

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

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

Consolidated Financial Statements

As at and for the Six-Month Period Ended

30 June 2013

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ

26 August 2013

*This report contains "Independent Auditors' Review Report" comprising 1 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 77 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 June 2013, the consolidated statements of income, changes in shareholders' equity and cash flows for the six-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 June 2013, which reflects total assets constituting 1.74%; and total operating income constituting 0.32% as at and for the period ended 30 June 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 June 2013, and of the results of its operations and its cash flows for the six-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,  
26 August 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 SIX-MONTH PERIOD ENDED 30 JUNE 2013**

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The consolidated financial report as at and for the six-month period ended 30 June 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:

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**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

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**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 six-month period ended 30 June 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”).

26 August 2013

Ramazan GÜNDÜZ  
Chairman of  
Board of Directors

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

Consolidated Financial Report as at and  
For the Six-Month Period Ended 30 June 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 June 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 June 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)	1.536.452	1,536	0.06
Publicly traded (Group D)	630.036.885	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 TAŞKESENLİOĞLU	Member	30 March 2012	University	25 years
Sadık TILTAK	Member	30 March 2012	University	25 years
<b><u>Audit Committee</u></b>				
Ali Fuat TAŞKESENLİOĞLU	Member	6 April 2012	University	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>				
Şahin UĞUR	Corporate Salary Payments	9 August 2004	University	27 years
Feyzi ÖZCAN	Retail Banking, Consumer Loans, Payment Systems, Payment System Operations, Insurance Banking	20 September 2005	University	23 years
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	17 years
Mehmet CANTEKİN	Loans Follow-up, Directorates of the Regions, Strategy Development, Economic Research	28 December 2007	Master	21 years
Ömer ELMAS	Legal Services, Non-performing Loans	5 January 2009	Master	10 years
İbrahim BİLGİÇ	Corporate Banking, Corporate Centers, Corporate Loans, Cash Management Affairs	7 May 2010	University	21 years
Hasan ECESOY	Treasury, Investment Banking	18 June 2010	PHD	19 years
Serdar SATOĞLU	Private Banking, Subsidiaries	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 Banking, Support Services, SME Banking	6 April 2011	University	22 years
Mitat ŞAHİN	Human Resources, Planning and Performance	11 April 2011	Master	23 years
Yıldırım EROĞLU	Commercial Loans, Intelligence	6 December 2011	University	20 years
Numan BEK	International Relations and Investor Relations	18 July 2012	University	22 years

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

Consolidated Financial Report as at and

For the Six-Month Period Ended 30 June 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.

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.

### **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 June 2013, the Parent Bank has 750 domestic, 3 foreign, in total 753 branches (31 December 2012: 741 domestic, 3 foreign, in total 744 branches). As at 30 June 2013, the Parent Bank has 13,561 employees (31 December 2012: 13,463 employees).



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

As at and for the six-month period ended 30 June 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 six-month period ended 30 June 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)

Convenience Translation of the Consolidated Financial Statements

As at 30 June 2013

and Related Disclosures and Footnotes

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

Originally Issued in Turkish, See Section 3 Note I

ASSETS	Notes	Reviewed Current Period 30 June 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>1,373,580</b>	<b>13,113,284</b>	<b>14,486,864</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>V-I-2</b>	<b>262,766</b>	<b>447,274</b>	<b>710,040</b>	<b>213,829</b>	<b>82,661</b>	<b>296,490</b>
2.1 Financial assets held for trading purpose		262,766	447,274	710,040	213,829	82,661	296,490
2.1.1 Debt securities issued by the governments		118,789	14,248	133,037	121,695	14,820	136,515
2.1.2 Equity securities		4,937	-	4,937	2,709	-	2,709
2.1.3 Derivative financial assets held for trading purpose	V-I-2	35,385	433,026	468,411	21,584	67,841	89,425
2.1.4 Other securities		103,655	-	103,655	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>442,730</b>	<b>1,472,629</b>	<b>1,915,359</b>	<b>740,354</b>	<b>1,916,136</b>	<b>2,656,490</b>
<b>IV. RECEIVABLES FROM INTERBANK MONEY MARKETS</b>		<b>3,651</b>	<b>-</b>	<b>3,651</b>	<b>6,645</b>	<b>-</b>	<b>6,645</b>
4.1 Interbank money market placements		2,651	-	2,651	2,928	-	2,928
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		1,000	-	1,000	3,717	-	3,717
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	<b>V-I-4</b>	<b>13,115,529</b>	<b>3,856,770</b>	<b>16,972,299</b>	<b>10,277,762</b>	<b>4,057,019</b>	<b>14,334,781</b>
5.1 Equity securities		-	12,953	12,953	-	12,246	12,246
5.2 Debt securities issued by the governments		13,111,385	3,719,998	16,831,383	10,275,713	3,937,935	14,213,648
5.3 Other securities		4,144	123,819	127,963	2,049	106,838	108,887
<b>VI. LOANS AND RECEIVABLES</b>	<b>V-I-5</b>	<b>58,312,123</b>	<b>20,634,753</b>	<b>78,946,876</b>	<b>51,358,116</b>	<b>17,958,583</b>	<b>69,316,699</b>
6.1 Performing loans and receivables		58,010,280	20,632,406	78,642,686	51,052,492	17,956,408	69,008,900
6.1.1 Loans provided to the same risk group	V-V-1	9,616	18,316	27,932	2,006	7,366	9,372
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		58,000,664	20,614,090	78,614,754	51,050,486	17,949,042	68,999,528
6.2 Loans under follow-up		3,307,498	20,913	3,328,411	2,803,919	12,908	2,816,827
6.3 Specific provisions (-)		3,005,655	18,566	3,024,221	2,498,295	10,733	2,509,028
<b>VII. FACTORING RECEIVABLES</b>		<b>147,852</b>	<b>5,400</b>	<b>153,252</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>3,230,019</b>	<b>67,502</b>	<b>3,297,521</b>	<b>4,198,301</b>	<b>62,759</b>	<b>4,261,060</b>
8.1 Debt securities issued by the governments		3,230,019	9,717	3,239,736	4,198,301	9,312	4,207,613
8.2 Other securities		-	57,785	57,785	-	53,447	53,447
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	<b>V-I-7</b>	<b>216,049</b>	<b>3</b>	<b>216,052</b>	<b>197,977</b>	<b>3</b>	<b>197,980</b>
9.1 Associates, consolidated per equity method		171,276	-	171,276	170,692	-	170,692
9.2 Unconsolidated associates		44,773	3	44,776	27,285	3	27,288
9.2.1 Financial associates		32,440	-	32,440	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>164,636</b>	<b>-</b>	<b>164,636</b>	<b>165,521</b>	<b>-</b>	<b>165,521</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		164,636	-	164,636	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>112,151</b>	<b>771,463</b>	<b>883,614</b>	<b>95,702</b>	<b>581,217</b>	<b>676,919</b>
12.1 Finance lease receivables		139,553	857,170	996,723	121,044	655,648	776,692
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		27,402	85,707	113,109	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>1,372,202</b>	<b>3,542</b>	<b>1,375,744</b>	<b>1,351,514</b>	<b>3,574</b>	<b>1,355,088</b>
<b>XV. INTANGIBLE ASSETS (Net)</b>		<b>111,676</b>	<b>214</b>	<b>111,890</b>	<b>99,837</b>	<b>199</b>	<b>100,036</b>
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		111,676	214	111,890	99,837	199	100,036
<b>XVI. INVESTMENT PROPERTIES (Net)</b>	<b>V-I-12</b>	<b>19,805</b>	<b>-</b>	<b>19,805</b>	<b>19,646</b>	<b>-</b>	<b>19,646</b>
<b>XVII. TAX ASSETS</b>		<b>139,257</b>	<b>-</b>	<b>139,257</b>	<b>208,167</b>	<b>-</b>	<b>208,167</b>
17.1 Current tax assets	V-I-13	10,515	-	10,515	-	-	-
17.2 Deferred tax assets	V-I-13	128,742	-	128,742	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>1,839,911</b>	<b>610,373</b>	<b>2,450,284</b>	<b>1,595,908</b>	<b>328,598</b>	<b>1,924,506</b>
<b>TOTAL ASSETS</b>		<b>80,866,030</b>	<b>40,983,207</b>	<b>121,849,237</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 June 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 June 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>52,341,898</b>	<b>20,811,002</b>	<b>73,152,900</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	1,105,934	147,616	1,253,550	746,250	590,694	1,336,944
1.2	Other deposits		51,235,964	20,663,386	71,899,350	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>37,968</b>	<b>99,777</b>	<b>137,745</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>217,407</b>	<b>9,177,733</b>	<b>9,395,140</b>	<b>271,385</b>	<b>7,829,596</b>	<b>8,100,981</b>
<b>IV.</b>	<b>INTERBANK MONEY MARKET</b>		<b>6,503,014</b>	<b>7,556,910</b>	<b>14,059,924</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		90,251	-	90,251	191,929	-	191,929
4.3	Obligations under repurchase agreements		6,412,763	7,556,910	13,969,673	2,106,567	6,384,324	8,490,891
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>V-II-3</b>	<b>1,885,939</b>	<b>2,171,093</b>	<b>4,057,032</b>	<b>1,481,611</b>	<b>891,137</b>	<b>2,372,748</b>
5.1	Bills		1,885,939	-	1,885,939	1,379,768	-	1,379,768
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	2,171,093	2,171,093	101,843	891,137	992,980
<b>VI.</b>	<b>FUNDS</b>		<b>28,071</b>	<b>-</b>	<b>28,071</b>	<b>31,368</b>	<b>-</b>	<b>31,368</b>
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		28,071	-	28,071	31,368	-	31,368
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>2,430,148</b>	<b>451,664</b>	<b>2,881,812</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>367,092</b>	<b>625,525</b>	<b>992,617</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>V-II-7</b>	<b>3,231,327</b>	<b>47,829</b>	<b>3,279,156</b>	<b>2,953,305</b>	<b>44,197</b>	<b>2,997,502</b>
12.1	General provisions		1,120,665	3,324	1,123,989	953,052	3,007	956,059
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		450,946	767	451,713	473,619	719	474,338
12.4	Insurance technical provisions (Net)		1,375,797	9,483	1,385,280	1,261,803	10,344	1,272,147
12.5	Other provisions	V-II-7	283,919	34,255	318,174	264,831	30,127	294,958
<b>XIII.</b>	<b>TAX LIABILITIES</b>	<b>V-II-8</b>	<b>135,002</b>	<b>4,625</b>	<b>139,627</b>	<b>344,677</b>	<b>5,552</b>	<b>350,229</b>
13.1	Current tax liabilities		131,971	4,392	136,363	340,668	2,885	343,553
13.2	Deferred tax liabilities	V-I-13	3,031	233	3,264	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>1,766,519</b>	<b>1,766,519</b>	<b>-</b>	<b>1,630,188</b>	<b>1,630,188</b>
<b>XVI.</b>	<b>EQUITY</b>		<b>11,548,391</b>	<b>410,303</b>	<b>11,958,694</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>619,488</b>	<b>217,715</b>	<b>837,203</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	(164,844)	217,715	52,871	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		6,283	-	6,283	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>7,207,828</b>	<b>94,913</b>	<b>7,302,741</b>	<b>5,837,547</b>	<b>75,980</b>	<b>5,913,527</b>
16.3.1	Legal reserves		898,695	5,362	904,057	749,617	4,324	753,941
16.3.2	Status reserves		6,337	-	6,337	5,050	-	5,050
16.3.3	Extraordinary reserves		5,992,377	4,593	5,996,970	4,797,750	4,593	4,802,343
16.3.4	Other profit reserves		310,419	84,958	395,377	285,130	67,063	352,193
<b>16.4</b>	<b>Profit or loss</b>		<b>933,886</b>	<b>66,728</b>	<b>1,000,614</b>	<b>1,452,150</b>	<b>65,939</b>	<b>1,518,089</b>
16.4.1	Previous years' profit/loss		(19,008)	64,901	45,893	45,047	49,591	94,638
16.4.2	Current year's profit/loss		952,894	1,827	954,721	1,407,103	16,348	1,423,451
<b>16.5</b>	<b>Non-controlling interest</b>		<b>287,189</b>	<b>30,947</b>	<b>318,136</b>	<b>373,870</b>	<b>23,749</b>	<b>397,619</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>78,726,257</b>	<b>43,122,980</b>	<b>121,849,237</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

As at 30 June 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 30 June 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>56,443,897</b>	<b>42,301,332</b>	<b>98,745,229</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>12,945,306</b>	<b>7,872,755</b>	<b>20,818,061</b>	<b>10,554,546</b>	<b>6,696,491</b>	<b>17,251,037</b>
1.1 Letters of guarantee	V-III-1	12,924,870	3,015,482	15,940,352	10,520,455	2,120,048	12,640,503
1.1.1 Guarantees subject to State Tender Law		1,697,249	1,588,634	3,285,883	1,556,195	1,172,213	2,728,408
1.1.2 Guarantees given for foreign trade operations		376,895	-	376,895	379,638	-	379,638
1.1.3 Other letters of guarantee		10,850,726	1,426,848	12,277,574	8,584,622	947,835	9,532,457
1.2 Bank acceptances		14,748	889,991	904,739	19,554	786,278	805,832
1.2.1 Import letter of acceptance		750	41,754	42,504	-	36,632	36,632
1.2.2 Other bank acceptances		13,998	848,237	862,235	19,554	749,646	769,200
1.3 Letters of credit		726	3,959,085	3,959,811	693	3,774,016	3,774,709
1.3.1 Documentary letters of credit		726	3,959,085	3,959,811	693	3,774,016	3,774,709
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,531	1,531	-	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		4,962	4,851	9,813	13,844	11,910	25,754
1.8 Other guarantees		-	1,582	1,582	-	1,104	1,104
1.9 Other sureties		-	233	233	-	430	430
<b>II. COMMITMENTS</b>		<b>39,142,650</b>	<b>20,921,953</b>	<b>60,064,603</b>	<b>34,404,641</b>	<b>16,294,339</b>	<b>50,698,980</b>
2.1 Irrevocable commitments		14,332,696	830,947	15,163,643	12,369,462	1,089,293	13,458,755
2.1.1 Asset purchase commitments	V-III-1	569,138	644,127	1,213,265	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	-	-	-	-	-	-
2.1.4 Loan granting commitments	V-III-1	6,052,368	6,330	6,058,698	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	1,307,654	-	1,307,654	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	5,870,463	-	5,870,463	4,938,035	-	4,938,035
2.1.10 Commitments for credit card and banking operations promotions		297,688	-	297,688	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		235,385	180,490	415,875	206,849	200,589	407,438
2.2 Revocable commitments		24,809,954	20,091,006	44,900,960	22,035,179	15,205,046	37,240,225
2.2.1 Revocable loan granting commitments		24,809,954	20,091,006	44,900,960	22,035,179	15,205,046	37,240,225
2.2.2 Other revocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>4,355,941</b>	<b>13,506,624</b>	<b>17,862,565</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		4,355,941	13,506,624	17,862,565	3,179,708	11,451,658	14,631,366
3.2.1 Forward foreign currency purchases/sales		951,639	1,055,593	2,007,232	335,127	580,218	915,345
3.2.1.1 Forward foreign currency purchases		476,073	527,809	1,003,882	167,612	290,134	457,746
3.2.2.2 Forward foreign currency sales		475,566	527,784	1,003,350	167,515	290,084	457,599
3.2.2 Currency and interest rate swaps		3,170,174	10,211,330	13,381,504	2,418,898	8,548,598	10,967,496
3.2.2.1 Currency swaps-purchases		1,555,696	4,626,942	6,182,638	939,499	3,966,967	4,906,466
3.2.2.2 Currency swaps-sales		1,614,478	2,160,326	3,774,804	1,479,399	1,654,769	3,134,168
3.2.2.3 Interest rate swaps-purchases		-	1,712,031	1,712,031	-	1,463,431	1,463,431
3.2.2.4 Interest rate swaps-sales		-	1,712,031	1,712,031	-	1,463,431	1,463,431
3.2.3 Currency, interest rate and security options		234,128	237,802	471,930	425,683	650,910	1,076,593
3.2.3.1 Currency call options		117,064	118,900	235,964	212,841	325,454	538,295
3.2.3.2 Currency put options		117,064	118,900	235,964	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		-	2,001,899	2,001,899	-	1,671,932	1,671,932
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>613,328,047</b>	<b>185,729,161</b>	<b>799,057,208</b>	<b>520,142,409</b>	<b>149,801,020</b>	<b>669,943,429</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>217,640,733</b>	<b>1,472,610</b>	<b>219,113,343</b>	<b>164,855,739</b>	<b>1,662,037</b>	<b>166,517,776</b>
4.1 Customers' securities held		339,849	18,725	358,574	33,686	17,314	51,000
4.2 Investment securities held in custody		209,835,572	43,062	209,878,634	157,929,261	373,569	158,302,830
4.3 Checks received for collection		6,210,455	711,225	6,921,680	5,334,631	606,676	5,941,307
4.4 Commercial notes received for collection		933,220	229,269	1,162,489	954,298	224,610	1,178,908
4.5 Other assets received for collection		2,152	77	2,229	2,152	71	2,223
4.6 Assets received through public offering		-	5,657	5,657	-	5,231	5,231
4.7 Other items under custody		4,149	157,398	161,547	309	202,904	203,213
4.8 Custodians		315,336	307,197	622,533	601,402	231,662	833,064
<b>V. PLEDGED ITEMS</b>		<b>131,332,793</b>	<b>43,769,045</b>	<b>175,101,838</b>	<b>117,754,980</b>	<b>38,351,806</b>	<b>156,106,786</b>
5.1 Securities		208,121	30,357	238,478	334,204	26,537	360,741
5.2 Guarantee notes		697,597	96,605	794,202	668,146	98,231	766,377
5.3 Commodities		21,326,887	700,200	22,027,087	19,180,436	624,899	19,805,335
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		100,471,073	34,674,464	135,145,537	91,069,499	30,568,630	121,638,129
5.6 Other pledged items		7,790,145	8,126,431	15,916,576	5,723,364	6,887,220	12,610,584
5.7 Pledged items-depository		838,970	140,988	979,958	779,331	146,289	925,620
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>264,354,521</b>	<b>140,487,506</b>	<b>404,842,027</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>669,771,944</b>	<b>228,030,493</b>	<b>897,802,437</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 Six-Month Period Ended 30 June 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 June 2013	Reviewed Prior Period 1 January 2012 - 30 June 2012	Reviewed Current Period 1 April 2013 - 30 June 2013	Reviewed Prior Period 1 April 2012 - 30 June 2012
<b>I.</b>	<b>INTEREST INCOME</b>	<b>4,607,286</b>	<b>4,344,921</b>	<b>2,246,922</b>	<b>2,199,142</b>
1.1	Interest income from loans	V-IV-1 3,720,762	3,310,693	1,861,350	1,726,760
1.2	Interest income from reserve deposits	-	-	-	-
1.3	Interest income from banks	V-IV-1 32,662	35,820	11,103	12,303
1.4	Interest income from money market transactions	611	1,270	149	102
1.5	Interest income from securities portfolio	V-IV-1 802,061	913,784	358,022	446,614
1.5.1	Trading financial assets	V-IV-1 13,213	18,008	1,362	5,084
1.5.2	Financial assets designated at fair value through profit or loss	-	-	-	-
1.5.3	Available-for-sale financial assets	V-IV-1 593,549	588,020	293,283	278,618
1.5.4	Held-to-maturity investments	V-IV-1 195,299	307,756	63,377	162,912
1.6	Finance lease income	29,759	20,094	15,369	10,816
1.7	Other interest income	21,431	63,260	929	2,547
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>1,952,366</b>	<b>2,532,229</b>	<b>961,968</b>	<b>1,263,532</b>
2.1	Interest expense on deposits	V-IV-2 1,522,041	2,102,098	759,712	1,046,442
2.2	Interest expense on funds borrowed	V-IV-2 76,975	95,402	39,126	46,273
2.3	Interest expense on money market transactions	138,566	215,115	76,196	107,647
2.4	Interest expense on securities issued	V-IV-2 103,285	61,032	58,923	41,985
2.5	Other interest expenses	111,499	58,582	28,011	21,185
<b>III.</b>	<b>NET INTEREST INCOME (I – II)</b>	<b>2,654,920</b>	<b>1,812,692</b>	<b>1,284,954</b>	<b>935,610</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>	<b>360,724</b>	<b>165,619</b>	<b>192,998</b>	<b>75,378</b>
4.1	Fees and commissions received	505,400	297,147	271,695	147,309
4.1.1	Non-cash loans	60,602	47,204	30,949	25,304
4.1.2	Others	444,798	249,943	240,746	122,005
4.2	Fees and commissions paid	144,676	131,528	78,697	71,931
4.2.1	Non-cash loans	334	138	188	70
4.2.2	Others	144,342	131,390	78,509	71,861
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>16,293</b>	<b>6,621</b>	<b>4,308</b>	<b>143</b>
<b>VI.</b>	<b>TRADING INCOME/LOSSES (Net)</b>	<b>198,856</b>	<b>121,520</b>	<b>111,956</b>	<b>13,247</b>
6.1	Trading account income/losses	V-IV-3 113,806	43,599	55,379	26,472
6.2	Income/losses from derivative financial instruments	V-IV-3 75,073	11,787	57,107	(26,223)
6.3	Foreign exchange gains/losses	V-IV-3 9,977	66,134	(530)	12,998
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>765,046</b>	<b>642,044</b>	<b>354,640</b>	<b>288,766</b>
<b>VIII.</b>	<b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>	<b>3,995,839</b>	<b>2,748,496</b>	<b>1,948,856</b>	<b>1,313,144</b>
<b>IX.</b>	<b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	<b>V-IV-5 1,151,960</b>	<b>525,626</b>	<b>614,767</b>	<b>249,093</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>V-IV-6 1,666,210</b>	<b>1,351,596</b>	<b>847,671</b>	<b>681,221</b>
<b>XI.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>	<b>1,177,669</b>	<b>871,274</b>	<b>486,418</b>	<b>382,830</b>
<b>XII.</b>	<b>INCOME RESULTED FROM MERGERS</b>	-	-	-	-
<b>XIII.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>	<b>14,191</b>	<b>14,724</b>	<b>6,902</b>	<b>7,633</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>1,191,860</b>	<b>885,998</b>	<b>493,320</b>	<b>390,463</b>
<b>XVI.</b>	<b>CONTINUING OPERATIONS PROVISION FOR TAXES</b>	<b>V-IV-7 (247,270)</b>	<b>(190,724)</b>	<b>(115,677)</b>	<b>(84,090)</b>
16.1	Current tax charges	V-IV-7 (196,477)	(164,539)	(51,536)	(94,532)
16.2	Deferred tax credits	V-IV-7 (50,793)	(26,185)	(64,141)	10,442
<b>XVII.</b>	<b>NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)</b>	<b>V-IV-8 944,590</b>	<b>695,274</b>	<b>377,643</b>	<b>306,373</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>V-IV-8 944,590</b>	<b>695,274</b>	<b>377,643</b>	<b>306,373</b>
23.1.	Equity holders of the Bank	954,721	696,133	388,042	306,715
23.2.	Non-controlling interest	V-IV-9 (10,131)	(859)	(10,399)	(342)
	Earnings per 100 Share (full TL)	<b>III-XXIV 0.3778</b>	0.2781	0.1511	0.1225

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 Six-Month Period Ended 30 June 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*

	Reviewed Current Period 1 January 2013 - 30 June 2013	Reviewed Prior Period 1 January 2012 - 30 June 2012	Reviewed Current Period 1 April 2013 - 30 June 2013	Reviewed Prior Period 1 April 2012 - 30 June 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>(773,499)</b>	<b>289,095</b>	<b>(621,019)</b>	<b>140,958</b>
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	19,884	(13,011)	23,553	(7,298)
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	2,429	(2,098)	3,452	(369)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	31,347	(83,390)	23,961	(46,201)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(719,839)	190,596	(570,053)	87,090
XI. CURRENT PERIOD'S PROFIT/(LOSS)	944,590	695,274	377,643	306,373
11.1 Change in fair value of securities (transfers to the statement of income)	132,492	(10,781)	59,745	(10,986)
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	812,098	706,055	317,898	317,359
<b>XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)</b>	<b>224,751</b>	<b>885,870</b>	<b>(192,410)</b>	<b>393,463</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 Six-Month Period Ended 30 June 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 June 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	-	-	-	-	-	-	-	-	-	-	200,861	-	-	-	-	200,861	(217)	200,644
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	-	-	-	-	-	-	-	(11,710)	-	-	-	-	-	-	-	(11,710)	(1,301)	(13,011)
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	-	-	-	-	-	-	-	-	14,724	-	2,592	-	-	-	-	17,316	371	17,687
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	-	-	-	-	-	-	-	-	681,409	-	-	-	-	-	-	681,409	(859)	680,550
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>726,722</b>	<b>-</b>	<b>754,013</b>	<b>5,050</b>	<b>4,802,795</b>	<b>346,471</b>	<b>696,133</b>	<b>94,114</b>	<b>112,499</b>	<b>50,452</b>	<b>1,779</b>	<b>-</b>	<b>-</b>	<b>10,090,028</b>	<b>355,467</b>	<b>10,445,495</b>
<b>Current period – 30 June 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	-	-	-	-	-	-	-	-	-	-	(659,458)	-	-	-	-	(659,458)	(76,189)	(735,647)
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	-	-	-	-	-	-	-	-	-	-	-	-	4,504	-	-	4,504	-	4,504
VIII.	Translation differences	-	-	-	-	-	-	-	17,895	-	-	-	-	-	-	-	17,895	1,989	19,884
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	-	-	-	-	-	-	-	-	-	-	(8,482)	-	-	-	-	(8,482)	(98)	(8,580)
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(498)
XVII.	Current period's profit/loss	-	-	-	-	-	-	-	-	954,721	-	-	-	-	-	-	954,721	(10,131)	944,590
XVIII.	Profit distribution	-	-	-	-	150,116	1,287	1,194,627	25,289	(1,423,451)	(48,745)	-	877	-	-	-	(100,000)	(292)	(100,292)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(292)	(100,292)
18.2	Transferred to reserves	-	-	-	-	150,116	1,287	1,194,627	25,289	(1,323,451)	(48,745)	-	877	-	-	-	-	-	-
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>904,057</b>	<b>6,337</b>	<b>5,996,970</b>	<b>395,377</b>	<b>954,721</b>	<b>45,893</b>	<b>52,871</b>	<b>51,329</b>	<b>6,283</b>	<b>-</b>	<b>-</b>	<b>11,640,558</b>	<b>318,136</b>	<b>11,958,694</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 Six-Month Period Ended 30 June 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*

	Reviewed Current Period 30 June 2013	Reviewed Previous Period 30 June 2012
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>I.1 Operating profit before changes in operating assets and liabilities</b>	<b>1,649,283</b>	<b>1,245,832</b>
1.1.1 Interests received	4,294,337	4,131,713
1.1.2 Interests paid	(1,865,668)	(2,354,977)
1.1.3 Dividends received	15,364	4,621
1.1.4 Fee and commissions received	505,400	297,147
1.1.5 Other income	425,159	361,192
1.1.6 Collections from previously written-off loans and other receivables	258,246	216,630
1.1.7 Payments to personnel and service suppliers	(1,521,465)	(1,340,012)
1.1.8 Taxes paid	(304,885)	(126,837)
1.1.9 Others	(157,205)	56,355
<b>I.2 Changes in operating assets and liabilities</b>	<b>(2,648,977)</b>	<b>(2,657,909)</b>
1.2.1 Net (increase) decrease in financial assets held for trading purpose	(38,299)	19,004
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	(2,918,641)	(1,859,539)
1.2.4 Net (increase) decrease in loans	(10,599,218)	(5,197,899)
1.2.5 Net (increase) decrease in other assets	(519,504)	25,997
1.2.6 Net increase (decrease) in bank deposits	(627,406)	751,604
1.2.7 Net increase (decrease) in other deposits	5,336,954	1,993,434
1.2.8 Net increase (decrease) in funds borrowed	966,247	(807,172)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	5,750,890	2,416,662
<b>I. Net cash flow from banking operations</b>	<b>(999,694)</b>	<b>(1,412,077)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash flow from investing activities</b>	<b>(2,070,132)</b>	<b>580,745</b>
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(17,490)	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(65,952)	(29,875)
2.4 Proceeds from disposal of tangible assets	180,816	44,264
2.5 Cash paid for purchase of available-for-sale financial assets	(5,272,582)	(824,197)
2.6 Proceeds from disposal of available-for-sale financial assets	2,138,399	1,390,639
2.7 Cash paid for purchase of held-to-maturity investments	(74,100)	(103,675)
2.8 Proceeds from disposal of held-to-maturity investments	1,061,687	111,271
2.9 Others	(20,910)	(7,682)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash flow from financing activities</b>	<b>1,563,067</b>	<b>2,248,726</b>
3.1 Cash obtained from funds borrowed and securities issued	3,503,715	2,782,814
3.2 Cash used for repayment of funds borrowed and securities issued	(1,840,356)	(496,581)
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>(2,516)</b>	<b>2,032</b>
<b>V. Net decrease in cash and cash equivalents</b>	<b>(1,509,275)</b>	<b>1,419,426</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>3,866,522</b>	<b>6,425,501</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 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 six-month period ended 30 June 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 June 2013 and 31 December 2012 but its equity until the liquidation decision date has included in the accompanying consolidated financial statements.

As per the resolution of the Board of Directors of the 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 June 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 six-month period ended 30 June 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 balance sheet date, the Group evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

**XIV. Information on investment properties**

Investment property is a property held either to earn rental income or for capital appreciation or for both. 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 June 2013 is TL 3,129 (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 June 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.

Financial liabilities except financial liabilities held for trading are recorded with acquisition costs including transaction costs.

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

#### **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 June 2013, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 265,035 (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 six-month period 30 June 2013, earning per 100 shares is full TL 0.3778 (30 June 2012: full TL 0.2781).

### **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 June 2013 the Bank’s consolidated capital adequacy ratio is 14.05% (31 December 2012: 15.56%) (The Parent Bank: 14.51% (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”.

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**Information on consolidated capital adequacy ratio**

	Unconsolidated Risk Weights – 30 June 2013								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
<b>Surplus credit risk weighted</b>	<b>40,307,366</b>	-	<b>8,218,593</b>	<b>27,672,101</b>	<b>22,036,800</b>	<b>39,479,731</b>	<b>2,533,678</b>	<b>7,087,538</b>	-
Risk classifications:									
Claims on sovereigns and Central Banks	33,246,031	-	-	3,669,214	-	-	-	-	-
Claims on regional governments or local authorities	16,157	-	1,109,027	187,742	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	104,690	-	-	-	-	267,506	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,672,022	-	7,086,170	2,023,361	-	42,604	-	-	-
Claims on corporate	317,702	-	-	618,206	-	33,188,003	-	-	-
Claims included in the regulatory retail portfolios	94,386	-	-	-	22,036,800	-	-	-	-
Claims secured by residential property	-	-	-	21,173,578	-	2,235,056	-	-	-
Past due loans	-	-	-	-	-	269,025	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,533,678	7,087,538	-
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	856,378	-	23,396	-	-	3,477,537	-	-	-

**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)	7,157,015	6,069,014
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	64,021	48,413
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	655,046	587,602
Shareholders' equity	14,287,238	13,527,730
<b>Shareholders' equity/ ((I+II+III)*12.5*100)</b>	<b>14.51%</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 June 2013								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
<b>Surplus credit risk weighted</b>	<b>40,687,064</b>	-	<b>8,795,155</b>	<b>28,348,675</b>	<b>22,060,890</b>	<b>41,686,069</b>	<b>2,533,678</b>	<b>7,087,538</b>	-
Risk classifications:									
Claims on sovereigns and Central Banks	33,578,858	-	-	3,743,406	-	-	-	-	-
Claims on regional governments or local authorities	16,158	-	1,109,027	231,559	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	104,689	-	-	-	-	267,507	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,672,022	-	7,662,732	2,244,802	-	82,007	-	-	-
Claims on corporate	317,707	-	-	955,330	-	35,724,169	-	-	-
Claims included in the regulatory retail portfolios	94,387	-	-	-	22,060,890	-	-	-	-
Claims secured by residential property	-	-	-	21,173,578	-	2,235,056	-	-	-
Past due loans	-	-	-	-	-	304,190	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,533,678	7,087,538	-
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	903,243	-	23,396	-	-	3,073,140	-	-	-

### 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)	7,371,256	6,239,279
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	89,197	64,811
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	764,882	685,147
Shareholders' equity	14,445,660	13,595,507
<b>Shareholders' equity/ ((I+II+III)*12.5*100)</b>	<b>14.05%</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.



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**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	7,302,741	5,913,527
Adjustments to legal reserves	-	-
Profit	1,000,614	1,518,089
Net Current period profit	954,721	1,423,451
Prior period profit	45,893	94,638
Provision for possible losses up to 25% of core capital	74,925	92,887
Profit on sale of associates, subsidiaries and buildings	51,329	50,452
Primary subordinated loans	-	-
Minority shares	316,986	320,280
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	61,957	68,567
Intangible Assets (-)	111,890	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>11,799,468</b>	<b>10,953,352</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Reserves	1,123,989	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	6,283	1,779
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loan	1,750,999	1,619,541
45% of value increase fund of financial assets available for sale and associates and subsidiaries	23,792	324,365
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	564	34,849
<b>Total Supplementary Capital</b>	<b>2,905,627</b>	<b>2,936,593</b>
<b>CAPITAL</b>	<b>14,705,095</b>	<b>13,889,945</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>259,435</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	171,276	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	88,033	123,528
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Other	126	218
<b>TOTAL EQUITY</b>	<b>14,445,660</b>	<b>13,595,507</b>

## 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	13,335
(II) Capital to be employed for specific risk	2,304
Capital to be employed for specific risk in securitisation positions- Standard Method	-
(III) Capital to be employed for currency risk	70,042
(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	-
(VII) Capital to be employed for counterparty credit risk - Standard Method	3,516
(VIII) Capital to be employed for general market risk	-
(IX) Total capital to be employed for market risk (I+II+III+IV+V+VI)	89,197
<b>(X) Amount subject to market risk (12.5 x VIII) ya da (12.5 x IX)</b>	<b>1,114,963</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 June 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:

	US Dollar	Euro
<b>The Bank's foreign currency purchase rate at the balance sheet date</b>	1.9250	2.5083
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.8900	2.4629
Day 2	1.8900	2.4699
Day 3	1.9100	2.5046
Day 4	1.9000	2.4894
Day 5	1.8950	2.5082
<b>Last 30-days arithmetical average rate</b>	1.8475	2.4204

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**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	3,864,133	6,341,671	2,907,480	<b>13,113,284</b>
Banks	420,630	853,857	198,142	<b>1,472,629</b>
Financial assets at fair value through profit or loss <sup>(1)</sup>	5,238	142,115	-	<b>147,353</b>
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	1,083,228	2,773,542	-	<b>3,856,770</b>
Loans and receivables <sup>(2)</sup>	8,162,667	14,575,063	53,855	<b>22,791,585</b>
Associates, subsidiaries and joint-ventures	3	-	-	<b>3</b>
Held-to-maturity investments	7,708	59,794	-	<b>67,502</b>
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,565	1,977	-	<b>3,542</b>
Intangible assets	70	144	-	<b>214</b>
Other assets <sup>(3) (4)</sup>	535,237	798,352	66,260	<b>1,399,849</b>
<b>Total assets</b>	<b>14,080,479</b>	<b>25,546,515</b>	<b>3,225,737</b>	<b>42,852,731</b>
<b>Liabilities:</b>				
Bank deposits	687,698	1,324,872	717	<b>2,013,287</b>
Foreign currency deposits	8,203,024	9,545,935	1,048,756	<b>18,797,715</b>
Interbank money market takings	708,369	6,848,541	-	<b>7,556,910</b>
Funds borrowed	4,103,723	5,062,909	18,719	<b>9,185,351</b>
Securities issued	25,058	2,122,432	23,603	<b>2,171,093</b>
Miscellaneous payables	292,519	156,096	3,049	<b>451,664</b>
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities <sup>(1) (5)</sup>	64,656	2,405,814	8,773	<b>2,479,243</b>
<b>Total liabilities</b>	<b>14,085,047</b>	<b>27,466,599</b>	<b>1,103,617</b>	<b>42,655,263</b>
<b>Net ‘on balance sheet’ position</b>	<b>(4,568)</b>	<b>(1,920,084)</b>	<b>2,122,120</b>	<b>197,468</b>
<b>Net ‘off-balance sheet’ position</b>	<b>150,752</b>	<b>2,331,871</b>	<b>(2,026,520)</b>	<b>456,103</b>
Derivative assets <sup>(6)</sup>	1,120,143	6,029,130	154,154	<b>7,303,427</b>
Derivative liabilities <sup>(6)</sup>	969,391	3,697,259	2,180,674	<b>6,847,324</b>
Non-cash loans <sup>(7)</sup>	1,383,784	6,219,071	269,900	<b>7,872,755</b>
<b>Previous Year</b>				
Total assets	12,393,687	21,833,713	2,572,431	<b>36,799,831</b>
Total liabilities	11,958,995	23,794,086	898,483	<b>36,651,564</b>
<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	744,260	5,427,272	161,987	<b>6,333,519</b>
Derivative liabilities	1,077,420	3,082,748	1,838,427	<b>5,998,595</b>
Non-cash loans <sup>(7)</sup>	1,357,615	5,040,781	298,095	<b>6,696,491</b>

<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 2,156,832 (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 41,995 (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 29,832 (31 December 2012: TL 25,151) are not included.

<sup>(5)</sup> Foreign currency indexed funds borrowed amounted to TL 7,618 (31 December 2012: None) presented in TL column in the accompanying consolidated balance sheet are included.

<sup>(6)</sup> Unearned income amounting to TL 27,113 (31 December 2012: TL 22,900) and deferred tax liabilities amounted to TL 233 (31 December 2012: TL 2,667) are not included.

<sup>(7)</sup> Asset purchase commitments amounting to TL 317,743 (31 December 2012: TL 287,531), asset sales commitments amounting to TL 326,384 (31 December 2012: TL 592,925) and gold purchase swaps amounting to TL 2,001,899 (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.

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**Exposure to currency risk**

10 percent devaluation of the TL against the following currencies as at and for the six-month periods ended 30 June 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.

	<b>30 June 2013</b>		<b>30 June 2012</b>	
	<b>Profit or loss</b>	<b>Equity (*)</b>	<b>Profit or loss</b>	<b>Equity (*)</b>
US Dollar	40,967	40,967	14,524	30,878
EUR	(9,479)	20,044	(2,639)	19,974
Other currencies	9,560	9,560	1,795	1,795
<b>Total, net</b>	<b>41,048</b>	<b>70,571</b>	<b>13,680</b>	<b>52,647</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 six-month periods ended 30 June 2013 and 2012 would effect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	<b>30 June 2013</b>		<b>30 June 2012</b>	
	<b>Profit or loss</b>	<b>Equity (*)</b>	<b>Profit or loss</b>	<b>Equity (*)</b>
US Dollar	(39,331)	(39,331)	(12,154)	(28,508)
Euro	9,479	(20,044)	2,639	(19,974)
Other currencies	(8,806)	(8,806)	(937)	(937)
<b>Total, net</b>	<b>(38,658)</b>	<b>(68,181)</b>	<b>(10,452)</b>	<b>(49,419)</b>

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

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**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 Banks	-	-	-	-	-	14,486,864	<b>14,486,864</b>
Financial assets at fair value through profit/loss	1,277,099	235,046	43,637	-	-	359,577	<b>1,915,359</b>
Interbank money market placements	369,536	106,428	78,818	141,147	9,174	4,937	<b>710,040</b>
Available-for-sale financial assets	3,651	-	-	-	-	-	<b>3,651</b>
Loans and receivables	4,174,952	2,294,509	5,029,956	2,454,742	3,005,187	12,953	<b>16,972,299</b>
Held-to-maturity investments	24,479,358	7,830,501	22,537,577	15,491,878	8,303,372	304,190	<b>78,946,876</b>
Other assets (*)	383,828	404,500	798,918	496,746	1,213,529	-	<b>3,297,521</b>
<b>Total assets</b>	<b>51,360</b>	<b>56,032</b>	<b>333,761</b>	<b>688,498</b>	<b>16,663</b>	<b>4,370,313</b>	<b>5,516,627</b>
<i>Liabilities:</i>							
Bank deposits	2,026,319	1,111,983	219,669	-	-	67,078	<b>3,425,049</b>
Other deposits	39,107,863	13,884,211	3,737,968	654,201	21,430	12,322,178	<b>69,727,851</b>
Interbank money market takings	11,094,955	1,096,949	1,147,313	720,707	-	-	<b>14,059,924</b>
Miscellaneous payables	-	-	-	-	-	2,881,812	<b>2,881,812</b>
Securities issued	677,802	306,649	1,045,913	2,026,668	-	-	<b>4,057,032</b>
Funds borrowed	297,558	3,759,162	4,556,886	534,756	246,778	-	<b>9,395,140</b>
Other liabilities (**)	61,846	8,986	142,832	367,493	1,350,776	16,370,496	<b>18,302,429</b>
<b>Total liabilities</b>	<b>53,266,343</b>	<b>20,167,940</b>	<b>10,850,581</b>	<b>4,303,825</b>	<b>1,618,984</b>	<b>31,641,564</b>	<b>121,849,237</b>
On balance sheet long position	-	-	17,972,086	14,969,186	10,928,941	-	<b>43,870,213</b>
On balance sheet short position	(22,526,559)	(9,240,924)	-	-	-	(12,102,730)	<b>(43,870,213)</b>
Off-balance sheet long position	522,607	1,511,125	495,078	349,868	97,085	-	<b>2,975,763</b>
Off-balance sheet short position	(32,340)	-	(697,951)	(1,385,549)	(722,710)	-	<b>(2,838,550)</b>
<b>Position, Net</b>	<b>(22,036,292)</b>	<b>(7,729,799)</b>	<b>17,769,213</b>	<b>13,933,505</b>	<b>10,303,316</b>	<b>(12,102,730)</b>	<b>137,213</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.

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Previous Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	12,331,494	<b>12,331,494</b>
Banks	1,840,727	294,710	146	-	-	520,907	<b>2,656,490</b>
Financial assets at fair value through profit/loss	34,048	37,319	41,966	168,898	11,550	2,709	<b>296,490</b>
Interbank money market placements	6,645	-	-	-	-	-	<b>6,645</b>
Available-for-sale financial assets	4,765,314	2,098,405	1,900,238	3,088,839	2,469,739	12,246	<b>14,334,781</b>
Loans and receivables	21,944,720	15,107,662	11,994,426	12,926,108	7,035,984	307,799	<b>69,316,699</b>
Held-to-maturity investments	368,474	776,415	640,988	1,254,479	1,220,704	-	<b>4,261,060</b>
Other assets (*)	26,051	127,048	193,088	513,453	43,208	3,932,905	<b>4,835,753</b>
<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	<b>4,052,760</b>
Other deposits	33,991,113	15,098,710	3,634,010	550,332	12,928	11,046,951	<b>64,334,044</b>
Interbank money market takings	6,769,186	233,673	1,679,961	-	-	-	<b>8,682,820</b>
Miscellaneous payables	353	-	-	-	-	2,438,803	<b>2,439,156</b>
Securities issued	608,070	161,954	711,587	891,137	-	-	<b>2,372,748</b>
Funds borrowed	1,961,676	3,629,530	2,295,949	116,193	97,633	-	<b>8,100,981</b>
Other liabilities (**)	39,071	4,629	3,842	107,809	1,705,898	16,195,654	<b>18,056,903</b>
<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	0.56	0.44	-	7.53
Financial assets at fair value through profit/loss	5.47	8.75	-	6.65
Interbank money market placements	-	-	-	6.05
Available-for-sale financial assets	5.05	7.06	-	5.83
Loans and receivables	4.44	5.04	-	12.93
Held-to-maturity investments	6.50	0.74	-	9.04
<i>Liabilities:</i>				
Bank deposits	1.45	1.04	-	7.29
Other deposits	2.62	2.42	-	6.27
Interbank money market takings	0.44	1.16	-	5.65
Miscellaneous payables	-	-	-	-
Securities issued	1.00	4.66	-	6.14
Funds borrowed	1.23	1.86	-	7.50

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<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)	(2,332,254)/ 2,369,710	(16.32%) / 16.59%
2. EURO	200 / (200)	(15,928)/ 31,445	(0.11%) / 0.22%
3. USD	200 / (200)	322,546/ (268,712)	2.25% / (1.88%)
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>2,132,443</b>	<b>14.93%</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>(2,025,636)</b>	<b>(14.18%)</b>



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**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	232,468	232,468	-

**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	-	(35,432)	-	-	-
<b>4. Total</b>	-	<b>(35,432)</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 June 2013, makes an effect of TL 220 on equity of the Group (30 June 2012: TL 119).

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**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:

<b>Current Period</b>	<b>Demand</b>	<b>Upto 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>Undistributed<sup>(*)</sup></b>	<b>Total</b>
<i>Assets:</i>								
Cash and balance with CBT	14,486,864	-	-	-	-	-	-	<b>14,486,864</b>
Banks	805,296	831,380	235,046	43,637	-	-	-	<b>1,915,359</b>
Financial assets at fair value through profit/loss	5,302	343,984	11,968	125,742	200,939	17,168	4,937	<b>710,040</b>
Interbank money market placements	-	3,651	-	-	-	-	-	<b>3,651</b>
Available-for-sale financial assets	-	3,877	68,201	3,339,104	7,246,445	6,301,719	12,953	<b>16,972,299</b>
Loans and receivables	-	5,913,624	586,452	13,856,926	37,716,573	20,569,111	304,190	<b>78,946,876</b>
Held-to-maturity investments	-	19,250	38,606	1,489,943	496,746	1,252,976	-	<b>3,297,521</b>
Other assets	-	723,597	136,561	328,482	791,248	43,874	3,492,865	<b>5,516,627</b>
<b>Total assets</b>	<b>15,297,462</b>	<b>7,839,363</b>	<b>1,076,834</b>	<b>19,183,834</b>	<b>46,451,951</b>	<b>28,184,848</b>	<b>3,814,945</b>	<b>121,849,237</b>
<i>Liabilities:</i>								
Bank deposits	67,078	2,026,319	1,111,983	219,669	-	-	-	<b>3,425,049</b>
Other deposits	12,322,178	39,107,863	13,884,211	3,737,968	654,201	21,430	-	<b>69,727,851</b>
Funds borrowed	-	259,589	1,823,644	3,648,221	2,139,261	1,524,425	-	<b>9,395,140</b>
Interbank money market takings	-	11,094,955	1,096,949	1,147,313	720,707	-	-	<b>14,059,924</b>
Securities issued	-	677,802	306,649	1,045,913	2,026,668	-	-	<b>4,057,032</b>
Miscellaneous payables	-	2,347,919	129,788	21,074	-	-	383,031	<b>2,881,812</b>
Other liabilities	-	272,021	34,385	124,298	383,923	1,370,121	16,117,681	<b>18,302,429</b>
<b>Total liabilities</b>	<b>12,389,256</b>	<b>55,786,468</b>	<b>18,387,609</b>	<b>9,944,456</b>	<b>5,924,760</b>	<b>2,915,976</b>	<b>16,500,712</b>	<b>121,849,237</b>
<b>Liquidity (Gap)/Surplus</b>	<b>2,908,206</b>	<b>(47,947,105)</b>	<b>(17,310,775)</b>	<b>9,239,378</b>	<b>40,527,191</b>	<b>25,268,872</b>	<b>(12,685,767)</b>	<b>-</b>
<i>Previous Year</i>								
<b>Previous Year</b>	<b>Demand</b>	<b>Upto 1Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years And Over</b>	<b>Undistributed<sup>(*)</sup></b>	<b>Total</b>
Total assets	13,765,503	7,674,624	1,220,162	15,938,944	43,740,945	22,271,662	3,427,572	<b>108,039,412</b>
Total liabilities	11,062,214	46,997,596	17,019,744	10,746,017	3,608,426	2,877,958	15,727,457	<b>108,039,412</b>
<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.

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**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	3,425,049	3,435,199	67,078	2,027,975	1,116,492	223,654	-	-
Other deposits	69,727,851	70,096,514	12,322,178	39,183,310	14,004,357	3,837,654	722,846	26,169
Funds borrowed	9,395,140	9,936,325	-	262,201	1,840,392	3,722,944	2,326,119	1,784,669
Money market takings	14,059,924	14,334,914	-	11,099,547	1,336,917	1,155,063	743,387	-
Issued Securities (Net)	4,057,032	4,512,978	-	678,280	310,000	1,067,674	2,457,024	-
Miscellaneous payables	2,881,812	2,881,812	383,031	2,347,919	129,788	21,074	-	-
Other liabilities	2,639,219	3,580,182	595,186	135,167	30,695	127,542	450,592	2,241,000
<b>Total</b>	<b>106,186,027</b>	<b>108,777,924</b>	<b>13,367,473</b>	<b>55,734,399</b>	<b>18,768,641</b>	<b>10,155,605</b>	<b>6,699,968</b>	<b>4,051,838</b>
<b>Non-Cash Loans</b>	<b>20,818,061</b>	<b>20,818,061</b>	<b>10,902,774</b>	<b>310,449</b>	<b>1,284,311</b>	<b>5,008,863</b>	<b>2,710,413</b>	<b>601,251</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	-	-
Issued Securities (Net)	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.

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**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	37,322,263	3,359,080	-	-
Claims on regional governments or local authorities	1,356,744	20,210	-	-
Claims on administrative bodies and other non-commercial undertakings	372,196	109,164	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	15,661,562	5,672,239	-	-
Claims on corporates	36,997,206	371,864	-	-
Claims included in the regulatory retail portfolios	22,155,278	115,402	-	-
Claims secured by residential property	23,408,635	-	-	-
Past due loans	304,190	-	-	-
Higher risk categories decided by the Agency	9,621,216	-	-	-
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	3,999,779	-	-	-
<b>Total</b>	<b>151,199,069</b>	<b>9,647,959</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.

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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	1,567,085	2,153,074	787,101	100,026	4,607,286
<i>Interest income from loans</i>	<i>1,567,085</i>	<i>2,153,074</i>	-	<i>603</i>	<i>3,720,762</i>
<i>Interest income from securities portfolio</i>	-	-	<i>786,609</i>	<i>15,452</i>	<i>802,061</i>
<i>Interest income from banks</i>	-	-	-	<i>32,662</i>	<i>32,662</i>
<i>Interest income from money market transactions</i>	-	-	<i>492</i>	<i>119</i>	<i>611</i>
<i>Other interest income</i>	-	-	-	<i>51,190</i>	<i>51,190</i>
Interest Expense	648,778	873,263	296,336	133,989	1,952,366
<i>Interest expense on deposits</i>	<i>648,778</i>	<i>873,263</i>	-	-	<i>1,522,041</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>59,967</i>	<i>17,008</i>	<i>76,975</i>
<i>Interest expense on money market transactions</i>	-	-	<i>133,084</i>	<i>5,482</i>	<i>138,566</i>
<i>Interest expense on securities issued</i>	-	-	<i>103,285</i>	-	<i>103,285</i>
<i>Other interest expenses</i>	-	-	-	<i>111,499</i>	<i>111,499</i>
Net Interest Income	918,307	1,279,811	490,765	(33,963)	2,654,920
Net Fees and Commissions Income	186,737	174,483	-	(496)	360,724
Trading Income/ Losses (Net)	-	-	187,091	11,765	198,856
Dividend Income	-	-	2,336	13,957	16,293
Other Income	-	-	-	765,046	765,046
Provision For Losses on Loans and Other Receivables	172,785	581,855	141,362	255,958	1,151,960
Other Expenses	-	-	-	1,666,210	1,666,210
Income/Loss From Investments Under Equity Accounting	-	-	14,191	-	14,191
<b>Profit Before Taxes</b>	<b>932,259</b>	<b>872,439</b>	<b>553,021</b>	<b>(1,165,859)</b>	<b>1,191,860</b>
Provision for taxes	-	-	-	(247,270)	(247,270)
<b>Net Profit/ Loss</b>	<b>932,259</b>	<b>872,439</b>	<b>553,021</b>	<b>(1,413,129)</b>	<b>944,590</b>
<b>SEGMENT ASSETS</b>					
Securities Portfolio	-	-	20,264,679	246,770	20,511,449
Derivative financial assets held for trading purpose	-	-	468,411	-	468,411
Banks and Receivables From Money Markets	-	-	1,387,556	531,454	1,919,010
Investments in Associates and Subsidiaries(Net)	-	-	378,194	2,494	380,688
Loans	28,107,240	50,798,665	-	40,971	78,946,876
Other Assets	-	-	13,740,623	5,882,180	19,622,803
<b>TOTAL ASSETS</b>	<b>28,107,240</b>	<b>50,798,665</b>	<b>36,239,463</b>	<b>6,703,869</b>	<b>121,849,237</b>
<b>SEGMENT LIABILITIES</b>					
Deposits	28,795,754	44,357,146	-	-	73,152,900
Derivative Financial Liabilities Held for Trading Purpose	-	-	137,342	403	137,745
Interbank Money Market	-	-	13,968,056	91,868	14,059,924
Funds Borrowed	-	-	8,666,478	728,662	9,395,140
Securities Issued	-	-	4,057,032	-	4,057,032
Other Liabilities	-	-	290,993	5,378,026	5,669,019
Provisions and Tax Liabilities	-	-	-	3,418,783	3,418,783
Equity	-	-	-	11,958,694	11,958,694
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>28,795,754</b>	<b>44,357,146</b>	<b>27,119,901</b>	<b>21,576,436</b>	<b>121,849,237</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	671,119	179,731	793,004	190,016
Central Bank of Turkey <sup>(*)</sup>	679,057	12,921,174	1,452,478	9,870,679
Others	23,404	12,379	4,464	20,853
<b>Total</b>	<b>1,373,580</b>	<b>13,113,284</b>	<b>2,249,946</b>	<b>10,081,548</b>

<sup>(\*)</sup> TL 10,512,179 (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	679,057	868,995	1,449,530	693,866
Unrestricted time deposits	-	-	-	-
Restricted time deposits <sup>(*)</sup>	-	1,540,000	2,948	1,068,000
Reserve Deposits	-	10,512,179	-	8,108,813
<b>Total</b>	<b>679,057</b>	<b>12,921,174</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.

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**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	32,128	8,834	53,119	10,022
Others	-	-	-	-
<b>Total</b>	<b>32,128</b>	<b>8,834</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	1,617	-	983	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>1,617</b>	<b>-</b>	<b>983</b>	<b>-</b>

***Trading purpose derivative financial assets***

	Current Period		Previous Year	
	TL	FC	TL	FC
Forward transactions	26,131	549	2,063	2,047
Swap transactions	9,225	430,526	19,313	65,521
Futures	-	-	-	-
Options	29	1,951	208	273
Others	-	-	-	-
<b>Total</b>	<b>35,385</b>	<b>433,026</b>	<b>21,584</b>	<b>67,841</b>

**3. Information on banks**

	Current Period		Previous Year	
	TL	FC	TL	FC
Banks	442,730	1,472,629	740,354	1,916,136
Domestic	432,146	556,083	739,761	300,982
Foreign	10,584	916,546	593	1,615,154
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>442,730</b>	<b>1,472,629</b>	<b>740,354</b>	<b>1,916,136</b>



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**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	434,132	182,065	6,226	184,493
Others	-	-	-	-
<b>Total</b>	<b>434,132</b>	<b>182,065</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	9,992,884	-	4,504,521	53,640
Treasury bills	-	-	-	-
Other debt securities	-	2,971,040	-	3,292,531
Bonds issued or guaranteed by banks	-	-	-	42,563
Asset backed securities	-	-	-	-
<b>Total</b>	<b>9,992,884</b>	<b>2,971,040</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>17,414,550</b>		<b>14,418,802</b>
Quoted		17,414,550		14,418,802
Unquoted		-		-
<b>Equity securities</b>		<b>12,953</b>		<b>12,246</b>
Quoted		-		1,496
Unquoted		12,953		10,750
<b>Provisions for impairment losses (-)</b>		<b>455,204</b>		<b>96,267</b>
<b>Total</b>		<b>16,972,299</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>34,968</b>	-	<b>37,919</b>
Legal entities	-	34,968	-	37,919
Real persons	-	-	-	-
<b>Indirect loans provided to the shareholders</b>	-	-	-	-
<b>Loans provided to the employees</b>	<b>74,668</b>	<b>24</b>	<b>68,881</b>	<b>34</b>
<b>Total</b>	<b>74,668</b>	<b>34,992</b>	<b>68,881</b>	<b>37,953</b>

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

	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified	Other	Loans and other receivables	Agreement conditions modified	Other
<b>Cash Loans</b>						
		<i>Payment plan extensions</i>	<i>Other</i>		<i>Payment plan extensions</i>	<i>Other</i>
<b>Non-specialized loans</b>	<b>75,312,358</b>	<b>187,233</b>	-	<b>2,753,383</b>	<b>369,090</b>	-
Loans given to enterprises	19,045,793	106,116	-	971,643	156,637	-
Export loans	3,393,947	20,268	-	66,025	11,987	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,430,677	-	-	173	-	-
Consumer loans	23,880,661	40,437	-	970,734	131,428	-
Credit cards	3,736,773	-	-	175,194	7,172	-
Other	23,824,507	20,412	-	569,614	61,866	-
<b>Specialized lending</b>	<b>12,469</b>	-	-	-	-	-
<b>Other receivables</b>	<b>8,153</b>	-	-	-	-	-
<b>Total</b>	<b>75,332,980</b>	<b>187,233</b>	-	<b>2,753,383</b>	<b>369,090</b>	-

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

<i>Number of modifications to extend payment plans</i>	<i>Standard Loans and Other Receivables (*)</i>	<i>Loans and other receivables under close monitoring (*)</i>
Extended for 1 or 2 times	187,233	188,558
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-

  

<i>Extended period of time</i>	<i>Standard Loans and Other Receivables (*)</i>	<i>Loans and other receivables under close monitoring (*)</i>
0-6 Months	3,250	110
6 Ay- 12 Months	4,162	1,001
1-2 Years	37,575	8,827
2-5 Years	141,561	173,910
5 Years and Over	685	4,710

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

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**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>340,822</b>	<b>23,731,408</b>	<b>24,072,230</b>
Housing loans	7,001	11,998,934	12,005,935
Automobile loans	5,913	550,589	556,502
General purpose loans	281,911	8,555,065	8,836,976
Others	45,997	2,626,820	2,672,817
<b>Consumer loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
<b>Consumer loans – FC</b>	<b>1,428</b>	<b>6,363</b>	<b>7,791</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,428	6,363	7,791
Others	-	-	-
<b>Retail credit cards – TL</b>	<b>2,961,066</b>	<b>3,170</b>	<b>2,964,236</b>
With installment	1,637,048	3,170	1,640,218
Without installment	1,324,018	-	1,324,018
<b>Retail credit cards – FC</b>	<b>1,527</b>	-	<b>1,527</b>
With installment	-	-	-
Without installment	1,527	-	1,527
<b>Personnel loans – TL</b>	<b>1,747</b>	<b>31,335</b>	<b>33,082</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,723	31,335	33,058
Others	24	-	24
<b>Personnel loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
<b>Personnel loans – FC</b>	<b>377</b>	-	<b>377</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	377	-	377
Others	-	-	-
<b>Personnel credit cards – TL</b>	<b>41,052</b>	-	<b>41,052</b>
With installment	20,470	-	20,470
Without installment	20,582	-	20,582
<b>Personnel credit cards – FC</b>	<b>157</b>	-	<b>157</b>
With installment	-	-	-
Without installment	157	-	157
<b>Overdraft Checking Accounts – TL (Real persons)</b>	<b>909,700</b>	-	<b>909,700</b>
<b>Overdraft Checking Accounts – FC (Real persons)</b>	<b>80</b>	-	<b>80</b>
<b>Total</b>	<b>4,257,956</b>	<b>23,772,276</b>	<b>28,030,232</b>

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***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>679,571</b>	<b>13,605,983</b>	<b>14,285,554</b>
Real estate loans	197	200,395	200,592
Automobile loans	24,945	1,414,814	1,439,759
General purpose loans	654,429	11,990,774	12,645,203
Others	-	-	-
<b>Installment-based commercial loans – FC indexed</b>	<b>15,573</b>	<b>646,396</b>	<b>661,969</b>
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	15,573	646,396	661,969
Others	-	-	-
<b>Installment-based commercial loans – FC</b>	<b>401,320</b>	<b>2,731,705</b>	<b>3,133,025</b>
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	396,714	1,049,441	1,446,155
Others	4,606	1,682,264	1,686,870
<b>Corporate credit cards – TL</b>	<b>912,157</b>	<b>10</b>	<b>912,167</b>
With installment	519,770	10	519,780
Without installment	392,387	-	392,387
<b>Corporate credit cards – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft Checking Accounts – TL (Corporate)</b>	<b>522,846</b>	<b>-</b>	<b>522,846</b>
<b>Overdraft Checking Accounts – FC (Corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,531,467</b>	<b>16,984,094</b>	<b>19,515,561</b>

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

	<b>Current Period</b>	<b>Previous Year</b>
Domestic loans	78,324,457	68,698,671
Overseas loans	318,229	310,229
<b>Total</b>	<b>78,642,686</b>	<b>69,008,900</b>

***Loans to associates and subsidiaries***

As at 30 June 2013 and 31 December 2012, there are no loans given to associates and subsidiaries by the Group.

***Specific provisions for loans***

<b>Specific Provisions</b>	<b>Current Period</b>	<b>Previous Year</b>
Loans and receivables with limited collectibility	70,862	76,679
Loans and receivables with doubtful collectibility	729,654	519,895
Uncollectible loans and receivables	2,223,705	1,912,454
<b>Total</b>	<b>3,024,221</b>	<b>2,509,028</b>

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**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>47,474</b>	<b>88,499</b>	<b>58,946</b>
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	47,474	88,499	58,946
<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 (+)	798,133	25,325	14,568
Transfers from other categories of loans under follow-up (+) <sup>(*)</sup>	-	701,588	420,587
Transfers to other categories of loans under follow-up (-) <sup>(*)</sup>	714,974	448,228	23,005
Collections (-)	102,152	68,283	87,811
Write-offs (-)	-	-	113
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	113
Currency differences	-	-	(4,051)
<b>Balance at the end of the period</b>	<b>351,409</b>	<b>730,851</b>	<b>2,246,151</b>
Specific provisions (-)	70,862	729,654	2,223,705
<b>Net balance on balance sheet</b>	<b>280,547</b>	<b>1,197</b>	<b>22,446</b>

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

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

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*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	593	36,632	290,367
Specific provisions (-)	119	36,632	288,020
<b>Net balance on balance sheet</b>	<b>474</b>	<b>-</b>	<b>2,347</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)	343,236	722,058	2,182,880
Specific provisions (-)	68,555	720,861	2,162,700
Consumer and commercial loans (Net)	274,681	1,197	20,180
Banks (Gross)	4,852	-	21,549
Specific provisions (-)	1,643	-	19,283
Banks (Net)	3,209	-	2,266
Other loans and receivables (Gross)	3,321	8,793	41,722
Specific provisions (-)	664	8,793	41,722
Other loans and receivables (Net)	2,657	-	-
<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

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**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	3,230,019	-	4,198,301	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	9,717	-	9,312
<b>Total</b>	<b>3,230,019</b>	<b>9,717</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>3,355,183</b>	<b>4,332,399</b>
Quoted at stock exchanges	3,297,398	4,278,952
Unquoted at stock exchanges	57,785	53,447
<b>Impairment losses (-)</b>	<b>57,662</b>	<b>71,339</b>
<b>Total</b>	<b>3,297,521</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>4,261,060</b>	<b>5,979,238</b>
Foreign currency differences on monetary assets	24,221	(114,339)
Purchases during the period	74,100	210,825
Transfers to available for sale portfolio <sup>(*)</sup>	-	(1,474,294)
Disposals through sales/redemptions	(1,061,687)	(275,294)
Impairment losses	13,677	(29,209)
Change in amortized costs of the securities <sup>(**)</sup>	(13,850)	(35,867)
<b>Balances at the end of the period</b>	<b>3,297,521</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	508,816	57,750	501,413	57,785
Investments subject to repurchase agreements	2,441,450	-	2,483,575	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others <sup>(*)</sup>	247,908	9,383	245,031	9,717
<b>Total</b>	<b>3,198,174</b>	<b>67,133</b>	<b>3,230,019</b>	<b>67,502</b>

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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 <sup>(*)</sup>	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.	Lefkosa/NCTR	82.00	85.24

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Year's Profit/Loss	Fair Value
1 1,857,170	422,464	266,204	8,664	-	11,213	16,363	-
2 27,657	20,724	16,916	239	14	1,116	1,998	-
3 85,008	71,010	48,040	984	-	20,234	16,175	-
4 129,159	2,913	89,539	188	-	(4,215)	(1,219)	-
5 100,492	30,755	95,061	-	-	(6,107)	2,616	-
6 4,601,531	543,398	20,472	45,759	317	34,803	33,198	-
7 272,049	266,402	3,378	4,426	-	5,427	4,730	-
8 1,563	(39,420)	-	1	-	(1,950)	(1,771)	-

<sup>(\*)</sup> Financial information as at and for the year ended 31 March 2013 has been presented for the associate.

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.

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.



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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 June 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***

<b>Title</b>	<b>Address (City/ Country)</b>	<b>Parent Bank’s Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group’s Share (%)</b>
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

  

<b>Total Assets</b>	<b>Equity</b>	<b>Tangible Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Year’s Profit/Loss</b>	<b>Prior Years’ Profit/Loss</b>	<b>Fair Value</b>
1 769,117	66,183	9,817	30,632	2,097	1,170	5,639	-
2 11,711,996	1,923,881	247,687	200,711	111,557	173,421	175,128	2,743,126

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

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

	<b>Current Period</b>	<b>Previous Year</b>
<b>Balance at the beginning of the period</b>	<b>217,563</b>	<b>128,267</b>
<b>Movements during the period</b>	<b>(5,007)</b>	<b>89,296</b>
Transfers	-	-
Acquisitions	-	-
Bonus shares received	16,755	25,132
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	(21,762)	64,164
Impairment losses	-	-
<b>Balance at the end of the period</b>	<b>212,556</b>	<b>217,563</b>
<b>Capital commitments</b>	-	-
<b>Share percentage at the end of period (%)</b>	-	-

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

	<b>Current Period</b>	<b>Previous Year</b>
Banks	212,556	217,563
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	-	-
<b>Total</b>	<b>212,556</b>	<b>217,563</b>

***Quoted associates***

	<b>Current Period</b>	<b>Previous Year</b>
Quoted at domestic stock exchanges	206,435	211,444
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>206,435</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, 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.

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.

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**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	105,000	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	762	2,553	18,450	-	114,646	425	-	-	-
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	12,984	770	3,144	395
Extraordinary Reserves	-	35,609	3,788	21,999	19,246	32,856	4,063	47,630	-
Other Profit Reserves	89,576	-	2,308	-	-	-	-	-	16
Profit/Loss	85,578	4,262	5,860	11,356	(93,904)	51,789	916	7,969	(2,343)
<i>Prior Years' Profit/Loss</i>	83,548	-	698	10,281	(76,851)	34,639	-	5,903	(1,100)
<i>Current Years' Profit/Loss</i>	2,030	4,262	5,162	1,075	(17,053)	17,150	916	2,066	(1,243)
Minority Rights	-	77	-	-	-	-	-	-	-
<b>Total Core Capital</b>	<b>296,357</b>	<b>111,668</b>	<b>70,357</b>	<b>89,574</b>	<b>226,407</b>	<b>135,169</b>	<b>8,765</b>	<b>195,101</b>	<b>13,179</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-	-	-	-	-	-	-	-
<b>CAPITAL</b>	<b>296,357</b>	<b>111,668</b>	<b>70,357</b>	<b>89,574</b>	<b>226,407</b>	<b>135,169</b>	<b>8,765</b>	<b>195,101</b>	<b>13,179</b>
<b>NET AVAILABLE EQUITY</b>	<b>296,357</b>	<b>111,668</b>	<b>70,357</b>	<b>89,574</b>	<b>226,407</b>	<b>135,169</b>	<b>8,765</b>	<b>195,101</b>	<b>13,179</b>

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

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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 June 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	8,009	8,087	1,063	388	-	(210)	588	12,500
2	226,214	219,943	105,950	3,955	1	866	2,556	218,159
3	46,780	37,026	11,165	305	47	2,032	1,406	26,000
4	27,184	21,675	759	600	27	4,337	(21)	33,567

(\*) Financial information as at and for the year ended 31 December 2012 has been presented for these subsidiaries.

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.

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 June 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.

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**Investments in consolidated subsidiaries**

Title	Address(City / Country)	Bank's Share –If Different Voting Rights (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta AŞ <sup>(**)</sup>	Istanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik AŞ	Istanbul/Turkey	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ <sup>(*)</sup>	Istanbul/Turkey	78.39	86.97
4 Vakıf Finansal Kiralama AŞ <sup>(*)</sup>	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 <sup>(**)</sup>	Istanbul/Turkey	11.75	21.77
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ <sup>(**)</sup>	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	1,059,220	263,368	332,076	5,404	326	(40,645)	(13,938)	360,162
2	2,104,698	149,611	60,884	18,861	108	14,926	14,251	349,100
3	176,108	90,142	2,597	5,243	-	1,643	3,861	97,907
4	823,182	106,333	6,226	14,623	6	(1,056)	2,123	98,402
5	165,619	70,357	272	7,417	117	5,162	1,739	84,367
6	2,118,143	296,357	1,640	28,074	4,416	2,030	11,308	285,563
7	9,099	8,765	5	283	9	916	962	21,698
8	14,314	13,179	56	118	(650)	(1,243)	593	15,906
9	197,301	195,101	141,760	664	1,399	2,066	2,431	505,715

(\*) The financial statements for these subsidiaries as at and for the period ended 31 March 2013 are presented.

(\*\*) These figures are obtained from reviewed 30 June 2013 financial statements announced at Public Disclosure Platform.

**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>9,330</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	(30,291)	258,960
Impairment losses	-	-
<b>Balance at the end of the period</b>	<b>921,539</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>

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

	<b>Current Period</b>	<b>Previous Year</b>
Measured at cost	-	-
Measured at fair value	921,539	912,209
Equity method of accounting	-	-
<b>Total</b>	<b>921,539</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	289,750	311,392
Factoring companies	76,750	76,750
Leasing companies	47,533	57,773
Financing companies	-	-
Other financial subsidiaries	250,500	260,914
<b>Total</b>	<b>921,539</b>	<b>912,209</b>

**Quoted consolidated subsidiaries**

	<b>Current Period</b>	<b>Previous Year</b>
Quoted at domestic stock exchanges	309,684	336,708
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>309,684</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.

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

**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	349,793	297,672	323,945	277,830
Between 1-4 years	584,223	525,765	410,051	359,094
Longer than 4 years	62,707	60,177	42,696	39,995
<b>Total</b>	<b>996,723</b>	<b>883,614</b>	<b>776,692</b>	<b>676,919</b>

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

	Current Period	Previous Year
Gross finance lease receivables	996,723	776,692
Unearned income on finance lease receivables (-)	(113,109)	(99,773)
Terminated lease contracts (-)	-	-
<b>Net finance lease receivables</b>	<b>883,614</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 June 2013, the Group has investment property amounting to TL 19,805 (31 December 2012: TL 19,646) in total which consists of for the subsidiaries operating in the insurance business.

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

As at 30 June 2013 the current tax assets amounts to TL 10,515 (31 December 2012: None).

**b) Deferred tax assets**

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

	<b>Current Period</b>	<b>Previous Year</b>
Provision for employee termination benefits and unused vacations	65,762	61,564
Other provisions	56,451	47,237
Valuation differences of financial assets and liabilities	37,808	45,149
Valuation difference for associates and subsidiaries	29,238	28,531
Investment incentives	23,952	26,052
Tax losses carried forward	23,215	13,479
Reporting Standarts - Tax Code depreciation differences	12,565	13,005
Other differences	8,827	2,165
<b>Deferred tax assets</b>	<b>257,818</b>	<b>237,182</b>
Net-off of the deferred tax assets and liabilities from the same entity	(129,076)	(29,015)
<b>Deferred tax assets, (net)</b>	<b>128,742</b>	<b>208,167</b>

	<b>Current Period</b>	<b>Previous Year</b>
Valuation differences of financial assets and liabilities	125,662	28,908
Valuation difference for associates and subsidiaries	834	1,389
Other differences	5,844	5,394
<b>Deferred tax liabilities</b>	<b>132,340</b>	<b>35,691</b>
Net-off of the deferred tax assets and liabilities from the same entity	(129,076)	(29,015)
<b>Deferred tax liabilities, (net)</b>	<b>3,264</b>	<b>6,676</b>

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

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

	<b>Current Period</b>	<b>Previous Year</b>
Prepaid expenses	506,769	412,879
Receivables from reinsurance companies	495,070	482,067
Receivables from credit cards	459,352	387,146
Guarantees given for repurchase agreements	443,294	9,707
Receivables from insurance operations	251,462	272,070
Receivables from term sale of assets	109,448	47,410
Deferred commission expenses	81,134	77,015
Guarantees given for derivative financial instruments	30,944	134,520
Others	72,811	101,692
<b>Total</b>	<b>2,450,284</b>	<b>1,924,506</b>



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**II. Information and disclosures related to consolidated liabilities**

**1. Information on maturity profile of deposits**

<b>Current Period</b>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving deposits</b>	2,762,612	-	310,115	13,105,870	2,059,716	669,434	127,630	-	19,035,377
<b>Foreign currency deposits</b>	1,735,494	-	1,547,956	8,623,501	2,037,657	836,768	3,042,326	-	17,823,702
Residents in Turkey	1,356,386	-	1,545,402	8,466,718	1,922,610	529,297	830,673	-	14,651,086
Residents in abroad	379,108	-	2,554	156,783	115,047	307,471	2,211,653	-	3,172,616
<b>Public sector deposits</b>	2,707,925	-	1,608,393	6,929,286	683,487	327,503	24,171	-	12,280,765
<b>Commercial deposits</b>	1,587,517	-	3,130,073	5,924,032	1,433,002	965,464	109,704	-	13,149,792
<b>Others</b>	2,554,617	-	711,073	1,891,934	625,028	664,195	17,355	-	6,464,202
<b>Precious metal deposits</b>	974,013	-	-	-	-	-	-	-	974,013
<b>Bank deposits</b>	67,078	-	1,401,810	895,723	983,481	68,513	8,444	-	3,425,049
Central Bank	288	-	-	-	-	-	-	-	288
Domestic banks	11,814	-	1,227,761	540,155	316,803	68,513	8,444	-	2,173,490
Foreign banks	49,987	-	174,049	355,568	666,678	-	-	-	1,246,282
Participation banks	4,989	-	-	-	-	-	-	-	4,989
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,389,256</b>	<b>-</b>	<b>8,709,420</b>	<b>37,370,346</b>	<b>7,822,371</b>	<b>3,531,877</b>	<b>3,329,630</b>	<b>-</b>	<b>73,152,900</b>

<b>Previous Year</b>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving deposits</b>	2,046,323	-	280,169	12,493,455	2,056,054	99,207	115,769	-	17,090,977
<b>Foreign currency deposits</b>	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
<b>Public sector deposits</b>	2,706,233	-	2,065,023	6,205,313	709,706	19,216	14,654	-	11,720,145
<b>Commercial deposits</b>	1,297,597	-	2,737,007	4,185,386	2,462,054	463,272	4,181	-	11,149,497
<b>Others</b>	2,293,689	-	2,211,287	1,894,945	953,617	60,847	14,195	-	7,428,580
<b>Precious metal deposits</b>	802,249	-	-	-	-	-	-	-	802,249
<b>Bank deposits</b>	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**

	<b>Covered by Deposit Insurance Fund</b>		<b>Exceeding the Deposit Insurance Limit</b>	
	<b>Current Period</b>	<b>Previous Year</b>	<b>Current Period</b>	<b>Previous Year</b>
Saving deposits	9,939,282	7,156,786	9,096,095	9,934,191
Foreign currency saving deposits	3,037,829	2,158,935	5,246,509	5,755,729
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
<b>Total</b>	<b>12,977,111</b>	<b>9,315,721</b>	<b>14,342,604</b>	<b>15,689,920</b>

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

	<b>Current Period</b>	<b>Previous Year</b>
Deposits and other accounts at foreign branches	18,664	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	2,554	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	25,297	514	2,134	2,063
Swaps	12,644	97,375	4,853	190,187
Futures	-	-	-	-
Options	27	1,888	178	277
<b>Total</b>	<b>37,968</b>	<b>99,777</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	203,399	251,100	238,899	319,996
Foreign banks, institutions and funds	14,008	8,926,633	32,486	7,509,600
<b>Total</b>	<b>217,407</b>	<b>9,177,733</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 <sup>(*)</sup>	92,597	5,036,911	209,631	4,258,071
Medium and Long-term <sup>(*)</sup>	124,810	4,140,822	61,754	3,571,525
<b>Total</b>	<b>217,407</b>	<b>9,177,733</b>	<b>271,385</b>	<b>7,829,596</b>

<sup>(\*)</sup>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 8.55% (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.

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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***

On 27 November 2012, the Parent Bank has issued discounted bond with nominal value of TL 150,000 and 346 days maturity. The nominal value of the bond is determined as TL 53,373 with respect to book-building process. As at 30 June 2013, the carrying amount of the related bond is TL 50,985.

On 24 April 2012, the Parent Bank has issued the bond with a nominal value of US Dollar 500 million and with the maturity date of 24 April 2017. 36% of the bond has been sold in Europe, 27% in the United States, 27% in England, 10% in Asia and the Middle East. Furthermore, with respect to purchaser parties 64% of the bond was purchased by fund managers, 18% was purchased by banks, 14% by private banks and 4% by insurance and pension funds. As of 30 June 2013, the carrying amount of the bond is TL 964,623.

On 18 January 2013, the Parent Bank has issued discounted bonds with nominal values of TL 600,000 and with 168 days maturity and TL 150,000 and 364 days maturity. The nominal values of the bonds were determined as TL 734,314 and TL 150,000 with respect to the book-building process. As at 30 June 2013, the carrying amounts of the related bonds are TL 677,801 and TL 136,912.

On 15 March 2013, the Parent Bank has issued a bond with nominal value of TL 310,000 and with 175 days maturity. As at 30 June 2013, the carrying amount of the bond is TL 306,649.

In the framework of GMTN (Global Medium Term Notes) program, the Parent Bank has issued bond that will be sold in abroad with a nominal value of US dollar 600 million, with return rate of 3.87% and coupon rate of 3.75%, 15 April 2018 maturity date (5 years of maturity with once every six months payment). As at 15 April 2013, issue value of the bond has been transferred to the Bank's accounts. As at 30 June 2013, the carrying amount of the bond is TL 1,157,784.

In the framework of GMTN program, the Parent Bank has issued bonds with nominal values of Euro 10 million and CHF 12 million. As at 30 June 2013, the carrying amounts of the bonds are TL 23,616 and TL 25,070 respectively.

On 17 May 2013, the Parent Bank has issued discounted bonds with nominal values of TL 600,000 and with 175 days maturity and TL 150,000 and 364 days maturity. The nominal values of the bonds were determined as TL 684,412 and TL 65,588 with respect to the book-building process. As at 30 June 2013, the carrying amounts of the related bonds are TL 654,083 and TL 59,509.

On 31 January 2012, the Bank has issued discounted bonds with a nominal value of TL 1,000,000 and 178 days maturity. The bond has matured as at 27 July 2012.

On 1 June 2012, the Bank has issued discounted bonds with a nominal value of TL 500,000 and 179 days maturity. The bond has matured as at 27 November 2012.

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On 27 July 2012, the Bank has issued discounted bond with a nominal value of TL 500,000 and with 175 days maturity. The bond has matured as at 18 January 2013.

On 21 September 2012, the Bank has issued discounted bonds with nominal values of TL 200,000 and 175 days maturity, TL 100,000 and 91 days maturity. The bonds have matured as at 15 March 2013 and 21 December 2012.

On 27 November 2012, the Bank has issued discounted bond with a nominal value of TL 400,000 and with 171 days maturity. The bond has matured as at 17 May 2013.

On 27 July 2012, the Bank has issued discounted bond with a nominal value of TL 200,000 and with 318 days maturity. The bond has matured as at 10 June 2013.

On 1 June 2012, the Bank has issued floating-rate bond with monthly coupon payment with a nominal value of TL 200,000 and 374 days maturity. The bond has matured as at 10 June 2013.

On 18 January 2013, the Bank has issued discounted bond with a nominal value of TL 250,000 and with 143 days maturity. The bond has matured as at 10 June 2013.

**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	967,042	786,341
-Additional provision for loans with extended payment plans	8,298	7,033
Provisions for loans and receivables in Group II	89,170	112,769
-Additional provision for loans with extended payment plans	5,415	9,331
Provisions for non-cash loans	63,969	53,713
Others	3,808	3,236
<b>Total</b>	<b>1,123,989</b>	<b>956,059</b>

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

As at 30 June 2013 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 8,854 (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.

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

As of 30 June 2013, the Parent Bank has recorded TL 45,094 (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 June 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 74,925 (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	74,925	92,887
Provision for Competition Authority penalty(*)	61,630	61,630
Specific provisions for non-cash loans	45,094	36,173
Provision for World Vakıf UBB Ltd with regard to its negative equity	32,659	28,639
Provisions for lawsuits against the Group	14,898	16,581
Provision for cheques	14,374	8,185
Provisions for credit card promotions	9,197	8,571
Other provisions	65,397	42,292
<b>Total</b>	<b>318,174</b>	<b>294,958</b>

(\*)There has been an investigation to determine whether there has been a breach of 4054 numbered Competition Protection Law through performing concerted actions about deposits, loans and credit card services and it has been decided to impose a penalty amounting to TL 82,173 to the Bank. The related penalty shall be paid at a rate of ¾ amounting to TL 61,630 in 30 days following the notification, in accordance with the prevailing laws and regulations. As at 30 June 2013, the Bank has set aside provision for the mentioned penalty amounting to TL 61,630 in the accompanying consolidated financial statements. The related penalty was paid as at 15 August 2013 reserving the right to object.

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

As at and for the six-month period ended 30 June 2013, the tax liability of the Group is amounting to TL 3,804 (31 December 2012: TL 172,808).

***Information on taxes payable***

	<b>Current Period</b>	<b>Previous Year</b>
Corporate taxes payable	3,804	172,808
Taxation on securities	59,086	94,433
Capital gains tax on property	1,844	1,579
Banking and Insurance Transaction Tax (BITT)	38,291	39,530
Taxes on foreign exchange transactions	-	-
Value added tax payable	1,576	3,220
Others	26,547	28,421
<b>Total</b>	<b>131,148</b>	<b>339,991</b>

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**Information on premiums payable**

	<b>Current Period</b>	<b>Previous Year</b>
Social security premiums- employee share	1,058	526
Social security premiums- employer share	2,225	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	605	497
Unemployment insurance- employer share	1,283	1,060
Others	44	130
<b>Total</b>	<b>5,215</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.

**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.

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***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	37,669	-	(36,590)	-
Fair value differences of available-for-sale securities	(202,513)	217,715	201,780	555,621
Foreign exchange differences	-	-	-	-
<b>Total</b>	<b>(164,844)</b>	<b>217,715</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	5,870,463	4,958,548
Loan granting commitments	6,058,698	4,938,035
Commitments for cheque payments	1,307,654	1,154,273
Asset purchase commitments	1,213,265	1,694,352
Other	713,563	713,547
<b>Toplam</b>	<b>15,163,643</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 45,094 (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 96,396 (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	793,063	563,770
Final letters of guarantee	5,383,869	4,468,018
Letters of guarantee for advances	2,413,480	2,269,159
Letters of guarantee given to custom offices	376,895	379,638
Other letters of guarantee	6,973,045	4,959,918
<b>Total</b>	<b>15,940,352</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	1,202,745	1,061,650
With original maturity of 1 year or less	686,410	582,779
With original maturity of more than 1 year	516,335	478,871
Other non-cash loans	19,615,316	16,189,387
<b>Total</b>	<b>20,818,061</b>	<b>17,251,037</b>



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

	Current Period				Previous Year			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>80,211</b>	<b>0.62</b>	<b>146,720</b>	<b>1.87</b>	<b>92,687</b>	<b>0.87</b>	<b>84,946</b>	<b>1.27</b>
Farming and cattle	71,924	0.56	144,582	1.84	81,708	0.77	82,841	1.24
Forestry	6,716	0.05	-	-	9,635	0.09	72	-
Fishing	1,571	0.01	2,138	0.03	1,344	0.01	2,033	0.03
<b>Manufacturing</b>	<b>5,338,681</b>	<b>41.24</b>	<b>3,645,439</b>	<b>46.31</b>	<b>4,280,981</b>	<b>40.56</b>	<b>3,512,758</b>	<b>52.45</b>
Mining	79,678	0.62	29,020	0.37	77,796	0.74	36,845	0.55
Production	3,046,677	23.53	3,426,705	43.53	2,844,747	26.95	3,313,737	49.48
Electric, gas and water	2,212,326	17.09	189,714	2.41	1,358,438	12.87	162,176	2.42
<b>Construction</b>	<b>2,607,800</b>	<b>20.14</b>	<b>1,847,286</b>	<b>23.45</b>	<b>1,723,297</b>	<b>16.33</b>	<b>1,180,504</b>	<b>17.63</b>
<b>Services</b>	<b>4,625,004</b>	<b>35.73</b>	<b>1,872,435</b>	<b>23.79</b>	<b>4,039,704</b>	<b>38.28</b>	<b>1,573,323</b>	<b>23.50</b>
Wholesale and retail trade	1,820,131	14.06	689,375	8.76	1,683,751	15.95	616,199	9.20
Hotel, food and beverage services	86,174	0.67	17,243	0.22	60,022	0.57	10,776	0.16
Transportation and								
Telecommunication	719,412	5.56	1,035,382	13.15	506,082	4.79	667,048	9.96
Financial institutions	1,391,804	10.75	40,128	0.51	1,219,537	11.56	47,245	0.71
Real estate and renting services	161,063	1.24	11,473	0.15	106,847	1.01	154,104	2.30
Self-employment services	343,466	2.66	64,030	0.81	326,272	3.10	65,459	0.98
Education services	10,942	0.08	4068	0.05	11,853	0.11	-	-
Health and social services	92,012	0.71	10,736	0.14	125,340	1.19	12,492	0.19
<b>Others</b>	<b>293,610</b>	<b>2.27</b>	<b>360,875</b>	<b>4.58</b>	<b>417,877</b>	<b>3.96</b>	<b>344,960</b>	<b>5.15</b>
<b>Total</b>	<b>12,945,306</b>	<b>100</b>	<b>7,872,755</b>	<b>100</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	12,774,980	2,969,653	91,364	12,873
Confirmed bills of exchange and acceptances	14,748	889,991	-	-
Letters of credit	726	3,955,702	-	-
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	4,962	4,851	-	-
Other guarantees and sureties	-	1,815	-	-
<b>Total Non-Cash Loans</b>	<b>12,795,416</b>	<b>7,822,012</b>	<b>91,364</b>	<b>12,873</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 14,898 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	1,011,263	80,219	930,450	111,250
Medium and long-term loans	2,181,817	368,369	1,859,621	361,692
Loans under follow-up	79,094	-	47,680	-
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>3,272,174</b>	<b>448,588</b>	<b>2,837,751</b>	<b>472,942</b>

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

	Current Period		Previous Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	30,712	1,590	30,752	1,536
Foreign banks	8	352	32	3,500
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>30,720</b>	<b>1,942</b>	<b>30,784</b>	<b>5,036</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	12,641	572	16,089	1,919
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	469,320	124,229	508,206	79,814
Investments held to maturity	194,782	517	252,189	55,567
<b>Total</b>	<b>676,743</b>	<b>125,318</b>	<b>776,484</b>	<b>137,300</b>

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

	Current Period	Previous Period
Interests received from the associates and subsidiaries	-	18

##### 2. Interest Expense

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

	Current Period		Previous Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>8,548</b>	<b>64,519</b>	<b>11,352</b>	<b>80,042</b>
Central Bank of Turkey	-	-	-	-
Domestic banks	7,428	6,039	11,352	5,804
Foreign banks	1,120	58,480	-	74,238
Foreign head offices and branches	-	-	-	-
<b>Other institutions</b>	<b>-</b>	<b>3,908</b>	<b>-</b>	<b>4,008</b>
<b>Total</b>	<b>8,548</b>	<b>68,427</b>	<b>11,352</b>	<b>84,050</b>

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**Interest expenses paid to associates and subsidiaries**

	<b>Current Period</b>	<b>Previous Period</b>
Interests paid to the associates and subsidiaries	5,692	15,001

**Interest expense on securities issued**

As at for the six-month period ending at 30 June 2013, interest paid to securities issued is TL 103,285 (30 June 2012: TL 61,032).

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

Account Name	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<b>TL</b>								
Interbank deposits	-	30,331	-	-	-	-	-	30,331
Saving deposits	9	6,742	451,460	78,421	12,173	5,020	-	553,825
Public sector deposits	6	45,039	201,474	24,764	9,422	661	-	281,366
Commercial deposits	-	70,769	175,529	61,998	26,315	731	-	335,342
Other deposits	-	14,807	64,220	27,677	13,149	496	-	120,349
Deposits with 7 days	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15</b>	<b>167,688</b>	<b>892,683</b>	<b>192,860</b>	<b>61,059</b>	<b>6,908</b>	-	<b>1,321,213</b>
<b>FC</b>								
Foreign Currency Deposits	1,794	7,418	95,621	23,439	14,746	41,819	-	184,837
Interbank deposits	-	15,991	-	-	-	-	-	15,991
Deposits with 7 days	-	-	-	-	-	-	-	-
Precious metal	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,794</b>	<b>23,409</b>	<b>95,621</b>	<b>23,439</b>	<b>14,746</b>	<b>41,819</b>	-	<b>200,828</b>
<b>Total</b>	<b>1,809</b>	<b>191,097</b>	<b>988,304</b>	<b>216,299</b>	<b>75,805</b>	<b>48,727</b>	-	<b>1,522,041</b>

**3. Trading income/losses**

	<b>Current Period</b>	<b>Previous Period</b>
<b>Income</b>	<b>2,778,958</b>	<b>1,139,461</b>
Income from capital market transactions	114,681	48,352
Income from derivative financial instruments	699,752	297,392
Foreign exchange gains	1,964,525	793,717
<b>Losses</b>	<b>(2,580,102)</b>	<b>(1,017,941)</b>
Losses from capital market transactions	(875)	(4,753)
Losses from derivative financial instruments	(624,679)	(285,605)
Foreign exchange losses	(1,954,548)	(727,583)
<b>Trading income/losses, net</b>	<b>198,856</b>	<b>121,520</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 28,820 as at and for the six-month period ended 30 June 2013 (30 June 2012: net gain of TL 38,515).

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**4. Other operating income**

	<b>Current Period</b>	<b>Previous Period</b>
Earned insurance premiums (net of reinsurance share)	369,651	247,700
Income from reversal of the impairment losses	215,512	244,871
Communication income	42,977	37,883
Gain on sale of assets	35,825	17,236
Income from private pension business	17,883	16,054
Rent income	463	8,071
Other income	82,735	70,229
<b>Total</b>	<b>765,046</b>	<b>642,044</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	725,859	261,123
<i>Loans and receivables in Group III</i>	<i>149,166</i>	<i>51,480</i>
<i>Loans and receivables in Group IV</i>	<i>557,852</i>	<i>195,018</i>
<i>Loans and receivables in Group V</i>	<i>18,841</i>	<i>14,625</i>
Non-performing commissions and other receivables	-	-
General provision expenses	167,685	120,221
Provision for possible losses	-	8,251
Impairment losses on securities	98,481	56,494
<i>Trading securities</i>	<i>3</i>	<i>26,313</i>
<i>Investment securities available-for-sale</i>	<i>98,478</i>	<i>30,181</i>
Other impairment losses	41,245	11,405
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint ventures</i>	<i>-</i>	<i>-</i>
<i>Investment securities held-to-maturity</i>	<i>41,245</i>	<i>11,405</i>
Others <sup>(*)</sup>	118,690	68,132
<b>Total</b>	<b>1,151,960</b>	<b>525,626</b>

(\*) Other provision expenses amounting to TL 118,690 (30 June 2012: TL 68,132) is comprised of provision expenses for dividends to the personnel amounting to TL 57,761 (30 June 2012: TL : 51,443), provision for non-cash loans that are not indemnified or converted to cash and provisions for cheques amounting to TL 15,031 (30 June 2012: TL 13,363), free provision expenses amounting to TL 24,260 and other provision expenses amounting to TL 21,638 (30 June 2012: TL 3,326).

**6. Other operating expenses**

	<b>Current Period</b>	<b>Previous Period</b>
Personnel costs	588,925	561,468
Reserve for employee termination benefits	12,218	16,049
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses on tangible assets	54,999	55,146
Impairment losses on intangible assets	-	-
Amortisation expenses on intangible assets	6,331	5,619
Impairment losses on assets to be disposed	2,037	4,762
Depreciation expenses on assets to be disposed	5,482	6,225
Impairment losses on assets held for sale	-	-
Other operating expenses	516,410	407,864
<i>Operational lease related expenses</i>	<i>74,828</i>	<i>62,505</i>
<i>Repair and maintenance expenses</i>	<i>12,447</i>	<i>8,837</i>
<i>Advertisement expenses</i>	<i>48,326</i>	<i>36,121</i>
<i>Other expenses</i>	<i>380,809</i>	<i>300,401</i>
Loss on sale of assets	252	63
Others	479,556	294,400
<b>Total</b>	<b>1,666,210</b>	<b>1,351,596</b>

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**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 196,477 (30 June 2012: TL 164,539) 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	(3,277)	(42,767)
Arising from origination (-)/ reversal (+) of taxable temporary differences	(57,252)	16,582
Arising from origination (+)/ reversal (-) of tax losses	9,736	-
Arising from tax rate change	-	-
<b>Total</b>	<b>(50,793)</b>	<b>(26,185)</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 4,607,286 interest income and TL 360,724 net fee and commission income also incurred TL 1,952,366 amount of interest expense from its ordinary banking operations (30 June 2012: TL 4,344,921 interest income, TL 2,532,229 interest expense, TL 165,619 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	(10,131)	(859)

**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.

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**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	-	583,137	-	34,968	27,932	16,146
Interest and commission income	-	203	-	12	342	10

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	18	160	-	19	104	9

**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	468,966	817,244	743,498	443,103	41,086	76,597
Interest on deposits	5,692	15,001	13,028	28,725	-	2

**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.

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***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 0.04% (31 December 2012: 0.01%) and 3.05% (31 December 2012: 3.50%) respectively.

<b>Current Period</b>	<b>Amount</b>	<b>Compared with the Financial Statement Amount %</b>
Cash Loans	27,932	0.04
Non-Cash Loans	634,251	3.05
Deposits	1,253,550	1.71

<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

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**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.



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**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 balance sheet date**

None.

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**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 six-month period ended 30 June 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 26 August 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 six-month period ended 30 June 2013.