,260</b>	<b>956,059</b>

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

As at 30 September 2013 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 8,466 (31 December 2012: TL 16,623) 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*

As of 30 September 2013, the Bank has recorded TL 55,440 (31 December 2012: TL 36,173) as specific provisions for non-cash loans that are not indemnified or converted into cash.

*Information on other provisions*

As at 30 September 2013, the Parent Bank has recorded provision amounting to 5% of loans under follow up (31 December 2012: 5%). Part of that amount has been recognized under general provisions and the remaining TL 73,433 (31 December 2012: TL 92,887) 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*

	<b>Current Period</b>	<b>Previous Year</b>
Provision for loans under follow-up	73,433	92,887
Specific provisions for non-cash loans	55,440	36,173
Provision for World Vakıf UBB Ltd with regard to its negative equity	35,273	28,639
Provision for cheques	16,964	8,185
Provisions for lawsuits against the Group	15,997	16,581
Provisions for credit card promotions	9,689	8,571
Provision for Competition Authority penalty(*)	-	61,630
Other provisions	66,161	42,292
<b>Total</b>	<b>272,957</b>	<b>294,958</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**8. Taxation*****Current Taxes******Tax provision***

As at and for the nine-month period ended 30 September 2013, the tax liability of the Group is amounting to TL 85,652 (31 December 2012: TL 172,808).

***Information on taxes payable***

	<b>Current Period</b>	<b>Previous Year</b>
Corporate taxes payable	85,652	172,808
Taxation on securities	113,345	94,433
Capital gains tax on property	2,152	1,579
Banking and Insurance Transaction Tax (BITT)	40,339	39,530
Taxes on foreign exchange transactions	-	-
Value added tax payable	4,161	3,220
Others	27,357	28,421
<b>Total</b>	<b>273,006</b>	<b>339,991</b>

***Information on premiums payable***

	<b>Current Period</b>	<b>Previous Year</b>
Social security premiums- employee share	665	526
Social security premiums- employer share	1,619	1,349
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	590	497
Unemployment insurance- employer share	1,252	1,060
Others	34	130
<b>Total</b>	<b>4,160</b>	<b>3,562</b>

***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**

The Parent Bank has issued bond having the secondary subordinated debt quality to be sold non-resident natural and legal persons. The bond has been issued at the nominal value of USD 500 million, with maturity of 10 years and 6.0% coupon rate.

In addition to the issuance of the bond having the secondary subordinated debt realized on 1 November 2012, the Parent Bank has realized second tranche in issuance of the bond having the secondary subordinated debt quality to be sold in foreign bond markets. The bond has been issued at nominal value of USD 400 million, has the same maturity with previous bond and 5.5% coupon rate.

The Parent Bank has obtained written permission of the BRSA for accounting these bonds as secondary subordinated debt and accordingly considering in the calculation of supplementary capital in compliance with the “Regulation on Capitals of the Banks” published on “ November 2006 dated and 26333 numbered Official Gazette.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**11. Information on shareholders’ equity****Paid-in capital**

	<b>Current Period</b>	<b>Previous Year</b>
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***

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling per Registered Share Capital</b>
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.

***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***

	<b>Current Period</b>		<b>Previous Year</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Associates, subsidiaries and joint ventures	(20,466)	-	(36,590)	-
Fair value differences of available-for-sale securities	(234,307)	175,005	201,780	555,621
Foreign exchange differences	-	-	-	-
<b>Total</b>	<b>(254,773)</b>	<b>175,005</b>	<b>165,190</b>	<b>555,621</b>

### III. Information and disclosures related to consolidated off-balance sheet items

#### 1. Disclosures related to other contingent liabilities

##### *Type and amount of irrevocable commitments*

	<b>Current Period</b>	<b>Previous Year</b>
Commitments for credit card limits	5,863,841	4,958,548
Loan granting commitments	6,295,151	4,938,035
Commitments for cheque payments	1,290,923	1,154,273
Asset purchase commitments	1,023,217	1,694,352
Other	690,177	713,547
<b>Toplam</b>	<b>15,163,309</b>	<b>13,458,755</b>

##### *Type and amount of possible losses from off-balance sheet items*

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

The Parent Bank provided specific provision amounting to TL 55,440 (31 December 2012: TL 36,173) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 116,310 (31 December 2012: TL 82,825).

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

	<b>Current Period</b>	<b>Previous Year</b>
Provisional letters of guarantee	869,199	563,770
Final letters of guarantee	5,832,630	4,468,018
Letters of guarantee for advances	2,499,245	2,269,159
Letters of guarantee given to custom offices	337,878	379,638
Other letters of guarantee	7,343,519	4,959,918
<b>Total</b>	<b>16,882,471</b>	<b>12,640,503</b>

#### 2. Non-cash loans

	<b>Current Period</b>	<b>Previous Year</b>
Non-cash loans given for cash loan risks	1,336,951	1,061,650
With original maturity of 1 year or less	816,021	582,779
With original maturity of more than 1 year	520,930	478,871
Other non-cash loans	20,489,120	16,189,387
<b>Total</b>	<b>21,826,071</b>	<b>17,251,037</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**3. Sectoral risk concentrations of non-cash loans**

	Current Period				Previous Year			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>77,514</b>	<b>0.57</b>	<b>137,002</b>	<b>1.64</b>	<b>92,687</b>	<b>0.87</b>	<b>84,946</b>	<b>1.27</b>
Farming and cattle	70,415	0.52	118,588	1.42	81,708	0.77	82,841	1.24
Forestry	5,837	0.04	16,198	0.19	9,635	0.09	72	-
Fishing	1,262	0.01	2,216	0.03	1,344	0.01	2,033	0.03
<b>Manufacturing</b>	<b>5,707,230</b>	<b>42.41</b>	<b>4,007,678</b>	<b>47.88</b>	<b>4,280,981</b>	<b>40.56</b>	<b>3,512,758</b>	<b>52.45</b>
Mining	74,777	0.56	18,564	0.22	77,796	0.74	36,845	0.55
Production	3,252,730	24.17	3,831,072	45.77	2,844,747	26.95	3,313,737	49.48
Electric, gas and water	2,379,723	17.68	158,042	1.89	1,358,438	12.87	162,176	2.42
<b>Construction</b>	<b>2,662,228</b>	<b>19.80</b>	<b>1,996,969</b>	<b>23.86</b>	<b>1,723,297</b>	<b>16.33</b>	<b>1,180,504</b>	<b>17.63</b>
<b>Services</b>	<b>4,733,546</b>	<b>35.17</b>	<b>2,120,696</b>	<b>25.34</b>	<b>4,039,704</b>	<b>38.28</b>	<b>1,573,323</b>	<b>23.50</b>
Wholesale and retail trade	1,873,807	13.92	983,738	11.75	1,683,751	15.95	616,199	9.20
Hotel, food and beverage services	91,553	0.68	19,138	0.23	60,022	0.57	10,776	0.16
Transportation and								
Telecommunication	782,833	5.82	1,007,653	12.04	506,082	4.79	667,048	9.96
Financial institutions	1,365,805	10.15	42,756	0.51	1,219,537	11.56	47,245	0.71
Real estate and renting services	165,192	1.23	15,783	0.19	106,847	1.01	154,104	2.30
Self-employment services	351,478	2.61	38,147	0.46	326,272	3.10	65,459	0.98
Education services	12,773	0.09	2,569	0.03	11,853	0.11	-	-
Health and social services	90,105	0.67	10,912	0.13	125,340	1.19	12,492	0.19
<b>Others</b>	<b>276,106</b>	<b>2.05</b>	<b>107,102</b>	<b>1.28</b>	<b>417,877</b>	<b>3.96</b>	<b>344,960</b>	<b>5.15</b>
<b>Total</b>	<b>13,456,624</b>	<b>100</b>	<b>8,369,447</b>	<b>100.00</b>	<b>10,554,546</b>	<b>100.00</b>	<b>6,696,491</b>	<b>100.00</b>

**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	13,277,516	3,401,613	90,745	1,444
Confirmed bills of exchange and acceptances	14,338	971,298	-	-
Letters of credit	297	3,936,476	-	-
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	8,511	5227	-	-
Other guarantees and sureties	-	2,296	-	-
<b>Total Non-Cash Loans</b>	<b>13,300,662</b>	<b>8,316,910</b>	<b>90,745</b>	<b>1,444</b>

Previous Year	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	10,339,576	2,079,226	129,963	10,329
Confirmed bills of exchange and acceptances	19,554	784,313	-	1,965
Letters of credit	693	3,771,913	-	2,103
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	13,844	11,910	-	-
Other guarantees and sureties	-	2,823	-	-
<b>Total Non-Cash Loans</b>	<b>10,373,667</b>	<b>6,650,185</b>	<b>129,963</b>	<b>14,397</b>

**5. Information on credit derivatives and related imposed risks**

None

**6. Contingent assets and liabilities**

Bank allocates TL 15,997 as provision for lawsuits against Bank (31 December 2012: TL 16,581).

**7. Services rendered on behalf of third parties**

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Parent Bank’s custody services and banking transactions on behalf of individuals and corporate customers 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	1,499,604	118,282	1,466,256	159,002
Medium and long-term loans	3,305,283	593,059	2,871,937	545,363
Loans under follow-up	110,148	-	90,200	-
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>4,915,035</b>	<b>711,341</b>	<b>4,428,393</b>	<b>704,365</b>

###### *Information on interest income received from banks*

	Current Period		Previous Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	41,956	2,545	41,182	2,684
Foreign banks	79	552	32	4,334
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>42,035</b>	<b>3,097</b>	<b>41,214</b>	<b>7,018</b>

###### *Information on interest income received from marketable securities portfolio*

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	9,082	741	23,474	2,660
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	688,242	146,706	682,392	141,266
Investments held to maturity	277,471	788	382,290	63,585
<b>Total</b>	<b>974,795</b>	<b>148,235</b>	<b>1,088,156</b>	<b>207,511</b>

###### *Information on interest income received from associates and subsidiaries*

	Current Period	Previous Period
Interests received from the associates and subsidiaries	-	38

##### 2. Interest Expense

###### *Interest expenses on funds borrowed*

	Current Period		Previous Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>14,935</b>	<b>104,804</b>	<b>22,061</b>	<b>111,159</b>
Central Bank of Turkey	-	-	-	-
Domestic banks	13,532	9,205	10,725	13,563
Foreign banks	1403	95,599	11,336	97,596
Foreign head offices and branches	-	-	-	-
<b>Other institutions</b>	<b>-</b>	<b>6,555</b>	<b>-</b>	<b>6,751</b>
<b>Total</b>	<b>14,935</b>	<b>111,359</b>	<b>22,061</b>	<b>117,910</b>

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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

**Interest expenses paid to associates and subsidiaries**

	Current Period	Previous Period
Interests paid to the associates and subsidiaries	10,167	20,845

**Interest expense on securities issued**

As at for the nine-month period ending at 30 September 2013, interest paid to securities issued is TL 165,223 (30 September 2012: TL 61,032).

**Maturity structure of the interest expense on deposits**

Account Name	Demand Deposits	Time Deposits					More than 1 Year	Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
<b>TL</b>									
Interbank deposits	-	49,206	-	-	-	-	-	-	49,206
Saving deposits	12	10,443	737,465	109,638	24,243	7,736	-	-	889,537
Public sector deposits	8	69,918	319,225	36,453	11,858	902	-	-	438,364
Commercial deposits	-	103,293	335,098	84,129	41,292	2,767	-	-	566,579
Other deposits	-	22,160	108,335	43,642	35,946	779	-	-	210,862
Deposits with 7 days	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20</b>	<b>255,020</b>	<b>1,500,123</b>	<b>273,862</b>	<b>113,339</b>	<b>12,184</b>	<b>-</b>	<b>-</b>	<b>2,154,548</b>
<b>FC</b>									
Foreign Currency Deposits	2,896	11,158	163,427	38,546	24,126	66,893	-	-	307,046
Interbank deposits	-	22,093	-	-	-	-	-	-	22,093
Deposits with 7 days	-	-	-	-	-	-	-	-	-
Precious metal	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,896</b>	<b>33,251</b>	<b>163,427</b>	<b>38,546</b>	<b>24,126</b>	<b>66,893</b>	<b>-</b>	<b>-</b>	<b>329,139</b>
<b>Grand Total</b>	<b>2,916</b>	<b>288,271</b>	<b>1,663,550</b>	<b>312,408</b>	<b>137,465</b>	<b>79,077</b>	<b>-</b>	<b>-</b>	<b>2,483,687</b>

**3. Trading income/losses**

	Current Period	Previous Period
<b>Income</b>	<b>4,374,207</b>	<b>1,578,649</b>
Income from capital market transactions	150,993	95,488
Income from derivative financial instruments	649,412	349,450
Foreign exchange gains	3,573,802	1,133,711
<b>Losses</b>	<b>(4,145,986)</b>	<b>(1,407,765)</b>
Losses from capital market transactions	(3,528)	(4,919)
Losses from derivative financial instruments	(581,441)	(348,034)
Foreign exchange losses	(3,561,017)	(1,054,812)
<b>Trading income/losses, net</b>	<b>228,221</b>	<b>170,884</b>

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 45,553 as at and for the nine-month period ended 30 September 2013 (30 September 2012: net gain of TL 38,720).

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**4. Other operating income**

	<b>Current Period</b>	<b>Previous Period</b>
Earned insurance premiums (net of reinsurance share)	492,455	380,769
Income from reversal of the impairment losses	333,379	343,165
Communication income	63,177	58,640
Gain on sale of assets	45,615	21,710
Income from private pension business	27,605	24,636
Rent income	896	7,795
Other income	130,131	93,631
<b>Total</b>	<b>1,093,258</b>	<b>930,346</b>

**5. Provision expenses for losses on loans and other receivables**

	<b>Current Period</b>	<b>Previous Period</b>
Specific provisions on loans and other receivables	1,013,963	445,218
<i>Loans and receivables in Group III</i>	202,543	115,334
<i>Loans and receivables in Group IV</i>	781,450	311,374
<i>Loans and receivables in Group V</i>	29,970	18,510
Non-performing commissions and other receivables	-	-
General provision expenses	244,796	194,991
Provision for possible losses	2,579	39,189
Impairment losses on securities	82,984	83,142
<i>Trading securities</i>	19,967	24,987
<i>Investment securities available-for-sale</i>	63,017	58,155
Other impairment losses	58,112	15,318
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	58,112	15,318
Others (*)	152,319	96,054
<b>Total</b>	<b>1,554,753</b>	<b>873,912</b>

(\*) Other provision expenses amounting to TL 152,319 (30 September 2012: TL 96,054) is comprised of provision expenses for dividends to the personnel amounting to TL 86,450 (30 September 2012: TL 77,460), provision for non-cash loans that are not indemnified or converted to cash and provisions for cheques amounting to TL 27,856 (30 September 2012: TL 16,411), free provision expenses amounting to TL 25,680 and other provision expenses amounting to TL 12,333 (30 September 2012: TL 2,183).

**6. Other operating expenses**

	<b>Current Period</b>	<b>Previous Period</b>
Personnel costs	906,439	762,095
Reserve for employee termination benefits	23,714	22,988
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses on tangible assets	82,057	83,013
Impairment losses on intangible assets	-	-
Amortisation expenses on intangible assets	10,259	8,690
Impairment losses on assets to be disposed	2,940	6,842
Depreciation expenses on assets to be disposed	8,203	9,631
Impairment losses on assets held for sale	469	111
Other operating expenses	726,170	657,634
<i>Operational lease related expenses</i>	120,286	99,410
<i>Repair and maintenance expenses</i>	18,650	12,909
<i>Advertisement expenses</i>	73,764	53,410
<i>Other expenses</i>	513,470	491,905
Loss on sale of assets	876	94
Others*	736,736	523,066
<b>Total</b>	<b>2,497,863</b>	<b>2,074,164</b>

(\*) Other operating expenses amounting to TL 736,736 (30 September 2012: TL 523,066) is comprised of paid insurance for loss amounting to TL 310,345 (30 September 2012: TL 270,306), change in outstanding insurance expenses amounting to TL 91,913 (30 September 2012: TL 65,713) tax, fees and funds expenses amounting to TL 68,364 (30 September 2012: TL 61,111), Saving Deposits Insurance Fund expenses amounting to TL 67,645 (30 September 2012: TL 44,505), agent commission amounting to 53,255 (30 September 2012: TL 25,915) and other operating expenses amounting to TL 145,214 (30 September 2012: TL 55,516).

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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 325,139 (30 September 2012: TL 277,428) 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***

<b>Sources of deferred tax benefit/charge</b>	<b>Current Period</b>	<b>Previous Period</b>
Arising from origination (+)/ reversal (-) of deductible temporary differences	(25,325)	(29,603)
Arising from origination (-)/ reversal (+) of taxable temporary differences	3,020	14,273
Arising from origination (+)/ reversal (-) of tax losses	-	-
Arising from tax rate change	-	-
<b>Total</b>	<b>(22,305)</b>	<b>(15,330)</b>

**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 6,904,189 interest income and TL 499,276 net fee and commission income also incurred TL 3,167,886 amount of interest expense from its ordinary banking operations (30 September 2012: TL 6,579,178 interest income, TL 3,687,283 interest expense, TL 257,786 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**

	<b>Current Period</b>	<b>Previous Period</b>
Income/(losses) related to non-controlling interest	(24,160)	12,338

**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.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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	-	552,273	-	37,919	9,372	13,136
Balance at the end of the year	3,024	611,959	-	29,732	25,585	21,595
Interest and commission income	-	269	-	18	576	15

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	-	591,730	-	6,572	4,443	1,385
Balance at the end of the year	-	552,273	-	37,919	9,372	13,136
Interest and commission income	38	255	-	28	492	13

**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	817,244	855,959	443,103	728,474	76,597	85,795
Balance at the end of the year	228,453	817,244	951,683	443,103	328,666	76,597
Interest on deposits	10,167	20,845	25,286	40,726	5	3

**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.

The branches of the Bank engage with insurance agency activities in relation with the operations of Güneş Sigorta AŞ and Vakıf Emeklilik AŞ, subsidiaries operating in the insurance sector. Vakıf Yatırım Menkul Değerler engages with the management of the funds established by the Bank.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

***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 0.03% (31 December 2012: 0.01%) and 3.04% (31 December 2012: 3.50%) respectively.

<b>Current Period</b>	<b>Amount</b>	<b>Compared with the Financial Statement Amount %</b>
Cash Loans	28,609	0.03
Non-Cash Loans	663,286	3.04
Deposits	1,508,802	1.92

  

<b>Previous Year</b>	<b>Amount</b>	<b>Compared with the Financial Statement Amount %</b>
Cash Loans	9,372	0.01
Non-Cash Loans	603,328	3.50
Deposits	1,336,944	1.95

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

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

As per the resolution of 59<sup>th</sup> Annual General Assembly held on 29 March 2013, the net profit of year 2012 is decided to be distributed as follows:

<b>Profit Distribution Table of Year 2012</b>	
<b>Current year's profit of the Parent Bank's unconsolidated financial statements</b>	<b>1,460,080</b>
Deferred tax income	(23,914)
<b>Net profit of the year subject to distribution</b>	<b>1,436,166</b>
Legal reserves	143,616
<i>First legal reserves</i>	71,808
<i>Reserves allocated, according to banking law and articles of association.</i>	71,808
<b>Net profit of the year subject to distribution</b>	<b>1,292,550</b>
Other reserves	3,075
Extraordinary reserves	1,189,475
<b>Dividends to the shareholders</b>	<b>100,000</b>

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

<b>April 2013</b> <sup>(*)</sup>	<b>Standard &amp; Poors</b>
Foreign Currency Credit Rating	BB+ / Stable / B
Foreign Currency Deposit Rating	BB+ / Stable / B
National	trAA+ / -- / trA-1
Continuance Rating	NR

<b>May 2013</b> <sup>(*)</sup>	<b>Moody's Investors' Service</b>
Financial Strength Rating	D+ (ba1)
Local Currency Deposit Rating	Baa2 / P-2
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Baa3 / P-3
Foreign Currency Outlook	Stable

<b>November 2012</b> <sup>(*)</sup>	<b>Fitch Ratings</b>
Long Term Foreign Currency	BBB-
Short Term Foreign Currency	F3
Foreign Currency Outlook	Stable
Long Term Local Currency	BBB
Short Term Local Currency	F3
Local Currency Outlook	Stable
National Long Term	AAA (tur)
National Outlook	Stable
Support Rating	2
Base Support Rating	BBB-

<b>December 2012</b> <sup>(*)</sup>	<b>Capital Intelligence</b>
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB
Support Rating	2
Outlook Foreign Currency	Stable

<sup>(\*)</sup> Dates represent the last change dates of credit ratings and outlook.

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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

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

None.

**IV. Significant foreign currency exchange rate fluctuations that are subsequent to reporting date**

None.



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

Consolidated Financial Report as at and  
For the Nine-month Period Ended 30 September 2013  
(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*

**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 nine-month period ended 30 September 2013, 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 25 November 2013 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 nine-month period ended 30 September 2013.