

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

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

Consolidated Financial Statements

As at and for the Three-Month Period Ended

31 March 2013

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ

23 May 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 31 March 2013 and the consolidated statements of income, changes in shareholders' equity and cash flows for the three-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 31 March 2013, which reflects total assets constituting 1.57%; and total operating income constituting 0.72% as at and for the period ended 31 March 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 31 March 2013, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and circulars on accounting and financial reporting principles issued by the Banking Regulation and Supervision Board and explanations by Banking Regulation and Supervision Agency.

Istanbul,
23 May 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 THREE-MONTH PERIOD ENDED 31 MARCH 2013**

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The consolidated financial report as at and for the three-month period ended 31 March 2013 prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE YEAR
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REVIEW REPORT

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

SUBSIDIARIES

Güneş Sigorta AŞ
Vakıf Emeklilik AŞ
Vakıf Finans Factoring Hizmetleri AŞ
Vakıf Finansal Kiralama AŞ
Vakıf Portföy Yönetimi AŞ
Vakıf Yatırım Menkul Değerler AŞ
Vakıfbank International AG
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ
Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ

ASSOCIATES

Kıbrıs Vakıflar Bankası Ltd.
Türkiye Sınai Kalkınma Bankası AŞ

The consolidated interim financial statements and related disclosures and footnotes as at and for the three-month period ended 31 March 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”).

23 May 2013

Ramazan GÜNDÜZ
Chairman of
Board of Directors

Ali Fuat TAŞKESENLİOĞLU
Board Member and
Audit Committee Member

SADIK TILTAK
Board Member and
Audit Committee Member

HALİL 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
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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and
For the Three-Month Period Ended 31 March 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 31 March 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 31 March 2013 is stated below:

Shareholders	Number of Shares- 100 shares	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Foundations represented by the General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Appendant foundations (Group B)	386.224.785	386,225	15.45
Other appendant foundations (Group B)	3.157.818	3,157	0.13
Other registered foundations (Group B)	1.453.084	1,453	0.06
Other real persons and legal entities (Group C)	1.560.320	1,560	0.06
Publicly traded (Group D)	629.992.687	629,993	25.20
Total	2.500.000.000	2,500,000	100.00

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Business Administration
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	34 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	14 years
Halim KANATCI	Member	28 April 2009	University	39 years
Ahmet CANDAN	Member	19 March 2010	University	25 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	24 years
Ali Fuat TAŞKESENLİOĞLU	Member	30 March 2012	University	25 years
Sadık TILTAK	Member	30 March 2012	University	25 years
<u>Audit Committee</u>				
Ali Fuat TAŞKESENLİOĞLU	Member	6 April 2012	University	25 years
Sadık TILTAK	Member	5 April 2013	University	25 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	36 years
Yunus ARINCI	Auditor	19 March 2010	Master	16 years
<u>Executive Vice Presidents</u>				
Mehmet CANTEKİN (<i>Deputy General Manager and Board Member</i>)	Loans Follow-up, Directorates of the Regions, Strategy Development, Economic Research	28 December 2007	Master	21 years
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
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	22 years
Yıldırım EROĞLU	Commercial Loans, Intelligence	6 December 2011	University	20 years
Numan BEK	International Relations and Investor Relations	18 July 2012	University	21 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and

For the Three-Month Period Ended 31 March 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 31 March 2013, the Parent Bank has 741 domestic, 3 foreign, in total 744 branches (31 December 2012: 741 domestic, 3 foreign, in total 744 branches). As at 31 March 2013, the Parent Bank has 13,517 employees (31 December 2012: 13,463 employees).

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

As at and for the three-month period ended 31 March 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 three-month period ended 31 March 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
and Related Disclosures and Footnotes

As at 31 March 2013

Originally Issued in Turkish, See Section 3 Note I

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

ASSETS	Notes	Reviewed Current Period 31 March 2013			Audited Previous Year 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,019,427	11,537,589	13,557,016	2,249,946	10,081,548	12,331,494
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	247,948	93,020	340,968	213,829	82,661	296,490
2.1 Financial assets held for trading purpose		247,948	93,020	340,968	213,829	82,661	296,490
2.1.1 Debt securities issued by the governments		118,827	13,513	132,340	121,695	14,820	136,515
2.1.2 Equity securities		3,009	-	3,009	2,709	-	2,709
2.1.3 Derivative financial assets held for trading purpose		24,912	79,507	104,419	21,584	67,841	89,425
2.1.4 Other securities		101,200	-	101,200	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		-	-	-	-	-	-
III. BANKS	V-I-3	636,504	1,043,280	1,679,784	740,354	1,916,136	2,656,490
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		4,515	-	4,515	6,645	-	6,645
4.1 Interbank money market placements		2,938	-	2,938	2,928	-	2,928
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		1,577	-	1,577	3,717	-	3,717
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	10,671,303	3,795,073	14,466,376	10,277,762	4,057,019	14,334,781
5.1 Equity securities		-	12,384	12,384	-	12,246	12,246
5.2 Debt securities issued by the governments		10,669,226	3,664,544	14,333,770	10,275,713	3,937,935	14,213,648
5.3 Other securities		2,077	118,145	120,222	2,049	106,838	108,887
VI. LOANS AND RECEIVABLES	V-I-5	53,071,318	17,876,824	70,948,142	51,358,116	17,958,583	69,316,699
6.1 Performing loans and receivables		52,675,860	17,874,667	70,550,527	51,052,492	17,956,408	69,008,900
6.1.1 Loans provided to the same risk group	V-V-1	9,452	10,139	19,591	2,006	7,366	9,372
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		52,666,408	17,864,528	70,530,936	51,050,486	17,949,042	68,999,528
6.2 Loans under follow-up		3,104,774	12,771	3,117,545	2,803,919	12,908	2,816,827
6.3 Specific provisions (-)		2,709,316	10,614	2,719,930	2,498,295	10,733	2,509,028
VII. FACTORING RECEIVABLES		153,023	9,934	162,957	167,927	17,870	185,797
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	4,170,438	63,044	4,233,482	4,198,301	62,759	4,261,060
8.1 Debt securities issued by the governments		4,170,438	8,833	4,179,271	4,198,301	9,312	4,207,613
8.2 Other securities		-	54,211	54,211	-	53,447	53,447
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	198,300	3	198,303	197,977	3	197,980
9.1 Associates, consolidated per equity method		171,015	-	171,015	170,692	-	170,692
9.2 Unconsolidated associates		27,285	3	27,288	27,285	3	27,288
9.2.1 Financial associates		14,952	-	14,952	14,952	-	14,952
9.2.2 Non-Financial associates		12,333	3	12,336	12,333	3	12,336
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	164,592	-	164,592	165,521	-	165,521
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		164,592	-	164,592	165,521	-	165,521
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	96,400	621,895	718,295	95,702	581,217	676,919
12.1 Finance lease receivables		120,686	694,985	815,671	121,044	655,648	776,692
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		24,286	73,090	97,376	25,342	74,431	99,773
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		1,399,546	3,395	1,402,941	1,351,514	3,574	1,355,088
XV. INTANGIBLE ASSETS (Net)		104,441	200	104,641	99,837	199	100,036
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		104,441	200	104,641	99,837	199	100,036
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	19,778	-	19,778	19,646	-	19,646
XVII. TAX ASSETS		224,027	-	224,027	208,167	-	208,167
17.1 Current tax assets		1,130	-	1,130	-	-	-
17.2 Deferred tax assets	V-I-13	222,897	-	222,897	208,167	-	208,167
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	2,271	-	2,271	2,093	-	2,093
18.1 Assets held for sale		2,271	-	2,271	2,093	-	2,093
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	1,649,797	356,884	2,006,681	1,595,908	328,598	1,924,506
TOTAL ASSETS		74,833,628	35,401,141	110,234,769	72,949,245	35,090,167	108,039,412

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)

Convenience Translation of the Consolidated Financial Statements

As at 31 March 2013

and Related Disclosures and Footnotes

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

Originally Issued in Turkish, See Section 3 Note I

LIABILITIES AND EQUITY		Notes	Reviewed Current Period 31 March 2013			Audited Previous Year 31 December 2012		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	47,884,851	18,685,519	66,570,370	49,467,915	18,918,889	68,386,804
1.1	Deposits of the same risk group	V-V-1	631,354	219,882	851,236	746,250	590,694	1,336,944
1.2	Other deposits		47,253,497	18,465,637	65,719,134	48,721,665	18,328,195	67,049,860
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	14,736	182,900	197,636	7,165	192,527	199,692
III.	FUNDS BORROWED	V-II-3	199,811	8,193,252	8,393,063	271,385	7,829,596	8,100,981
IV.	INTERBANK MONEY MARKET		5,067,426	6,576,155	11,643,581	2,298,496	6,384,324	8,682,820
4.1	Interbank Money Market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		211,757	-	211,757	191,929	-	191,929
4.3	Obligations under repurchase agreements		4,855,669	6,576,155	11,431,824	2,106,567	6,384,324	8,490,891
V.	SECURITIES ISSUED (Net)	V-II-3	2,030,347	917,159	2,947,506	1,481,611	891,137	2,372,748
5.1	Bills		1,930,010	-	1,930,010	1,379,768	-	1,379,768
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		100,337	917,159	1,017,496	101,843	891,137	992,980
VI.	FUNDS		30,253	-	30,253	31,368	-	31,368
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		30,253	-	30,253	31,368	-	31,368
VII.	MISCELLANEOUS PAYABLES		2,244,258	191,548	2,435,806	2,197,932	241,224	2,439,156
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	270,733	594,548	865,281	472,082	546,845	1,018,927
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	2,970,821	36,644	3,007,465	2,953,305	44,197	2,997,502
12.1	General provisions		1,013,674	3,049	1,016,723	953,052	3,007	956,059
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		395,626	707	396,333	473,619	719	474,338
12.4	Insurance technical provisions (Net)		1,305,013	1,391	1,306,404	1,261,803	10,344	1,272,147
12.5	Other provisions	V-II-7	256,508	31,497	288,005	264,831	30,127	294,958
XIII.	TAX LIABILITIES	V-II-8	315,736	5,900	321,636	344,677	5,552	350,229
13.1	Current tax liabilities		311,559	3,527	315,086	340,668	2,885	343,553
13.2	Deferred tax liabilities	V-I-13	4,177	2,373	6,550	4,009	2,667	6,676
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	1,676,294	1,676,294	-	1,630,188	1,630,188
XVI.	EQUITY		11,555,185	590,693	12,145,878	11,107,708	721,289	11,828,997
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		936,412	424,323	1,360,735	944,141	555,621	1,499,762
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	156,584	424,323	580,907	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		1,779	-	1,779	1,779	-	1,779
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		7,209,383	73,716	7,283,099	5,837,547	75,980	5,913,527
16.3.1	Legal reserves		898,393	5,362	903,755	749,617	4,324	753,941
16.3.2	Status reserves		6,337	-	6,337	5,050	-	5,050
16.3.3	Extraordinary reserves		5,995,015	4,593	5,999,608	4,797,750	4,593	4,802,343
16.3.4	Other profit reserves		309,638	63,761	373,399	285,130	67,063	352,193
16.4	Profit or loss		542,103	68,914	611,017	1,452,150	65,939	1,518,089
16.4.1	Previous years' profit/loss		(20,563)	64,901	44,338	45,047	49,591	94,638
16.4.2	Current year's profit/loss		562,666	4,013	566,679	1,407,103	16,348	1,423,451
16.5	Non-controlling interest		367,287	23,740	391,027	373,870	23,749	397,619
TOTAL LIABILITIES AND EQUITY			72,584,157	37,650,612	110,234,769	70,633,644	37,405,768	108,039,412

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Off-Balance Sheet Items

Convenience Translation of the Consolidated Financial Statements

As at 31 March 2013

and Related Disclosures and Footnotes

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

Originally Issued in Turkish, See Section 3 Note I

	Notes	Reviewed Current Period 31 March 2013			Audited Previous Year 31 December 2012		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		52,440,881	38,174,584	90,615,465	48,138,895	34,442,488	82,581,383
I. GUARANTEES AND SURETIES	V-III-2	10,872,687	7,257,950	18,130,637	10,554,546	6,696,491	17,251,037
1.1 Letters of guarantee	V-III-1	10,842,067	2,590,386	13,432,453	10,520,455	2,120,048	12,640,503
1.1.1 Guarantees subject to State Tender Law		1,536,431	1,505,335	3,041,766	1,556,195	1,172,213	2,728,408
1.1.2 Guarantees given for foreign trade operations		339,112	-	339,112	379,638	-	379,638
1.1.3 Other letters of guarantee		8,966,524	1,085,051	10,051,575	8,584,622	947,835	9,532,457
1.2 Bank acceptances		19,573	580,971	600,544	19,554	786,278	805,832
1.2.1 Import letter of acceptance		-	48,142	48,142	-	36,632	36,632
1.2.2 Other bank acceptances		19,573	532,829	552,402	19,554	749,646	769,200
1.3 Letters of credit		1,298	4,077,738	4,079,036	693	3,774,016	3,774,709
1.3.1 Documentary letters of credit		1,298	4,077,738	4,079,036	693	3,774,016	3,774,709
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,436	1,436	-	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		9,749	6,082	15,831	13,844	11,910	25,754
1.8 Other guarantees		-	1,119	1,119	-	1,104	1,104
1.9 Other sureties		-	218	218	-	430	430
II. COMMITMENTS		37,859,412	17,177,725	55,037,137	34,404,641	16,294,339	50,698,980
2.1 Irrevocable commitments		14,380,871	1,019,070	15,399,941	12,369,462	1,089,293	13,458,755
2.1.1 Asset purchase commitments	V-III-1	417,165	835,119	1,252,284	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	6,616,776	7,433	6,624,209	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	1,254,156	-	1,254,156	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	5,520,004	-	5,520,004	4,938,035	-	4,938,035
2.1.10 Commitments for credit card and banking operations promotions		336,576	-	336,576	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		236,194	176,518	412,712	206,849	200,589	407,438
2.2 Revocable commitments		23,478,541	16,158,655	39,637,196	22,035,179	15,205,046	37,240,225
2.2.1 Revocable loan granting commitments		23,478,541	16,158,655	39,637,196	22,035,179	15,205,046	37,240,225
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		3,708,782	13,738,909	17,447,691	3,179,708	11,451,658	14,631,366
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		3,708,782	13,738,909	17,447,691	3,179,708	11,451,658	14,631,366
3.2.1 Forward foreign currency purchases/sales		851,225	943,618	1,794,843	335,127	580,218	915,345
3.2.1.1 Forward foreign currency purchases		425,865	471,821	897,686	167,612	290,134	457,746
3.2.2.2 Forward foreign currency sales		425,360	471,797	897,157	167,515	290,084	457,599
3.2.2 Currency and interest rate swaps		2,571,983	10,144,356	12,716,339	2,418,898	8,548,598	10,967,496
3.2.2.1 Currency swaps-purchases		1,104,628	4,965,653	6,070,281	939,499	3,966,967	4,906,466
3.2.2.2 Currency swaps-sales		1,467,355	2,210,735	3,678,090	1,479,399	1,654,769	3,134,168
3.2.2.3 Interest rate swaps-purchases		-	1,483,984	1,483,984	-	1,463,431	1,463,431
3.2.2.4 Interest rate swaps-sales		-	1,483,984	1,483,984	-	1,463,431	1,463,431
3.2.3 Currency, interest rate and security options		285,574	332,433	618,007	425,683	650,910	1,076,593
3.2.3.1 Currency call options		142,575	166,179	308,754	212,841	325,454	538,295
3.2.3.2 Currency put options		142,575	166,252	308,827	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		212	2	214	-	2	2
3.2.3.6 Security put options		212	-	212	-	-	-
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		-	2,318,502	2,318,502	-	1,671,932	1,671,932
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		589,133,262	156,819,493	745,952,755	520,142,409	149,801,020	669,943,429
IV. ITEMS HELD IN CUSTODY		216,295,325	1,350,745	217,646,070	164,855,739	1,662,037	166,517,776
4.1 Customers' securities held		327,229	17,557	344,786	33,686	17,314	51,000
4.2 Investment securities held in custody		208,926,214	4,278	208,930,492	157,929,261	373,569	158,302,830
4.3 Checks received for collection		5,732,568	632,470	6,365,038	5,334,631	606,676	5,941,307
4.4 Commercial notes received for collection		975,541	240,791	1,216,332	954,298	224,610	1,178,908
4.5 Other assets received for collection		2,152	72	2,224	2,152	71	2,223
4.6 Assets received through public offering		-	5,304	5,304	-	5,231	5,231
4.7 Other items under custody		309	194,487	194,796	309	202,904	203,213
4.8 Custodians		331,312	255,786	587,098	601,402	231,662	833,064
V. PLEDGED ITEMS		123,525,738	39,929,324	163,455,062	117,754,980	38,351,806	156,106,786
5.1 Securities		199,586	33,870	233,456	334,204	26,537	360,741
5.2 Guarantee notes		677,199	104,967	782,166	668,146	98,231	766,377
5.3 Commodities		20,192,223	616,467	20,808,690	19,180,436	624,899	19,805,335
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		96,000,987	31,766,732	127,767,719	91,069,499	30,568,630	121,638,129
5.6 Other pledged items		5,637,497	7,259,582	12,897,079	5,723,364	6,887,220	12,610,584
5.7 Pledged items-depository		818,246	147,706	965,952	779,331	146,289	925,620
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		249,312,199	115,539,424	364,851,623	237,531,690	109,787,177	347,318,867
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		641,574,143	194,994,077	836,568,220	568,281,304	184,243,508	752,524,812

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Income
For the Three-Month Period Ended 31 March 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 31 March 2013	Reviewed Prior Period 31 March 2012
I. INTEREST INCOME		2,360,364	2,145,779
1.1 Interest income from loans	V-IV-1	1,859,412	1,583,933
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	21,559	23,517
1.4 Interest income from money market transactions		462	1,168
1.5 Interest income from securities portfolio	V-IV-1	444,039	467,170
1.5.1 Trading financial assets	V-IV-1	11,851	12,924
1.5.2 Financial assets designated at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets	V-IV-1	300,266	309,402
1.5.4 Held-to-maturity investments	V-IV-1	131,922	144,844
1.6 Finance lease income		14,390	9,278
1.7 Other interest income		20,502	60,713
II. INTEREST EXPENSE		990,398	1,268,697
2.1 Interest expense on deposits	V-IV-2	762,329	1,055,656
2.2 Interest expense on funds borrowed	V-IV-2	37,849	49,129
2.3 Interest expense on money market transactions		62,370	107,468
2.4 Interest expense on securities issued	V-IV-2	44,362	19,047
2.5 Other interest expenses		83,488	37,397
III. NET INTEREST INCOME (I – II)		1,369,966	877,082
IV. NET FEES AND COMMISSIONS INCOME		167,726	90,241
4.1 Fees and commissions received		233,705	149,838
4.1.1 Non-cash loans		29,653	21,900
4.1.2 Others		204,052	127,938
4.2 Fees and commissions paid		65,979	59,597
4.2.1 Non-cash loans		146	68
4.2.2 Others		65,833	59,529
V. DIVIDEND INCOME		11,985	6,478
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	86,900	108,273
6.1 Trading account income/losses	V-IV-3	58,427	17,127
6.2 Income/losses from derivative financial instruments	V-IV-3	17,966	38,010
6.3 Foreign exchange gains/losses	V-IV-3	10,507	53,136
VII. OTHER OPERATING INCOME	V-IV-4	410,406	353,278
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,046,983	1,435,352
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	537,193	276,533
X. OTHER OPERATING EXPENSES (-)	V-IV-6	818,539	670,375
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		691,251	488,444
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		7,289	7,091
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		698,540	495,535
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(131,593)	(106,634)
16.1 Current tax charges	V-IV-7	(144,941)	(70,007)
16.2 Deferred tax credits	V-IV-7	13,348	(36,627)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	566,947	388,901
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)		566,947	388,901
23.1. Equity holders of the Bank	V-IV-8	566,679	389,418
23.2. Non-controlling interest		268	(517)
Earnings per 100 Share (full TL)	III-XXIV	0.2268	0.1556

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Gains and Losses Recognized in Equity
For the Three-Month Period Ended 31 March 2013
(Currency: Thousands of Turkish Lira ("TL"))

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

	Reviewed Current Period 31 March 2013	Reviewed Prior Period 31 March 2012
GAINS AND LOSSES RECOGNIZED IN EQUITY		
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(152,480)	148,137
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	(3,669)	(5,713)
V. GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)	-	-
VI. GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS	-	-
VIII. OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS	(1,023)	(1,729)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	7,386	(37,189)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(149,786)	103,506
XI. CURRENT PERIOD'S PROFIT/(LOSS)	566,947	388,901
11.1 Change in fair value of securities (transfers to the statement of income)	72,747	205
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	494,200	388,696
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	417,161	492,407

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Changes in Equity
For the Three-Month Period Ended 31 March 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
CHANGES IN EQUITY																			
Prior period – 31 March 2011																			
I.	Balances at the beginning of the period	2,500,000	-	726,722	-	627,279	3,980	3,790,079	332,657	1,304,314	29,286	(90,954)	14,010	1,779	-	-	9,239,152	359,050	9,598,202
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	103,325	-	-	-	-	103,325	3,648	106,973
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	-	-	-	(5,142)	-	-	-	-	-	-	-	(5,142)	(571)	(5,713)
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Group's equity	-	-	-	-	-	-	-	-	7,091	-	1,943	-	-	-	-	9,034	303	9,337
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(996)	(996)
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(996)	(996)
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's profit/loss	-	-	-	-	-	-	-	-	382,327	-	-	-	-	-	-	382,327	(517)	381,810
XVIII.	Profit distribution	-	-	-	-	126,265	1,070	1,017,628	25,524	(1,304,314)	60,385	-	36,442	-	-	-	(37,000)	(608)	(37,608)
18.1	Dividends	-	-	-	-	-	-	-	-	(37,000)	-	-	-	-	-	-	(37,000)	(608)	(37,608)
18.2	Transferred to reserves	-	-	-	-	126,265	1,070	1,017,628	25,524	(1,267,314)	60,385	-	36,442	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,722	-	753,544	5,050	4,807,707	353,039	389,418	89,671	14,314	50,452	1,779	-	-	9,691,696	360,309	10,052,005
Current period – 31 March 2012																			
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
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of marketable securities	-	-	-	-	-	-	-	-	-	-	(137,905)	-	-	-	-	(137,905)	(6,271)	(144,176)
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	-	-	-	-	-	-	-	(3,302)	-	-	-	-	-	-	-	(3,302)	(367)	(3,669)
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Group's equity	-	-	-	-	-	-	-	-	7,289	-	(1,999)	-	-	-	-	5,290	58	5,348
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's profit/loss	-	-	-	-	-	-	-	-	559,390	-	-	-	-	-	-	559,390	268	559,658
XVIII.	Profit distribution	-	-	-	-	149,814	1,287	1,197,265	24,508	(1,423,451)	(50,300)	-	877	-	-	-	(100,000)	(280)	(100,280)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(280)	(100,280)
18.2	Transferred to reserves	-	-	-	-	149,814	1,287	1,197,265	24,508	(1,323,451)	(50,300)	-	877	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,720	-	903,755	6,337	5,999,608	373,399	566,679	44,338	580,907	51,329	1,779	-	-	11,754,851	391,027	12,145,878

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Statement of Cash Flows

For the Three-Month Period Ended 31 March 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 31 March 2013	Reviewed Previous Period 31 March 2012
A. CASH FLOWS FROM BANKING OPERATIONS		
I.1 Operating profit before changes in operating assets and liabilities	1,110,039	539,179
1.1.1 Interests received	2,436,416	1,985,549
1.1.2 Interests paid	(954,335)	(1,175,230)
1.1.3 Dividends received	11,056	886
1.1.4 Fee and commissions received	233,705	149,838
1.1.5 Other income	253,317	163,019
1.1.6 Collections from previously written-off loans and other receivables	120,309	115,159
1.1.7 Payments to personnel and service suppliers	(833,408)	(781,464)
1.1.8 Taxes paid	(163,597)	(16,580)
1.1.9 Others	6,576	98,002
I.2 Changes in operating assets and liabilities	(2,763,618)	1,827,907
1.2.1 Net (increase) decrease in financial assets held for trading purpose	(33,987)	31,100
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	(1,617,305)	(268,422)
1.2.4 Net (increase) decrease in loans	(2,217,058)	(2,893,856)
1.2.5 Net (increase) decrease in other assets	(69,775)	98,181
1.2.6 Net increase (decrease) in bank deposits	(610,263)	(794,856)
1.2.7 Net increase (decrease) in other deposits	(1,205,510)	5,589,900
1.2.8 Net increase (decrease) in funds borrowed	292,456	(2,144,635)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	2,697,824	2,210,495
I. Net cash flow from banking operations	(1,653,579)	2,367,086
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(277,405)	64,743
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(25,067)	(14,201)
2.4 Proceeds from disposal of tangible assets	67,840	18,982
2.5 Cash paid for purchase of available-for-sale financial assets	(1,120,435)	(605,925)
2.6 Proceeds from disposal of available-for-sale financial assets	807,720	644,892
2.7 Cash paid for purchase of held-to-maturity investments	(35,600)	(51,475)
2.8 Proceeds from disposal of held-to-maturity investments	35,600	77,071
2.9 Others	(7,463)	(4,601)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	562,785	424,040
3.1 Cash obtained from funds borrowed and securities issued	1,468,956	920,600
3.2 Cash used for repayment of funds borrowed and securities issued	(906,171)	(496,581)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Re-payments for finance leases	-	21
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	(2,745)	2,261
V. Net decrease in cash and cash equivalents	(1,370,944)	2,858,130
VI. Cash and cash equivalents at the beginning of the year	5,375,797	5,006,075
VII. Cash and cash equivalents at the end of the period	4,004,853	7,864,205

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”).

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

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

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

The Bank’s core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

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

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

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 three-month period ended 31 March 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 and 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 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to 24 May 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at 31 March 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 Bank held on 8 September 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at 31 March 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 three-month period ended 31 March 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:

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

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

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

XIV. Information on investment properties

Investment property is a property held either to earn rental income or for capital appreciation or for both.

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

XV. Information on leasing activities

Finance leasing activities as the lessee

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

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

Finance leasing activities as the lessor

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

Operational leases

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

XVI. Information on provisions and contingent liabilities

In the consolidated financial statements, a provision is booked for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the consolidated financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in consolidated financial statements but are assessed continuously to ensure that related updates are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

XVII. Information on obligations of the Group concerning employee rights

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the 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 31 March 2013 is TL 3,129 (full TL) (31 December 2012: TL 3,034 (full TL)).

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

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

	Current Period	Previous Year
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 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

Deferred taxes

According to the TAS 12 – *Income Taxes*; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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

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

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Investment incentive

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

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

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

The clause “The amount which to be deducted as investment incentive to estimate tax base can not exceed 25% of related income” which has been added to first clause of the temporary 69th article of Law No: 193 with the 5th article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the 9 February 2012 dated decisions no: E.2010/93 and K.2012/20. Accordingly, the Group’s subsidiary operating in finance lease sector have taken these effects into account while arranging corporate tax declaration for the year 2011.

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 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 31 March 2013, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 271,746 (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 three-month period 31 March 2013, earning per 100 shares is full TL 0.2268 (31 March 2012:full TL 0.1556).

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 31 March 2013 the Bank's consolidated capital adequacy ratio is 15.41% (31 December 2012: 15.56%) (The Parent Bank: 15.94% (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".

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and
For the Three-Month Period 31 March 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

Information on consolidated capital adequacy ratio

	Unconsolidated Risk Weights – 31 March 2013								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Surplus credit risk weighted	36,583,943	-	6,774,795	27,646,094	20,175,114	33,201,715	2,272,482	5,804,502	-
Risk classifications:									
Claims on sovereigns and Central Banks	30,460,197	-	-	3,662,691	-	-	-	-	-
Claims on regional governments or local authorities	14,800	-	959,209	146,213	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	54,784	-	-	-	-	28,354	-	-	-
Claims on multilateral development banks	155	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,337,687	-	5,799,742	2,143,804	-	3,215	-	-	-
Claims on corporate	750,098	-	-	-	-	28,553,614	-	-	-
Claims included in the regulatory retail portfolios	165,089	-	-	-	20,175,114	-	-	-	-
Claims secured by residential property	-	-	-	21,693,386	-	833,310	-	-	-
Past due loans	-	-	-	-	-	358,437	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,272,482	5,804,502	-
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	801,133	-	15,844	-	-	3,424,785	-	-	-

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)	6,282,303	6,069,014
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	50,664	48,413
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	655,046	587,602
Shareholders' equity	13,920,459	13,527,730
Shareholders' equity/ ((I+II+III)*12.5*100)	15.94%	16.14%

(*) 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 gross incomes for the years ended 31 December 2011, 2010 and 2011 into consideration. For the year 2013, value at operational risk is being calculated based on average of gross incomes for the years ended 31 December 2012, 2011 and 2010.

Information on consolidated capital adequacy ratio

	Consolidated Risk Weights – 31 March 2013								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Surplus credit risk weighted	36,772,142	-	7,461,511	28,294,509	20,311,164	34,778,173	2,272,482	5,804,502	-
Risk classifications:									
Claims on sovereigns and Central Banks	30,604,967	-	-	3,714,184	-	-	-	-	-
Claims on regional governments or local authorities	14,800	-	959,209	192,512	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	54,784	-	-	-	-	28,354	-	-	-
Claims on multilateral development banks	155	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,337,689	-	6,245,677	2,694,427	-	39,846	-	-	-
Claims on corporate	750,097	-	240,781	-	-	30,833,546	-	-	-
Claims included in the regulatory retail portfolios	165,089	-	-	-	20,311,164	-	-	-	-
Claims secured by residential property	-	-	-	21,693,386	-	833,310	-	-	-
Past due loans	-	-	-	-	-	397,615	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,272,482	5,804,502	-
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	844,561	-	15,844	-	-	2,645,502	-	-	-

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)	6,453,506	6,239,279
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	70,602	64,811
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	764,882	685,147
Shareholders' equity	14,036,854	13,595,507
Shareholders' equity/ ((I+II+III)*12.5*100)	15.41%	15.56%

(*) 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 gross incomes for the years ended 31 December 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 ended 31 December 2012, 2011 and 2010.

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Information about the shareholder equity items:

	Current Period	Prior Period
CORE CAPITAL		
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	7,283,099	5,913,527
Adjustments to legal reserves	-	-
Profit	611,017	1,518,089
Net Current period profit	566,679	1,423,451
Prior period profit	44,338	94,638
Provision for possible losses up to 25% of core capital	75,767	92,887
Profit on sale of associates, subsidiaries and buildings	51,329	50,452
Primary subordinated loans	-	-
Minority shares	319,959	320,280
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	64,145	68,567
Intangible Assets (-)	104,641	100,036
Deferred-Asset for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3 rd paragraph) of the (-)	-	-
Goodwill (Net)	-	-
Total Core Capital	11,399,105	10,953,352
SUPPLEMENTARY CAPITAL		
General Reserves	1,016,723	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	1,779	1,779
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loan	1,642,427	1,619,541
45% of value increase fund of financial assets available for sale and associates and subsidiaries	261,409	324,365
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	32,027	34,849
Total Supplementary Capital	2,954,365	2,936,593
CAPITAL	14,353,470	13,889,945
DEDUCTIONS FROM CAPITAL	316,616	294,438
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	171,015	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	145,437	123,528
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Other	164	218
TOTAL EQUITY	14,036,854	13,595,507

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

	Amount
(I) Capital to be employed for general market risk	11,685
(II) Capital to be employed for specific risk	8,738
Capital to be employed for specific risk in securitisation positions- Standard Method	-
(III) Capital to be employed for currency risk	47,528
(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	2,651
(VIII) Capital to be employed for general market risk	-
(IX) Total capital to be employed for market risk (I+II+III+IV+V+VI)	70,602
(X) Amount subject to market risk (12.5 x VIII) ya da (12.5 x IX)	882,525

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 31 March 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
The Bank's foreign currency purchase rate at the balance sheet date	1.8050	2.3122
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.7700	2.2665
Day 2	1.7800	2.2871
Day 3	1.7800	2.2916
Day 4	1.7800	2.3197
Day 5	1.7800	2.2958
Last 30-days arithmetical average rate	1.7665	2.3036

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Information on currency risk

Current Period	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	3,277,278	5,195,837	3,064,474	11,537,589
Banks	172,656	831,223	39,401	1,043,280
Financial assets at fair value through profit or loss ⁽¹⁾	4,912	79,395	-	84,307
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	964,088	2,830,985	-	3,795,073
Loans and receivables ⁽²⁾	7,224,918	12,353,948	44,607	19,623,473
Associates, subsidiaries and joint-ventures	3	-	-	3
Held-to-maturity investments	6,992	56,052	-	63,044
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,384	2,011	-	3,395
Intangible assets	65	135	-	200
Other assets ^{(3) (4)}	508,641	492,088	5,385	1,006,114
Total assets	12,160,937	21,841,674	3,153,867	37,156,478
Liabilities:				
Bank deposits	926,502	1,373,627	1,521	2,301,650
Foreign currency deposits	7,319,345	8,079,031	985,493	16,383,869
Interbank money market takings	519,253	6,056,902	-	6,576,155
Funds borrowed	3,734,871	4,443,562	21,421	8,199,854
Securities issued	-	917,159	-	917,159
Miscellaneous payables	134,621	53,968	2,959	191,548
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ^{(1) (5)}	83,375	2,368,762	2,872	2,455,009
Total liabilities	12,717,967	23,293,011	1,014,266	37,025,244
Net ‘on balance sheet’ position	(557,030)	(1,451,337)	2,139,601	131,234
Net ‘off-balance sheet’ position	796,815	1,826,236	(2,147,491)	475,560
Derivative assets ⁽⁶⁾	1,451,339	5,789,738	283,717	7,524,794
Derivative liabilities ⁽⁶⁾	654,524	3,963,502	2,431,208	7,049,234
Non-cash loans ⁽⁷⁾	1,323,765	5,635,033	299,152	7,257,950
Previous Year				
Total assets	12,393,687	21,833,713	2,572,431	36,799,831
Total liabilities	11,958,995	23,794,086	898,483	36,651,564
Net on balance sheet position	434,692	(1,960,373)	1,673,948	148,267
Net off-balance sheet position	(333,160)	2,344,524	(1,676,440)	334,924
Derivative assets	744,260	5,427,272	161,987	6,333,519
Derivative liabilities	1,077,420	3,082,748	1,838,427	5,998,595
Non-cash loans ⁽⁷⁾	1,357,615	5,040,781	298,095	6,696,491

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

⁽²⁾ Foreign currency indexed loans amounting to TL 1,746,649 (31 December 2012: TL 1,736,458) presented in TL in the financial statements are included in the above table.

⁽³⁾ Foreign currency indexed factoring receivables amounted to TL 38,008 (31 December 2012: TL 21,726) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁴⁾ Prepaid expenses amounting to TL 20,607 (31 December 2012: TL 25,151) are not included.

⁽⁵⁾ Unearned income amounting to TL 24,985 (31 December 2012: TL 22,900) and deferred tax liabilities amounted to TL 2,373 (31 December 2012: TL 2,667) are not included.

⁽⁶⁾ Asset purchase commitments amounting to TL 437,155 (31 December 2012: TL 287,531, asset sales commitments amounting to TL 397,964 (31 December 2012: TL 592,925) and gold purchase swaps amounting to TL 2,318,502 (31 December 2012: TL 1,671,932) are included.

⁽⁷⁾ 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 nine-month periods ended 31 March 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.

	31 March 2012		31 March 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	37,275	37,275	15,493	29,188
EUR	16,856	38,422	(15,249)	6,547
Other currencies	(789)	(789)	707	707
Total, net	53,342	74,908	951	36,442

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

10 percent revaluation of the TL against the following currencies as at and for the nine-month periods ended 31 March 2013 and 2012 would effect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	31 March 2013		31 March 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(35,640)	(35,640)	(13,114)	(26,809)
Euro	(16,856)	(38,422)	15,249	(6,547)
Other currencies	1,543	1,543	170	170
Total, net	(50,953)	(72,519)	2,305	(33,186)

(*) 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)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	-	-	-	-	-	13,557,016	13,557,016
Banks	1,121,679	178,189	71,086	-	-	308,830	1,679,784
Financial assets at fair value through profit/loss	21,875	64,284	80,071	158,838	10,514	5,386	340,968
Interbank money market placements	4,515	-	-	-	-	-	4,515
Available-for-sale financial assets	3,551,540	2,528,684	4,171,059	1,824,347	2,378,362	12,384	14,466,376
Loans and receivables	23,336,827	8,460,498	17,324,361	13,840,248	7,588,593	397,615	70,948,142
Held-to-maturity investments	1,036,915	694,152	615,182	697,685	1,189,548	-	4,233,482
Other assets (*)	35,872	118,941	224,287	553,722	10,823	4,060,841	5,004,486
Total assets	29,109,223	12,044,748	22,486,046	17,074,840	11,177,840	18,342,072	110,234,769
<i>Liabilities:</i>							
Bank deposits	2,248,561	1,093,506	71,280	-	-	27,577	3,440,924
Other deposits	35,193,895	12,118,344	4,311,625	579,018	12,638	10,913,926	63,129,446
Interbank money market takings	9,449,292	1,294,924	226,926	672,439	-	-	11,643,581
Miscellaneous payables	-	-	-	-	-	2,435,806	2,435,806
Securities issued	25,929	845,954	1,209,409	866,214	-	-	2,947,506
Funds borrowed	2,179,574	2,669,895	3,001,062	198,320	344,212	-	8,393,063
Other liabilities (**)	59,761	4,710	88,340	428,139	1,321,476	16,342,017	18,244,443
Total liabilities	49,157,012	18,027,333	8,908,642	2,744,130	1,678,326	29,719,326	110,234,769
On balance sheet long position	-	-	13,577,404	14,330,710	9,499,514	-	37,407,628
On balance sheet short position	(20,047,789)	(5,982,585)	-	-	-	(11,377,254)	(37,407,628)
Off-balance sheet long position	676,842	1,680,624	22,107	298,487	37,381	-	2,715,441
Off-balance sheet short position	(171,442)	(202,675)	(281,322)	(1,322,167)	(669,131)	-	(2,646,737)
Position, Net	(19,542,389)	(4,504,636)	13,318,189	13,307,030	8,867,764	(11,377,254)	68,704

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

(*) 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	0.71	0.34	-	7.42
Financial assets at fair value through profit/loss	10.78	1.12	-	4.98
Interbank money market placements	-	-	-	6.68
Available-for-sale financial assets	5.25	7.06	-	7.36
Loans and receivables	4.62	5.15	-	14.44
Held-to-maturity investments	6.50	1.05	-	9.47
<i>Liabilities:</i>				
Bank deposits	1.22	1.03	-	6.68
Other deposits	2.70	2.39	-	6.58
Interbank money market takings	0.40	1.21	-	6.34
Miscellaneous payables	-	-	-	-
Securities issued	-	5.75	-	6.77
Funds borrowed	1.32	1.96	-	8.95

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Previous Year	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
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
Liabilities:				
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:

Currency Unit	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TL	500 / (400)	(2,121,369) / 2,146,606	(%15.2) / %15.4
2. EURO	200 / (200)	(24,521) / 28,196	(%0.18) / %0.2
3. USD	200 / (200)	282,484 / (261,836)	%2.0 / (%1.9)
Total (For Negative Shocks)	-	1,912,966	13.70%
Total (For Positive Shocks)	-	(1,863,406)	(13.38%)

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 strategical 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
Stocks quoted in exchange			
1. Investments for quoted securities - Group A	-	-	-
2. Investments for quoted securities - Group B	-	-	-
3. Investments for quoted securities - Group C	-	-	-
Stocks quoted in exchange	214,300	214,300	-

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	-	(31,354)	-	-	-
4. Total	-	(31,354)	-	-	-

(*) 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 31 March 2013, makes an effect of TL 163 on equity of the Group (31 March 2012: TL 154).

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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:

Current Period	Demand	Upto 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed^(*)	Total
<i>Assets:</i>								
Cash and balance with CBT	13,557,016	-	-	-	-	-	-	13,557,016
Banks	660,770	769,739	178,189	71,086	-	-	-	1,679,784
Financial assets at fair value through profit/loss	5,202	14,324	15,704	116,418	175,797	10,514	3,009	340,968
Interbank money market placements	-	4,515	-	-	-	-	-	4,515
Available-for-sale financial assets	-	134,703	801,313	2,410,401	6,904,253	4,203,322	12,384	14,466,376
Loans and receivables	-	5,626,380	463,355	12,584,732	34,058,517	17,817,543	397,615	70,948,142
Held-to-maturity investments	-	631,885	389,180	920,154	1,063,390	1,228,873	-	4,233,482
Other assets	-	595,769	182,927	238,905	736,470	32,050	3,218,365	5,004,486
Total assets	14,222,988	7,777,315	2,030,668	16,341,696	42,938,427	23,292,302	3,631,373	110,234,769
<i>Liabilities:</i>								
Bank deposits	27,577	2,248,561	1,093,506	71,280	-	-	-	3,440,924
Other deposits	10,913,926	35,193,895	12,118,344	4,311,625	579,018	12,638	-	63,129,446
Funds borrowed	-	1,807,298	652,696	2,566,167	1,987,971	1,378,931	-	8,393,063
Interbank money market takings	-	9,449,292	1,294,924	226,926	672,439	-	-	11,643,581
Securities issued	-	26,391	845,492	1,209,409	866,214	-	-	2,947,506
Miscellaneous payables	-	2,042,283	92,652	58,126	989	-	241,756	2,435,806
Other liabilities	-	277,811	161,633	51,888	446,268	1,340,968	15,965,875	18,244,443
Total liabilities	10,941,503	51,045,531	16,259,247	8,495,421	4,552,899	2,732,537	16,207,631	110,234,769
Liquidity (Gap)/Surplus	3,281,485	(43,268,216)	(14,228,579)	7,846,275	38,385,528	20,559,765	(12,576,258)	-
<i>Previous Year</i>								
Previous Year	Demand	Upto 1Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed^(*)	Total
Total assets	13,765,503	7,674,624	1,220,162	15,938,944	43,740,945	22,271,662	3,427,572	108,039,412
Total liabilities	11,062,214	46,997,596	17,019,744	10,746,017	3,608,426	2,877,958	15,727,457	108,039,412
Liquidity (Gap)/Surplus	2,703,289	(39,322,972)	(15,799,582)	5,192,927	40,132,519	19,393,704	(12,299,885)	-

^(*) 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

Current period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	3,440,924	3,448,112	27,577	2,250,472	1,097,801	72,262	-	-
Other deposits	63,129,446	63,498,681	10,913,926	35,271,179	12,225,110	4,423,220	649,552	15,694
Funds borrowed	8,393,063	8,879,410	-	1,823,184	657,357	2,613,694	2,162,769	1,622,406
Money market takings	11,643,581	11,677,229	-	9,453,436	1,296,544	230,315	696,934	-
Issued Securities (Net)	2,947,506	3,205,185	-	26,489	854,059	1,240,509	1,084,128	-
Miscellaneous payables	2,435,806	2,435,806	241,756	2,042,283	92,652	58,126	989	-
Other liabilities	2,513,737	3,425,082	556,805	111,810	13,452	53,499	497,485	2,192,031
Total	94,504,063	96,569,505	11,740,064	50,978,853	16,236,975	8,691,625	5,091,857	3,830,131
Non-Cash Loans	18,130,637	18,130,637	8,037,845	495,793	1,607,036	4,809,669	2,549,183	631,111

Prior year	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	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
Total	92,629,043	93,759,922	11,729,531	46,912,839	17,012,617	10,940,116	4,080,534	3,084,285
Non-Cash Loans	17,251,037	17,251,037	7,631,920	1,136,877	1,567,553	4,183,700	2,047,339	683,648

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:

Risk Classification	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	34,319,151	2,621,348	-	-
Claims on regional governments or local authorities	1,166,521	3,558	-	-
Claims on administrative bodies and other non-commercial undertakings	83,138	51,319	-	-
Claims on multilateral development banks	155	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	13,317,639	4,334,697	-	-
Claims on corporates	31,824,424	337,219	-	-
Claims included in the regulatory retail portfolios	20,476,253	84	-	-
Claims secured by residential property	22,526,696	-	-	-
Past due loans	397,615	-	-	-
Higher risk categories decided by the Agency	8,076,984	-	-	-
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	3,505,907	-	-	-
Total	135,694,483	7,348,225	-	-

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.

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VII. Consolidated segment reporting

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

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

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

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

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	453,278	425,827	274,756	547,041	1,700,902
Undistributed expenses ^(*)	-	-	-	(1,021,636)	(1,021,636)
Operating profit	453,278	425,827	274,756	(474,595)	679,266
Income from associates	-	-	-	-	19,274
Income before taxes	-	-	-	-	698,540
Provision for taxes	-	-	-	-	(131,593)
Net profit	-	-	-	-	566,947
Segment assets	25,835,130	45,067,298	32,771,314	1,797,446	105,471,188
Investment in associates and subsidiaries	-	-	362,895	-	362,895
Undistributed assets	-	-	-	4,400,686	4,400,686
Total assets	25,835,130	45,067,298	33,134,209	6,198,132	110,234,769
Segment liabilities	26,775,129	39,795,241	22,439,876	800,823	89,811,069
Equity	-	-	-	12,145,878	12,145,878
Undistributed liabilities	-	-	-	8,277,822	8,277,822
Total liabilities and equity	26,775,129	39,795,241	22,439,876	21,224,523	110,234,769

^(*) Undistributed expenses consist of other interest income, short term employee benefit provisions, general loan loss provisions and other operating expenses.

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Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	332,416	144,934	367,292	460,502	1,305,144
Undistributed expenses ^(*)	-	-	-	(823,178)	(823,178)
Operating profit	332,416	144,934	367,292	(362,676)	481,966
Income from associates	-	-	-	-	13,569
Income before taxes	-	-	-	-	495,535
Provision for taxes	-	-	-	-	(106,634)
Net profit	-	-	-	-	388,901
Segment assets	24,370,526	44,896,307	32,130,389	1,842,746	103,239,968
Investment in associates and subsidiaries	-	-	363,501	-	363,501
Undistributed assets	-	-	-	4,435,943	4,435,943
Total assets	24,370,526	44,896,307	32,493,890	6,278,689	108,039,412
Segment liabilities	26,343,287	42,043,517	18,590,206	818,382	87,795,392
Equity	-	-	-	11,828,997	11,828,997
Undistributed liabilities	-	-	-	8,415,023	8,415,023
Total liabilities and equity	26,343,287	42,043,517	18,590,206	21,062,402	108,039,412

^(*) Undistributed expenses consist of other interest income, short term employee benefit provisions, general loan loss provisions and other operating expenses.

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	655,598	142,470	793,004	190,016
Central Bank of Turkey ^(*)	1,347,972	11,386,437	1,452,478	9,870,679
Others	15,857	8,682	4,464	20,853
Total	2,019,427	11,537,589	2,249,946	10,081,548

^(*) TL 9,392,091 (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 12.5% 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	1,347,972	550,346	1,449,530	693,866
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	1,444,000	2,948	1,068,000
Reserve Deposits	-	9,392,091	-	8,108,813
Total	1,347,972	11,386,437	1,452,478	9,870,679

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	43,599	8,686	53,119	10,022
Others	-	-	-	-
Total	43,599	8,686	53,119	10,022

Trading securities subject to repurchase agreements

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	1,488	-	983	-
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Others	-	-	-	-
Total	1,488	-	983	-

Trading purpose derivative financial assets

	Current Period		Previous Year	
	TL	FC	TL	FC
Forward transactions	9,731	1,051	2,063	2,047
Swap transactions	15,148	77,817	19,313	65,521
Futures	-	-	-	-
Options	33	639	208	273
Others	-	-	-	-
Total	24,912	79,507	21,584	67,841

3. Information on banks

	Current Period		Previous Year	
	TL	FC	TL	FC
Banks	636,504	1,043,280	740,354	1,916,136
Domestic	635,745	217,785	739,761	300,982
Foreign	759	825,495	593	1,615,154
Foreign head offices and branches	-	-	-	-
Total	636,504	1,043,280	740,354	1,916,136

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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	184,294	179,259	6,226	184,493
Others	-	-	-	-
Total	184,294	179,259	6,226	184,493

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Previous Year	
	TL	FC	TL	FC
Government bonds	6,197,212	-	4,504,521	53,640
Treasury bills	-	-	-	-
Other debt securities	-	3,163,414	-	3,292,531
Bonds issued or guaranteed by banks	-	-	-	42,563
Asset backed securities	-	-	-	-
Total	6,197,212	-	4,504,521	53,640

Information on available-for-sale financial assets

	Current Period		Previous Year	
	TL	FC	TL	FC
Debt securities		14,570,621		14,418,802
Quoted		14,570,621		14,418,802
Unquoted		-		-
Equity securities		12,384		12,246
Quoted		1,634		1,496
Unquoted		10,750		10,750
Provisions for impairment losses (-)		116,629		96,267
Total		14,466,376		14,334,781

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

	Current Period		Previous Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	37,979	-	37,919
Legal entities	-	37,979	-	37,919
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	72,675	23	68,881	34
Total	72,675	38,002	68,881	37,953

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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
Cash Loans						
		<i>Payment plan extensions</i>	<i>Other</i>		<i>Payment plan extensions</i>	<i>Other</i>
Non-specialized loans	67,029,447	291,042	-	2,696,016	510,678	-
Loans given to enterprises	17,304,953	180,165	-	874,830	212,548	-
Export loans	3,131,870	20,210	-	103,513	15,225	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,257,293	-	-	720	-	-
Consumer loans	21,784,487	88,296	-	923,837	211,720	-
Credit cards	3,278,216	-	-	152,336	7,240	-
Other	20,272,628	2,371	-	640,780	63,945	-
Specialized lending	14,651	-	-	-	-	-
Other receivables	8,693	-	-	-	-	-
Total	67,052,791	291,042	-	2,696,016	510,678	-

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	291,042	296,536
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	3,938	775
6 Ay- 12 Months	7,444	1,198
1-2 Years	38,495	13,900
2-5 Years	238,200	270,225
5 Years and Over	2,965	10,438

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

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

	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	323,804	21,764,961	22,088,765
Housing loans	5,918	10,999,054	11,004,972
Automobile loans	5,400	507,520	512,920
General purpose loans	231,892	6,972,452	7,204,344
Others	80,594	3,285,935	3,366,529
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Consumer loans – FC	3,627	3,656	7,283
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	3,627	3,656	7,283
Others	-	-	-
Retail credit cards – TL	2,683,449	2,616	2,686,065
With installment	1,452,778	2,616	1,455,394
Without installment	1,230,671	-	1,230,671
Retail credit cards – FC	1,167	-	1,167
With installment	-	-	-
Without installment	1,167	-	1,167
Personnel loans – TL	1,875	33,598	35,473
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,848	33,598	35,446
Others	27	-	27
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Personnel loans – FC	370	-	370
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	370	-	370
Others	-	-	-
Personnel credit cards – TL	36,759	-	36,759
With installment	18,125	-	18,125
Without installment	18,634	-	18,634
Personnel credit cards – FC	73	-	73
With installment	-	-	-
Without installment	73	-	73
Overdraft Checking Accounts – TL (Real persons)	876,382	-	876,382
Overdraft Checking Accounts – FC (Real persons)	67	-	67
Total	3,927,573	21,804,831	25,732,404

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Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based commercial loans – TL	637,076	12,332,265	12,969,341
Real estate loans	363	184,820	185,183
Automobile loans	20,278	1,330,058	1,350,336
General purpose loans	616,435	10,817,387	11,433,822
Others	-	-	-
Installment-based commercial loans – FC indexed	13,333	638,057	651,390
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	13,333	638,057	651,390
Others	-	-	-
Installment-based commercial loans – FC	316,277	2,192,399	2,508,676
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	311,576	836,095	1,147,671
Others	4,701	1,356,304	1,361,005
Corporate credit cards – TL	713,609	28	713,637
With installment	371,866	28	371,894
Without installment	341,743	-	341,743
Corporate credit cards – FC	91	-	91
With installment	-	-	-
Without installment	91	-	91
Overdraft Checking Accounts – TL (Corporate)	440,068	-	440,068
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	2,120,454	15,162,749	17,283,203

Allocation of domestic and overseas loans

	Current Period	Previous Year
Domestic loans	70,247,402	68,698,671
Overseas loans	303,125	310,229
Total	70,550,527	69,008,900

Loans to associates and subsidiaries

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

Specific provisions for loans

Specific Provisions	Current Period	Previous Year
Loans and receivables with limited collectibility	96,344	76,679
Loans and receivables with doubtful collectibility	629,055	519,895
Uncollectible loans and receivables	1,994,531	1,912,454
Total	2,719,930	2,509,028

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	56,566	68,441	66,005
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	56,566	68,441	66,005
Previous year	37,448	55,374	67,590
(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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the period	370,402	520,449	1,925,976
Additions (+)	439,462	16,665	17,795
Transfers from other categories of loans under follow-up (+) ^(*)	-	268,629	125,975
Transfers to other categories of loans under follow-up (-) ^(*)	291,832	143,049	12,624
Collections (-)	47,481	30,066	42,762
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	-
Currency differences	-	-	6
Balance at the end of the period	470,551	632,628	2,014,366
Specific provisions (-)	96,344	629,055	1,994,531
Net balance on balance sheet	374,207	3,573	19,835

^(*)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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
Balance at the end of the year	25,604	22,535	274,167
Specific provisions (-)	5,121	22,535	272,010
Net balance on balance sheet	20,483	-	2,157
Previous Year			
Balance at the end of the year	18,304	13,775	301,918
Specific provisions (-)	3,487	13,754	290,607
Net balance on balance sheet	14,817	21	11,311

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

Write-off policy for uncollectible loans and receivables

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

Loan customer concentration of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)			
Consumer and commercial loans (Gross)	440,560	621,959	1,913,736
Specific provisions (-)	88,112	621,959	1,911,579
Consumer and commercial loans (Net)	352,448	-	2,157
Banks (Gross)	-	-	7,077
Specific provisions (-)	-	-	7,077
Banks (Net)	-	-	-
Other loans and receivables (Gross)	29,991	10,669	93,553
Specific provisions (-)	8,232	7,096	75,875
Other loans and receivables (Net)	21,759	3,573	17,678
Previous Year (Net)			
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	4,170,438	-	4,198,301	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	8,833	-	9,312
Total	4,170,438	8,833	4,198,301	9,312

Information on held-to-maturity investment securities

	Current Period	Previous Year
Debt Securities	4,313,286	4,332,399
Quoted at stock exchanges	4,259,075	4,278,952
Unquoted at stock exchanges	54,211	53,447
Impairment losses (-)	79,804	71,339
Total	4,233,482	4,261,060

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	4,261,060	5,979,238
Foreign currency differences on monetary assets	668	(114,339)
Purchases during the period	35,600	210,825
Transfers to available for sale portfolio ^(*)	-	(1,474,294)
Disposals through sales/redemptions	(35,600)	(275,294)
Impairment losses	(8,465)	(29,209)
Change in amortized costs of the securities ^(**)	(19,781)	(35,867)
Balances at the end of the period	4,233,482	4,261,060

(*) 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	536,991	54,150	530,114	54,211
Investments subject to repurchase agreements	3,529,807	-	3,538,940	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	99,713	8,680	101,384	8,833
Total	4,166,511	62,830	4,170,438	63,044

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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 ^(*)	1,287,654	8,762	1,279,669	9,312
Total	4,166,511	62,162	4,198,301	62,759

^(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the "Others" line.

7. Investments in associates**Unconsolidated investments in associates**

Title	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Roketsan Roket Sanayi ve Ticaret AŞ	Ankara/TURKEY	9.93	9.93
2 Bankalararası Kart Merkezi AŞ	İstanbul/ TURKEY	9.70	9.70
3 Kredi Kayıt Bürosu AŞ	İstanbul/ TURKEY	9.09	9.09
4 Güçbirliği Holding AŞ	İzmir/ TURKEY	0.07	0.07
5 İzmir Enternasyonal Otelcilik AŞ	İstanbul/ TURKEY	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ	İstanbul/ TURKEY	4.86	5.28
7 Kredi Garanti Fonu AŞ	Ankara/ TURKEY	1.75	1.75
8 World Vakıf UBB Ltd.	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 27,080	19,881	14,819	142	13	282	2,485	-
3 84,370	56,141	46,387	509	-	5,365	7,881	-
4 128,178	5,869	89,610	91	-	(1,259)	1,066	-
5 100,596	35,119	95,987	-	-	(1,743)	4,155	-
6 3,501,964	343,248	18,832	20,970	-	15,338	13,489	-
7 264,286	235,077	3,986	12,004	-	3,675	5,867	-
8 1,485	(35,124)	-	1	-	(898)	(856)	-

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

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

İstanbul Takas ve Saklama Bankası AŞ and Kredi Garanti Fonu AŞ have not been consolidated since their total assets and net operating profit/(loss) individually or as a whole, do not comprise a material portion within the consolidated totals. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonel AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements.

Consolidated investments in associates

Title	Address (City/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkosa/NCTR	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ ^(*)	İstanbul/Turkey	8.38	8.38

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Years’ Profit/Loss	Fair Value
1 729,813	60,396	9,314	15,375	1,111	733	2,904	-
2 11,072,490	1,921,563	242,591	92,244	62,845	93,732	87,216	2,743,126

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Movement of consolidated investments in associates

	Current Period	Previous Year
Balance at the beginning of the period	217,563	128,267
Movements during the period	18,367	89,296
Acquisitions and capital increases	-	-
Bonus shares received	16,755	25,132
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	1,612	64,164
Impairment losses	-	-
Balance at the end of the period	235,930	217,563
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

Sectoral distribution of consolidated investments and associates

	Current Period	Previous Year
Banks	235,930	217,563
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	-	-
Total	235,930	217,563

Quoted associates

	Current Period	Previous Year
Quoted at domestic stock exchanges	229,807	211,444
Quoted at international stock exchanges	-	-
Total	229,807	211,444

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.

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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 Kıyetler Yat. Ort. AŞ
Paid in Capital	57,121	60,000	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	7,177	2,548	18,450	-	108,628	459	-	-	-
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	3,479	4,814	4,988	17,178	12,984	770	3,144	395
Extraordinary Reserves	-	35,542	3,788	21,999	19,246	32,856	4,063	47,630	-
Other Profit Reserves	66,024	-	2,308	-	-	-	-	-	16
Profit/Loss	88,007	4,346	5,611	11,924	(71,680)	41,294	452	7,039	(933)
<i>Prior Years' Profit/Loss</i>	83,548	5,402	698	10,281	(76,851)	34,639	-	5,903	(1,100)
<i>Current Years' Profit/Loss</i>	4,459	(1,056)	4,913	1,643	5,171	6,655	452	1,136	167
Minority Rights	-	65	-	-	-	-	-	-	-
Total Core Capital	224,287	106,333	70,108	90,142	242,613	124,708	8,301	194,171	14,589
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	224,287	106,333	70,108	90,142	242,613	124,708	8,301	194,171	14,589
NET AVAILABLE EQUITY	224,287	106,333	70,108	90,142	242,613	124,708	8,301	194,171	14,589

(*)The figures from reviewed BRSA financial statements as at 31 March 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 31 December 2012, 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	227,877	219,982	104,028	2,033	1	828	42	218,159
3	46,093	36,994	11,893	217	24	1,299	509	26,000
4	23,475	18,112	630	282	18	775	(76)	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 31 March 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	Istanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik AŞ	Istanbul/Turkey	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ	Istanbul/Turkey	78.39	86.97
4 Vakıf Finansal Kiralama AŞ	Istanbul/Turkey	58.71	64.40
5 Vakıf Yatırım Menkul Değerler AŞ	Istanbul/Turkey	99.00	99.44
6 Vakıfbank International AG	Vienna/Austria	90.00	90.00
7 Vakıf Portföy Yönetimi AŞ	Istanbul/Turkey	99.99	99.99
8 Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ	Istanbul/Turkey	11.75	21.77
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Istanbul/Turkey	27.63	29.47

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit / (Loss)	Prior Year's Profit / (Loss)	Fair Value
1	1,380,124	242,613	80,404	3,288	124	5,171	(2,644)	360,162
2	588,159	124,708	29,427	(10,314)	19,767	6,655	7,905	349,100
3	176,108	90,142	303	3,356	-	1,643	3,861	97,907
4	823,177	106,333	6,226	6,660	6	(1,056)	2,106	98,402
5	287,990	70,108	322	1,513	57	4,913	1,481	84,367
6	1,733,069	224,287	1,449	4,706	1,994	4,459	4,252	228,200
7	8,632	8,301	5	147	2	452	475	21,698
8	14,975	14,589	61	64	511	167	-	15,906
9	196,689	194,171	141,754	326	735	1,136	1,333	505,715

Movement table of consolidated investments in subsidiaries in unconsolidated financial statements

	Current Period	Previous Year
Balance at the beginning of the period	912,209	504,673
Movements during the period	(21,676)	339,866
Transfers	-	155,712
Acquisitions and capital increases	-	-
Bonus shares received	-	5,871
Share of current year profit	(15,257)	(14,389)
Sales and liquidations	-	-
Fair value changes	(6,419)	260,352
Impairment losses	-	-
Balance at the end of the period	890,533	912,209
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Subsequent to the approval of the decision to increase the paid-in capital by EUR 25,000,000 all in cash of Vakıf International AG, a subsidiary of the Parent Bank, from EUR 45,000,000 to EUR 70,000,000, by the General Assembly of the Company in 2012, the Bank has decided to fully utilize preemptive offer of shares and paid for the corresponding shares amounting to EUR 22,500,000 on 26 April 2013.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Parent Bank, from TL 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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Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period	Previous Year
Measured at cost	-	-
Measured at fair value	890,533	912,209
Equity method of accounting	-	-
Total	890,533	912,209

Sectoral distribution of consolidated investments in subsidiaries

	Current Period	Previous Year
Banks	205,380	205,380
Insurance companies	305,609	311,392
Factoring companies	76,750	76,752
Leasing companies	57,773	57,773
Financing companies	-	-
Other financial subsidiaries	245,021	260,912
Total	890,533	912,209

Quoted consolidated subsidiaries

	Current Period	Previous Year
Quoted at domestic stock exchanges	330,290	336,706
Quoted at international stock exchanges	-	-
Total	330,290	336,706

Consolidated subsidiaries disposed during the year

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

Consolidated investments in subsidiaries acquired during the period

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ ("Vakıf GYO"), an associate of the 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 associates as shares received.

The name of Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, a consolidated associate 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.

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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	299,058	252,989	323,945	277,830
Between 1-4 years	473,516	424,372	410,051	359,094
Longer than 4 years	43,097	40,934	42,696	39,995
Total	815,671	718,295	776,692	676,919

Net investments in finance lease receivables

	Current Period	Previous Year
Gross finance lease receivables	815,671	776,692
Unearned income on finance lease receivables (-)	(97,376)	(99,773)
Terminated lease contracts (-)	-	-
Net finance lease receivables	718,295	676,919

Finance lease agreements

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

11. Information on derivative financial instruments held for risk management purposes***Positive differences on derivative financial instruments held for risk management purposes***

None.

12. Information on investment properties

As at 31 March 2013, the Group has investment property amounting to TL 19,778 (31 December 2012: TL 19,464) in total which consists of for the subsidiaries operating in the insurance business.

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13. Information on deferred tax assets

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

	Current Period	Previous Year
Provision for employee termination benefits and unused vacations	63,766	61,564
Other provisions	56,770	47,237
Valuation differences of financial assets and liabilities	39,843	45,149
Valuation difference for associates and subsidiaries	28,662	28,531
Investment incentives	25,349	26,052
Tax losses carried forward	20,121	13,479
Reporting Standarts - Tax Code depreciation differences	14,241	13,005
Other differences	2,176	2,165
Deferred tax assets	250,928	237,182
Net-off of the deferred tax assets and liabilities from the same entity	(28,031)	(29,015)
Deferred tax assets, (net)	222,897	208,167

	Current Period	Previous Year
Valuation differences of financial assets and liabilities	25,776	28,908
Valuation difference for associates and subsidiaries	1,346	1,389
Other differences	7,459	5,394
Deferred tax liabilities	34,581	35,691
Net-off of the deferred tax assets and liabilities from the same entity	(28,031)	(29,015)
Deferred tax liabilities, (net)	6,550	6,676

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

As at 31 March 2013, net book value of assets held for sale of the Group is amounting to TL 2,271 (31 December 2012: TL 2,093).

15. Information on other assets

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

	Current Period	Previous Year
Receivables from reinsurance companies	490,541	482,067
Prepaid expenses	447,005	412,879
Receivables from credit cards	334,873	387,146
Receivables from insurance operations	294,791	272,070
Guarantees given for derivative financial instruments	119,868	134,520
Guarantees given for repurchase agreements	100,068	9,707
Deferred commission expenses	86,145	77,015
Receivables from term sale of assets	62,392	47,410
Others	70,998	101,692
Total	2,006,681	1,924,506

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II. Information and disclosures related to consolidated liabilities

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	2,327,513	-	262,173	12,685,453	1,907,550	369,510	106,501	-	17,658,700
Foreign currency deposits	1,622,301	-	1,144,790	7,704,370	1,551,951	710,505	2,717,225	-	15,451,142
Residents in Turkey	1,380,713	-	1,094,836	7,601,690	1,443,399	470,635	712,124	-	12,703,397
Residents in abroad	241,588	-	49,954	102,680	108,552	239,870	2,005,101	-	2,747,745
Public sector deposits	2,485,413	-	1,430,707	6,860,480	774,342	300,177	15,006	-	11,866,125
Commercial deposits	1,255,933	-	2,428,371	5,717,639	1,081,551	759,492	4,137	-	11,247,123
Others	2,290,039	-	730,629	1,876,525	668,608	393,436	14,392	-	5,973,629
Precious metal deposits	932,727	-	-	-	-	-	-	-	932,727
Bank deposits	27,577	-	1,663,136	903,978	410,419	425,380	10,434	-	3,440,924
Central Bank	263	-	-	-	-	-	-	-	263
Domestic banks	1,988	-	1,545,707	495,993	338,150	62,993	10,434	-	2,455,265
Foreign banks	21,251	-	117,429	407,985	72,269	362,387	-	-	981,321
Participation banks	4,075	-	-	-	-	-	-	-	4,075
Others	-	-	-	-	-	-	-	-	-
Total	10,941,503	-	7,659,806	35,748,445	6,394,421	2,958,500	2,867,695	-	66,570,370

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

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Previous Year	Current Period	Previous Year
Saving deposits	9,637,758	7,156,786	8,020,942	9,934,191
Foreign currency saving deposits	3,102,480	2,158,935	4,689,094	5,755,729
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	12,740,238	9,315,721	12,710,036	15,689,920

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Saving deposits out of insurance coverage limits

	Current Period	Previous Year
Deposits and other accounts at foreign branches	13,355	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	2,682	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***

	Current Period		Previous Year	
	TL	FC	TL	FC
Forwards	8,441	1,021	2,134	2,063
Swaps	6,262	181,240	4,853	190,187
Futures	-	-	-	-
Options	33	639	178	277
Total	14,736	182,900	7,165	192,527

3. Information on banks and other financial institutions

	Current Period		Previous Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	164,973	350,653	238,899	319,996
Foreign banks, institutions and funds	34,838	7,842,599	32,486	7,509,600
Total	199,811	8,193,252	271,385	7,829,596

Maturity information of funds borrowed

	Current Period		Previous Year	
	TL	FC	TL	FC
Short-term ^(*)	95,952	4,499,765	209,631	4,258,071
Medium and Long-term ^(*)	103,859	3,693,487	61,754	3,571,525
Total	199,811	8,193,252	271,385	7,829,596

^(*) 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 8.56% (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 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 was paid on 10 September 2012. This loan has been renewed with a syndicated loan at the amount of USD 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 INGBank N.V. on 18 September 2012.

On 28 March 2011, the Parent Bank has obtained syndication loan of USD 192.5 million and Euro 573.5 million with one year maturity at the cost Libor + 1.10% for USD and Euribor + 1.10% for EUR, with the participation of 34 banks under the coordination of West LB AG, the the loan was repaid on 29 March 2011. 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 555.17 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 18 January 2013, the Parent Bank has issued discounted bonds with nominal values of TL 250,000 and with 143 days maturity, 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 115,686, TL 734,314 and TL 150,000 with respect to the book-building process. As at 31 March 2013, the carrying amounts of the related bonds are TL 114,086, TL 696,221 and TL 137,192.

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 31 March 2013, the carrying amount of the bond is TL 302,156.

On 24 April 2012, the Parent Bank has issued the bond with a nominal value of USD 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 31 March 2013, the carrying amount of the bond is TL 917,159.

On 1 June 2012, the Parent Bank has issued floating-rate bond with monthly coupon payment with a nominal value of TL 200,000 and 374 days maturity. The nominal value of the bond is determined as TL 105,055 with respect to book-building process. As at 31 March 2013, the carrying amount of the related bond is TL 100,337.

On 27 July 2012, the Parent Bank has issued discounted bond with a nominal value of TL 200,000 and 318 days maturity. The nominal value of the bond is determined as TL 98,070 with respect to book-building process. As at 31 March 2013, the carrying amount of the related bond is TL 61,566.

On 27 November 2012, the Parent Bank has issued discounted bonds with nominal values of TL 400,000 and 171 days maturity and TL 150,000 and 346 days maturity. The nominal values of the bonds are determined as TL 615,375 and TL 53,373 with respect to book-building process. As at 31 March 2013, the carrying amounts of the related bonds are TL 570,362 and TL 49,543 respectively.

On 31 January 2012, the Parent 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 Parent Bank has issued discounted bonds with a nominal value of TL 500,000 and 179 days maturity. The bond has matured as at 27 September 2012.

On 27 July 2012, the Parent 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.

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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.

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

	Current Period	Prior period
Provisions for loans and receivables in Group I	860,974	786,341
-Additional provision for loans with extended payment plans	12,551	7,033
Provisions for loans and receivables in Group II	93,273	112,769
-Additional provision for loans with extended payment plans	8,421	9,331
Provisions for non-cash loans	59,039	53,713
Others	3,437	3,236
Total	1,016,723	956,059

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

As at 31 March 2013 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 21,189 (31 December 2012: TL 16,623) and has reflected the related foreign exchange loss amount in the consolidated financial statements by offsetting from related loans.

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

As of 31 March 2013, the Parent Bank has recorded TL 41,142 (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 31 March 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 75,767 (31 December 2012: TL 92,887) has been recognized as provisions for miscellaneous risks under other provisions in the accompanying financial statements.

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Information on other provisions exceeding 10% of total provisions

	Current Period	Previous Year
Provision for loans under follow-up	75,767	92,887
Provision for Competition Authority penalty(*)	61,630	61,630
Specific provisions for non-cash loans	41,142	36,173
Provision for World Vakıf UBB Ltd with regard to its negative equity	29,786	28,639
Provisions for lawsuits against the Group	14,957	16,581
Provision for cheques	11,787	8,185
Provisions for credit card promotions	8,474	8,571
Other provisions	44,462	42,292
Total	288,005	294,958

(*)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 $\frac{3}{4}$ amounting to TL 61,630 in 30 days following the notification, in accordance with the prevailing laws and regulations. As at 31 March 2013, the Bank has set aside provision for the mentioned penalty amounting to TL 61,630 in the accompanying unconsolidated financial statements.

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

As at and for the three-month period ended 31 March 2013, the tax liability of the Group is amounting to TL 148,181 (31 December 2012: TL 172,808).

Information on taxes payable

	Current Period	Previous Year
Corporate taxes payable	148,181	172,808
Taxation on securities	77,618	94,433
Capital gains tax on property	1,619	1,579
Banking and Insurance Transaction Tax (BITT)	37,346	39,530
Taxes on foreign exchange transactions	-	-
Value added tax payable	1,829	3,220
Others	42,441	28,421
Total	309,034	339,991

Information on premiums payable

	Current Period	Previous Year
Social security premiums- employee share	1,062	526
Social security premiums- employer share	1,884	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	829	497
Unemployment insurance- employer share	1,722	1,060
Others	555	130
Total	6,052	3,562

Information on deferred tax liabilities

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

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

None.

10. Information on subordinated loans

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.

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

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

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

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

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

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

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

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following year

None.

Previous period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the securities

	Current Period		Previous Year	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	(31,354)	-	(36,590)	-
Fair value differences of available-for-sale securities	187,938	424,323	201,780	555,621
Foreign exchange differences	-	-	-	-
Total	156,584	424,323	165,190	555,621

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

	Current Period	Previous Year
Commitments for credit card limits	5,520,004	4,958,548
Loan granting commitments	6,624,209	4,938,035
Commitments for cheque payments	1,254,156	1,154,273
Asset purchase commitments	1,252,284	1,694,352
Other	749,288	713,547
Toplam	15,399,941	13,458,755

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 41,142 (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 91,987 (31 December 2012: TL 82,825).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Previous Year
Provisional letters of guarantee	815,409	563,770
Final letters of guarantee	4,656,097	4,468,018
Letters of guarantee for advances	2,328,104	2,269,159
Letters of guarantee given to custom offices	339,112	379,638
Other letters of guarantee	5,293,731	4,959,918
Total	13,432,453	12,640,503

2. Non-cash loans

	Current Period	Previous Year
Non-cash loans given for cash loan risks	855,603	1,061,650
With original maturity of 1 year or less	362,010	582,779
With original maturity of more than 1 year	493,593	478,871
Other non-cash loans	17,275,034	16,189,387
Total	18,130,637	17,251,037

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3. Sectoral risk concentrations of non-cash loans

	Current Period				Previous Year			
	TL	%	FC	%	TL	%	FC	%
Agricultural	91,174	0.83	140,680	1.94	92,687	0.87	84,946	1.27
Farming and cattle	81,519	0.75	138,650	1.91	81,708	0.77	82,841	1.24
Forestry	8,066	0.07	-	-	9,635	0.09	72	-
Fishing	1,589	0.01	2,030	0.03	1,344	0.01	2,033	0.03
Manufacturing	4,436,343	40.80	3,363,048	46.33	4,280,981	40.56	3,512,758	52.45
Mining	83,886	0.77	13,923	0.19	77,796	0.74	36,845	0.55
Production	2,834,203	26.07	3,078,096	42.41	2,844,747	26.95	3,313,737	49.48
Electric, gas and water	1,518,254	13.96	271,029	3.73	1,358,438	12.87	162,176	2.42
Construction	1,720,522	15.82	1,196,893	16.48	1,723,297	16.33	1,180,504	17.63
Services	4,213,335	38.77	1,892,403	26.08	4,039,704	38.28	1,573,323	23.50
Wholesale and retail trade	1,652,634	15.20	633,749	8.73	1,683,751	15.95	616,199	9.20
Hotel, food and beverage services	66,808	0.61	10,917	0.15	60,022	0.57	10,776	0.16
Transportation and	606,213	5.58	982,759	13.54	506,082	4.79	667,048	9.96
Financial institutions	1,339,403	12.33	51,904	0.72	1,219,537	11.56	47,245	0.71
Real estate and renting services	132,726	1.22	113,130	1.56	106,847	1.01	154,104	2.30
Self-employment services	284,199	2.62	83,540	1.15	326,272	3.10	65,459	0.98
Education services	10,118	0.09	-	-	11,853	0.11	-	-
Health and social services	121,234	1.12	16,404	0.23	125,340	1.19	12,492	0.19
Others	411,313	3.78	664,926	9.17	417,877	3.96	344,960	5.15
Total	10,872,687	100.00	7,257,950	100.00	10,554,546	100.00	6,696,491	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	10,700,203	2,546,874	85,936	12,636
Confirmed bills of exchange and acceptances	19,573	580,971	-	-
Letters of credit	1,298	4,073,451	-	540
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	9,749	6,082	-	-
Other guarantees and sureties	-	1,337	-	-
Total Non-Cash Loans	10,730,823	7,208,715	85,936	13,176

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	-	-
Total Non-Cash Loans	10,373,667	6,650,185	129,963	14,397

5. Information on credit derivatives and related imposed risks

None

6. Contingent assets and liabilities

None

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	515,096	40,477	424,197	55,536
Medium and long-term loans	1,089,624	174,423	901,999	179,686
Loans under follow-up	39,792	-	22,515	-
Premiums received from resource utilization support fund	-	-	-	-
Total	1,644,512	214,900	1,348,711	235,222

Information on interest income received from banks

	Current Period		Previous Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	20,581	732	20,673	848
Foreign banks	-	246	144	1,852
Foreign head office and branches	-	-	-	-
Total	20,581	978	20,817	2,700

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	10,078	1,773	11,296	1,628
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	239,642	60,624	268,760	40,642
Investments held to maturity	131,655	267	117,219	27,625
Total	381,375	62,664	397,275	69,895

Information on interest income received from associates and subsidiaries

	Current Period	Previous Period
Interests received from the associates and subsidiaries	3	5

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Previous Period	
	TL	FC	TL	FC
Banks	4,425	31,547	7,278	39,494
Central Bank of Turkey	-	-	-	-
Domestic banks	3,603	2,863	2,094	4,786
Foreign banks	822	28,684	5,184	34,708
Foreign head offices and branches	-	-	-	-
Other institutions	-	1,877	-	2,357
Total	4,425	33,424	7,278	41,851

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Interest expenses paid to associates and subsidiaries

	Current Period	Previous Period
Interests paid to the associates and subsidiaries	2,342	7,190

Interest expense on securities issued

	Current Period		Previous Period	
	TL	FC	TL	FC
Interest expense on securities issued	30,854	13,508	19,047	-
Total	30,854	13,508	19,047	-

As at for the three-month period ending at 31 March 2013, interest paid to securities issued is TL 44,362 (31 March 2012: TL 19,047).

Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	13,799	-	-	-	-	-	13,799
Saving deposits	4	3,391	230,724	41,402	2,394	2,693	-	280,608
Public sector deposits	98	22,882	102,008	11,980	4,017	286	-	141,271
Commercial deposits	40	33,719	78,289	39,450	10,895	81	-	162,474
Other deposits	-	8,027	34,860	15,475	4,283	231	-	62,876
Deposits with 7 days	-	-	-	-	-	-	-	-
Total	142	81,818	445,881	108,307	21,589	3,291	-	661,028
FC								
Foreign Currency Deposits	913	3,396	49,581	11,902	7,163	19,351	-	92,306
Interbank deposits	-	8,995	-	-	-	-	-	8,995
Deposits with 7 days	-	-	-	-	-	-	-	-
Precious metal	-	-	-	-	-	-	-	-
Total	913	12,391	49,581	11,902	7,163	19,351	-	101,301
Total	1,055	94,209	495,462	120,209	28,752	22,642	-	762,329

3. Trading income/losses

	Current Period	Previous Period
Income	491,799	680,943
Income from capital market transactions	58,644	17,683
Income from derivative financial instruments	194,739	242,515
Foreign exchange gains	238,416	420,745
Losses	(404,899)	(572,670)
Losses from capital market transactions	(217)	(556)
Losses from derivative financial instruments	(176,773)	(204,505)
Foreign exchange losses	(227,909)	(367,609)
Trading income/losses, net	86,900	108,273

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 13,126 as at and for the three-month period ended 31 March 2013 (31 March 2012: net gain of TL 36,066).

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4. Other operating income

	Current Period	Previous Period
Earned insurance premiums (net of reinsurance share)	174,103	135,585
Income from reversal of the impairment losses	111,219	151,740
Communication income	21,783	18,163
Gain on sale of assets	11,804	5,257
Income from private pension business	8,555	8,611
Rent income	304	325
Other income	82,638	33,597
Total	410,406	353,278

5. Provision expenses for losses on loans and other receivables

	Current Period	Previous Period
Specific provisions on loans and other receivables	318,097	138,306
<i>Loans and receivables in Group III</i>	82,901	21,057
<i>Loans and receivables in Group IV</i>	227,110	110,416
<i>Loans and receivables in Group V</i>	8,086	6,833
Non-performing commissions and other receivables	-	-
General provision expenses	60,622	59,762
Provision for possible losses	-	2,740
Impairment losses on securities	52,425	42,779
<i>Trading securities</i>	5	14,821
<i>Investment securities available-for-sale</i>	52,420	27,958
Other impairment losses	53,647	5,110
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	53,647	5,110
Others (*)	52,402	27,836
Total	537,193	276,533

(*) Other provision expenses amounting to TL 52,402 (31 March 2012: TL 27,836) is comprised of provision expenses for dividends to the personnel amounting to TL 26,945 (31 March 2012: TL 24,254), provision for non-cash loans that are not indemnified or converted to cash and provisions for cheques amounting to TL 10,104 (31 March 2012: TL 2,872) and other provision expenses amounting to TL 15,353 (31 March 2012: TL 710).

6. Other operating expenses

	Current Period	Previous Period
Personnel costs	281,853	250,356
Reserve for employee termination benefits	8,327	6,133
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses on tangible assets	28,984	27,810
Impairment losses on intangible assets	-	-
Amortisation expenses on intangible assets	3,280	2,848
Impairment losses on assets to be disposed	986	451
Depreciation expenses on assets to be disposed	3,549	3,080
Impairment losses on assets held for sale	-	-
Other operating expenses	245,896	211,844
<i>Operational lease related expenses</i>	36,197	30,474
<i>Repair and maintenance expenses</i>	5,582	3,765
<i>Advertisement expenses</i>	17,009	9,144
<i>Other expenses</i>	187,108	168,461
Loss on sale of assets	177	38
Others	245,487	167,815
Total	818,539	670,375

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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 144,941 (31 March 2012: TL 70,007) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

Sources of deferred tax benefit/charge	Current Period	Previous Period
Arising from origination (+)/ reversal (-) of deductible temporary differences	6,782	(50,228)
Arising from origination (-)/ reversal (+) of taxable temporary differences	(76)	13,601
Arising from origination (+)/ reversal (-) of tax losses	6,642	-
Arising from tax rate change	-	-
Total	13,348	(36,627)

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

Group has earned TL 2,360,364 interest income and TL 990,398 net fee and commission income also incurred TL 167,726 amount of interest expense from its ordinary banking operations (31 March 2012: TL 2,145,729 interest income, TL 1,268,697 interest expense, TL 90,241 net fee and commission income).

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

None.

9. Income/loss related to non-controlling interest

	Current Period	Previous Period
Income/(losses) related to non-controlling interest	268	(517)

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	-	554,753	-	37,979	19,591	12,191
Interest and commission income	3	103	-	9	343	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	5	74	-	10	56	12

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	356,761	817,244	455,745	443,103	38,730	76,597
Interest on deposits	2,342	7,190	6,160	14,294	-	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 0.03% (31 December 2012: 0. 01%) and 3.34% (31 December 2012: 3.50%).

Current Period	Amount	Compared with the Financial Statement Amount %
Cash Loans	19,591	0.03
Non-Cash Loans	604,923	3.34
Deposits	851,236	1.28

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

SECTION SIX

Other Disclosures and Footnotes

I. Other disclosures on the Bank's activity

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

Profit Distribution Table of Year 2012	
Current year's profit of the Parent Bank's unconsolidated financial statements	1,460,080
Deferred tax income	(23,914)
Net profit of the year subject to distribution	1,436,166
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
Net profit of the year subject to distribution	1,292,550
Other reserves	3,075
Extraordinary reserves	1,189,475
Dividends to the shareholders	100,000

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

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

July 2012 (*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa2 / P-2
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Ba2 / NP
Foreign Currency Outlook	Stable

November 2012 (*)	Fitch Ratings
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
Individual	WD
Support Rating	2
Base Support Rating	BBB-

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

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

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

- On 11 February 2013, the Parent Bank has applied to CMB and BRSA for the establishment of GMTN ("Global Medium Term Notes") program which will enable the issuance of utmost USD 3 billion amount equivalent bond in different currencies. The application was approved by CMBs 26 March 2013 dated and 10/352 numbered assembly.

In the framework of GMTN program, the Parent Bank gave authorization to BofA Merrill Lynch, BNP Paribas, Citibank, Commerzbank and Deutsche Bank for organizing bond issuance in USD dollars that will be sold in abroad. Bond issuance was realized with a nominal value of US dollar 600 million, with return rate of 3.87% and coupon rate of 3.75%, 15 April 2018 (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 per the temporary Article 20 of Law of Social Insurance numbered 506, the time for the transfer of the contributors, salaried employees and beneficiaries of the funds constructed for personnel by banks, insurance and reinsurance companies, chambers of commerce, stock markets or associations that are established by these to the Social Security Institution has been extended for one more year according to The Council of Ministers' decision published on Official Gazette dated 3 May 2013.

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

None.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report as at and
For the Three-Month Period Ended 31 March 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

SECTION SEVEN

I. Independent Auditors’ Review Report

1. Information on the independent auditors’ review report

The consolidated financial statements and footnotes of the Bank and its financial subsidiaries as at and for the three-month period ended 31 March 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 23 May 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 three-month period ended 31 March 2013.