

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT 30 SEPTEMBER 2015
TOGETHER WITH LIMITED REVIEW REPORT**

**(Convenience Translation of Publicly Announced Consolidated
Financial Statements and Limited Review Report
Originally Issued in Turkish,
See in Note I. of Section Three)**



INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I of Section Three)

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

Introduction

We have reviewed the consolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") and its subsidiaries at 30 September 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



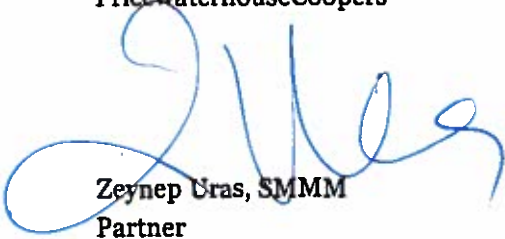
Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and its subsidiaries at 30 September 2015 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers



Zeynep Uras, SMMM
Partner

Istanbul, 19 November 2015

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

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The consolidated interim financial report as at and for the nine-month period ended 30 September 2015 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 INTERIM FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE YEAR
- INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- REVIEW REPORT

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

SUBSIDIARIES	ASSOCIATES
Güneş Sigorta A.Ş.	Kıbrıs Vakıflar Bankası Ltd.
Vakıf Emeklilik A.Ş.	Türkiye Sınai Kalkınma Bankası A.Ş.
Vakıf Factoring A.Ş.	
Vakıf Finansal Kiralama A.Ş.	
Vakıf Portföy Yönetimi A.Ş.	
Vakıf Yatırım Menkul Değerler A.Ş.	
Vakıfbank International AG	
Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.	
Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş.	

The consolidated interim financial statements and related disclosures and footnotes as at and for the nine-month period ended 30 September 2015 that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated interim financial report is presented in thousands of Turkish Lira (TL), and has been subjected to limited review.
19 November 2015

Ramazan GÜNDÜZ Chairman of the Board of Directors	Mehmet Emin ÖZCAN Deputy Chairman of the Board and Audit Committee Member	Sabahattin BİRDAL Board Member and Audit Committee Member
Halil AYDOĞAN General Manager and Board Member	Metin Recep ZAFER Assistant General Manager	Ferkan MERDAN Director of Accounting and Financial Affairs

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

Name-Surname/Title: S. Buğra SÜRÜEL / Manager	Name-Surname/Title: Burcu Sütcü AKDAĞ / Manager Ast.
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IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“The Bank” or “The Parent Bank”) was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry (“The General Directorate of the Foundations”). The Bank’s statute has not been changed since its establishment.

II. THE PARENT BANK’S SHAREHOLDER STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK’S RISK GROUP

The shareholder having control over the shares of the Parent Bank is the General Directorate of the Foundations.

As at 30 September 2015 and 31 December 2014, 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 Kr 1.

The Parent Bank’s shareholders structure as at 30 September 2015 and 31 December 2014 are stated below:

Shareholders	30 September 2015			31 December 2014		
	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Registered foundations represented by the General Directorate of the Foundations (Group A)	1,075,058,640	1,075,058	43.00	1,075,058,640	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10	402,552,666	402,553	16.10
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,224,785	386,225	15.45	386,224,784	386,225	15.45
Other appendant foundations (Group B)	3,099,924	3,100	0.13	3,096,742	3,097	0.13
Other registered foundations (Group B)	1,448,543	1,448	0.06	1,453,085	1,453	0.06
Other real persons and legal entities (Group C)	1,532,753	1,533	0.06	1,533,786	1,534	0.06
Publicly traded (Group D)	630,082,689	630,083	25.20	630,080,297	630,080	25.20
Total	2,500,000,000	2,500,000	100.00	2,500,000,000	2,500,000	100.00

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SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

**III. INFORMATION ON THE PARENT BANK’S CHAIRMAN AND MEMBERS OF THE
BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER,
ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK**

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	37 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	32 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	38 years
İsmail ALPTEKİN	Member	6 April 2009	University	17 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	27 years
Sabahattin BİRDAL	Member	31 March 2014	University	38 years
Öztürk ORAN	Member	30 April 2014	University	40 years
Şeref AKSAÇ	Member	30 April 2014	University	33 years
<u>Audit Committee</u>				
Mehmet Emin ÖZCAN	Member	4 April 2014	University	32 years
Sabahattin BİRDAL	Member	4 April 2014	University	38 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	38 years
Yunus ARINCI	Auditor	19 March 2010	Master	18 years
<u>Assistant Managers</u>				
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant	13 June 2006	PHD	19 years
Hasan ECESOY	Treasury, International Relations and Investor Relations, Coordination of Foreign Branches	18 June 2010	PHD	21 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	19 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	18 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	Master	24 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	19 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations	28 October 2013	University	21 years
Mehmet Emin KARAAĞAÇ	Loans and Follow-up, Legal Affairs	8 November 2013	University	25 years

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SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

**III. INFORMATION ON THE PARENT BANK’S CHAIRMAN AND MEMBERS OF THE
BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER,
ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK (Continued)**

At the resolution of the first Board of Directors after 61st Ordinary Meeting of the General Assembly dated 30 March 2015, the distribution of roles has remained the same.

İsmail Alptekin, Member of the Board, holds 59 unquoted shares of Group C of the Bank. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Registered foundations represented by the General Directorate of the Foundations (Group A)	1,075,058	43.00	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	16.10	402,553	-
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,225	15.45	386,225	-

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 granting securities and real estates as collateral,
- Establishing or participating in all kinds of insurance corporations already established,
- Trading real estates,
- Servicing all banking operations and services,
- Operating real estates and participating in industrial sectors for corporations handed over by foundations and General Directorate of the Foundations in line with conditions stipulated by agreements if signed.
- The Bank is established 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 General Directorate of the Foundations.

The Parent Bank and its consolidated subsidiaries are called as “The Group” in the report.

As at 30 September 2015, the Parent Bank has 906 domestic, 3 foreign, in total 909 branches (31 December 2014: 890 domestic, 3 foreign, in total 893 branches). As at 30 September 2015, the Parent Bank has 15,387 employees (31 December 2014: 14,920 employees).

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SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

**VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF
CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING
STANDARDS AND SHORT EXPLANATION ABOUT THE INSTITUTIONS SUBJECT TO
LINE-BY-LINE METHOD OR PROPORTIONAL CONSOLIDATION AND INSTITUTIONS
WHICH ARE DEDUCTED FROM EQUITY OR NOT INCLUDED IN THESE THREE
METHODS**

As at and for the nine-month period ended 30 September 2015, the financial statements of T. Vakıflar Bankası T.A.O., Vakıfbank International AG, Vakıf Finansal Kiralama A.Ş., Güneş Sigorta A.Ş., Vakıf Emeklilik A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Portföy Yönetimi A.Ş., Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. and Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. have been included in the consolidated financial statements of the Group.

As at and for the nine-month period ended 30 September 2015, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası A.Ş. have been consolidated per equity method in the consolidated financial statements of the Group.

İstanbul Takas ve Saklama Bankası A.Ş. and Kredi Garanti Fonu A.Ş. 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 A.Ş., Kredi Kayıt Bürosu A.Ş., Roketsan Roket Sanayi ve Ticaret A.Ş., Güçbirliği Holding A.Ş. and İzmir Enternasyonal A.Ş. 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 A.Ş., Taksim Otelcilik A.Ş., Vakıf Pazarlama Sanayi ve Ticaret A.Ş. and Vakıf Gayrimenkul Değerleme A.Ş. 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**

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT 30 SEPTEMBER 2015
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

**SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS**

ASSETS	Notes	Reviewed Current Period 30 September 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,553,375	22,578,042	25,131,417	4,126,368	17,764,713	21,891,081
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	976,023	157,018	1,133,041	404,672	45,569	450,241
2.1 Financial assets held for trading purpose		976,023	157,018	1,133,041	404,672	45,569	450,241
2.1.1 Debt securities issued by the governments		493	9,880	10,373	106	8,468	8,574
2.1.2 Equity securities		3,120	-	3,120	1,565	-	1,565
2.1.3 Derivative financial assets held for trading purpose	V-I-2	901,322	147,138	1,048,460	342,475	37,101	379,576
2.1.4 Other securities		71,088	-	71,088	60,526	-	60,526
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	621,053	7,069,113	7,690,166	784,978	2,783,530	3,568,508
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		13,549	-	13,549	9,504	-	9,504
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		10,876	-	10,876	3,645	-	3,645
4.3 Receivables from reverse repurchase agreements		2,673	-	2,673	5,859	-	5,859
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,159,180	5,035,091	17,194,271	12,631,871	4,239,244	16,871,115
5.1 Equity securities		15	-	15	15	-	15
5.2 Debt securities issued by the governments		12,159,165	4,898,965	17,058,130	12,629,806	4,085,677	16,715,483
5.3 Other securities		-	136,126	136,126	2,050	153,567	155,617
VI. LOANS AND RECEIVABLES	V-I-5	86,870,608	40,409,811	127,280,419	76,724,198	29,631,473	106,355,671
6.1 Performing loans and receivables	V-I-5	85,967,599	40,400,713	126,368,312	76,408,786	29,626,228	106,035,014
6.1.1 Loans provided to the same risk group	V-V-1	3,653	1,088	4,741	6,132	123	6,255
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Other		85,963,946	40,399,625	126,363,571	76,402,654	29,626,105	106,028,759
6.2 Loans under follow-up		4,953,973	65,983	5,019,956	4,153,756	28,209	4,181,965
6.3 Specific provisions (-)	V-I-5	4,050,964	56,885	4,107,849	3,838,344	22,964	3,861,308
VII. FACTORING RECEIVABLES		485,724	91,865	577,589	498,067	12,314	510,381
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	7,200,912	232,143	7,433,055	6,761,749	92,844	6,854,593
8.1 Debt securities issued by the governments		7,200,912	-	7,200,912	6,761,749	-	6,761,749
8.2 Other securities		-	232,143	232,143	-	92,844	92,844
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	279,275	3	279,278	264,184	3	264,187
9.1 Associates, consolidated per equity method		229,501	-	229,501	214,929	-	214,929
9.2 Unconsolidated associates		49,774	3	49,777	49,255	3	49,258
9.2.1 Financial associates		37,434	-	37,434	36,915	-	36,915
9.2.2 Non-Financial associates		12,340	3	12,343	12,340	3	12,343
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	271,017	-	271,017	258,927	-	258,927
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		271,017	-	271,017	258,927	-	258,927
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	317,528	1,097,014	1,414,542	246,618	843,369	1,089,987
12.1 Finance lease receivables		407,188	1,239,717	1,646,905	311,605	962,197	1,273,802
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		89,660	142,703	232,363	64,987	118,828	183,815
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)		1,567,304	4,076	1,571,380	782,871	2,002	784,873
XV. INTANGIBLE ASSETS (Net)		187,099	205	187,304	162,074	161	162,235
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		187,099	205	187,304	162,074	161	162,235
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	298,779	-	298,779	192,000	-	192,000
XVII. TAX ASSETS	V-I-13	112,998	3,137	116,135	175,352	6,938	182,290
17.1 Current tax assets	V-I-13	1,059	3,137	4,196	2,393	6,938	9,331
17.2 Deferred tax assets	V-I-13	111,939	-	111,939	172,959	-	172,959
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	833,553	-	833,553	747,482	-	747,482
18.1 Assets held for sale		833,553	-	833,553	747,482	-	747,482
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	2,608,341	1,046,345	3,654,686	2,523,844	834,543	3,358,387
TOTAL ASSETS		117,356,318	77,723,863	195,080,181	107,294,759	56,256,703	163,551,462

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

LIABILITIES AND EQUITY	Notes	Reviewed Current Period 30 September 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	75,032,358	39,744,395	114,776,753	65,144,101	28,258,512	93,402,613
1.1 Deposits of the same risk group	V-V-1	1,449,333	131,803	1,581,136	953,746	63,178	1,016,924
1.2 Other deposits		73,583,025	39,612,592	113,195,617	64,190,355	28,195,334	92,385,689
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	201,918	217,782	419,700	65,776	204,851	270,627
III. FUNDS BORROWED	V-II-3	671,923	20,265,614	20,937,537	1,569,623	14,691,032	16,260,655
IV. INTERBANK MONEY MARKET		9,988,043	4,255,959	14,244,002	10,063,573	6,591,668	16,655,241
4.1 Interbank money market takings		-	-	-	200,000	-	200,000
4.2 Istanbul Stock Exchange money market takings		600	-	600	269,939	-	269,939
4.3 Obligations under repurchase agreements		9,987,443	4,255,959	14,243,402	9,593,634	6,591,668	16,185,302
V. SECURITIES ISSUED (Net)	V-II-3	2,702,791	9,564,854	12,267,645	2,866,343	7,518,365	10,384,708
5.1 Bills		2,702,791	-	2,702,791	2,866,343	-	2,866,343
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	9,564,854	9,564,854	-	7,518,365	7,518,365
VI. FUNDS		4,635	-	4,635	20,089	-	20,089
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Other		4,635	-	4,635	20,089	-	20,089
VII. MISCELLANEOUS PAYABLES		3,354,789	688,470	4,043,259	2,920,619	423,800	3,344,419
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	796,496	1,977,882	2,774,378	573,091	947,128	1,520,219
IX. FACTORING PAYABLES		5	101	106	-	-	-
X. LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
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		4,676,685	36,935	4,713,620	4,086,058	25,879	4,111,937
12.1 General provisions	V-II-7	1,930,985	14,010	1,944,995	1,591,002	12,240	1,603,242
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		642,852	2,714	645,566	626,273	838	627,111
12.4 Insurance technical provisions (Net)		1,830,783	10,701	1,841,484	1,633,739	8,973	1,642,712
12.5 Other provisions	V-II-7	272,065	9,510	281,575	235,044	3,828	238,872
XIII. TAX LIABILITIES	V-II-8	321,823	9,349	331,172	485,576	8,419	493,995
13.1 Current tax liabilities		309,787	3,786	313,573	477,758	1,029	478,787
13.2 Deferred tax liabilities	V-I-13	12,036	5,563	17,599	7,818	7,390	15,208
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	-	4,328,795	4,328,795	-	2,126,436	2,126,436
XVI. EQUITY		15,732,026	506,553	16,238,579	14,408,274	552,249	14,960,523
16.1 Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital reserves		1,230,613	176,017	1,406,630	1,025,056	280,801	1,305,857
16.2.1 Share premium		727,780	-	727,780	727,780	-	727,780
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Valuation differences of the marketable securities	V-II-11	(370,743)	176,017	(194,726)	240,729	280,801	521,530
16.2.4 Revaluation surplus on tangible assets		927,621	-	927,621	52,864	-	52,864
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		3,683	-	3,683	3,683	-	3,683
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		(57,728)	-	(57,728)	-	-	-
16.3 Profit reserves		10,161,767	193,413	10,355,180	8,664,406	130,184	8,794,590
16.3.1 Legal reserves		1,228,224	7,942	1,236,166	1,062,732	6,513	1,069,245
16.3.2 Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3 Extraordinary reserves		8,475,448	4,594	8,480,042	7,341,533	4,594	7,346,127
16.3.4 Other profit reserves		451,758	180,877	632,635	253,804	119,077	372,881
16.4 Profit or loss		1,295,640	91,766	1,387,406	1,772,859	101,133	1,873,992
16.4.1 Prior years' profit/loss		(6,602)	101,630	95,028	(14,354)	82,669	68,315
16.4.2 Current period's profit/loss		1,302,242	(9,864)	1,292,378	1,787,213	18,464	1,805,677
16.5 Non-controlling interest		544,006	45,357	589,363	445,953	40,131	486,084
TOTAL LIABILITIES AND EQUITY		113,483,492	81,596,689	195,080,181	102,203,123	61,348,339	163,551,462

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES CONSOLIDATED OFF-BALANCE SHEET AS AT 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Reviewed Current Period 30 September 2015			Audited Prior Period 31 December 2014		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		55,015,240	62,915,969	117,931,209	42,988,855	49,879,901	92,868,756
I. GUARANTEES AND SURETIES		22,592,574	12,647,390	35,239,964	16,892,950	11,782,097	28,675,047
1.1 Letters of guarantee	V-III-2 V-III-1	22,469,667	5,378,298	27,847,965	16,842,349	4,616,458	21,458,807
1.1.1 Guarantees subject to State Tender Law		2,779,715	2,398,134	5,177,849	1,869,107	2,266,261	4,135,368
1.1.2 Guarantees given for foreign trade operations		1,066,798	-	1,066,798	913,389	-	913,389
1.1.3 Other letters of guarantee		18,623,154	2,980,164	21,603,318	14,059,853	2,350,197	16,410,050
1.2 Bank acceptances		72,530	2,039,713	2,112,243	20,836	1,943,257	1,964,093
1.2.1 Import letter of acceptance		1,590	167,151	168,741	2,190	78,990	81,180
1.2.2 Other bank acceptances		70,940	1,872,562	1,943,502	18,646	1,864,267	1,882,913
1.3 Letters of credit		12,079	5,212,436	5,224,515	-	5,212,911	5,212,911
1.3.1 Documentary letters of credit		12,079	5,212,436	5,224,515	-	5,212,911	5,212,911
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	2,402	2,402	-	1,845	1,845
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		38,298	4,829	43,127	29,765	5,023	34,788
1.8 Other guarantees		-	9,712	9,712	-	2,603	2,603
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		20,803,377	7,355,765	28,159,142	19,426,933	7,734,462	27,161,395
2.1 Irrevocable commitments		18,650,050	742,616	19,392,666	17,917,041	2,878,768	20,795,809
2.1.1 Asset purchase commitments	V-III-1	439,553	535,821	975,374	46,228	2,640,634	2,686,862
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	7,897,516	15,869	7,913,385	8,053,342	14,859	8,068,201
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	1,753,225	-	1,753,225	1,638,976	-	1,638,976
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	7,152,914	-	7,152,914	7,641,987	-	7,641,987
2.1.10 Commitments for credit card and banking operations promotions	V-III-1	259,356	-	259,356	247,938	-	247,938
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		1,147,486	190,926	1,338,412	288,570	223,275	511,845
2.2 Revocable commitments		2,153,327	6,613,149	8,766,476	1,509,892	4,855,694	6,365,586
2.2.1 Revocable loan granting commitments		2,153,327	6,613,149	8,766,476	1,509,892	4,817,757	6,327,649
2.2.2 Other revocable commitments		-	-	-	-	37,937	37,937
III. DERIVATIVE FINANCIAL INSTRUMENTS		11,619,289	42,912,814	54,532,103	6,668,972	30,363,342	37,032,314
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		11,619,289	42,912,814	54,532,103	6,668,972	30,363,342	37,032,314
3.2.1 Forward foreign currency purchases/sales		453,509	590,741	1,044,250	242,929	312,275	555,204
3.2.1.1 Forward foreign currency purchases		227,244	295,456	522,700	121,619	156,202	277,821
3.2.2.2 Forward foreign currency sales		226,265	295,285	521,550	121,310	156,073	277,383
3.2.2 Currency and interest rate swaps		10,528,331	35,048,752	45,577,083	5,782,733	22,857,662	28,640,395
3.2.2.1 Currency swaps-purchases		5,089,257	13,143,539	18,232,796	1,810,386	11,235,508	13,045,894
3.2.2.2 Currency swaps-sales		4,539,074	8,780,777	13,319,851	3,772,347	4,343,916	8,116,263
3.2.2.3 Interest rate swaps-purchases		450,000	6,562,218	7,012,218	100,000	3,639,119	3,739,119
3.2.2.4 Interest rate swaps-sales		450,000	6,562,218	7,012,218	100,000	3,639,119	3,739,119
3.2.3 Currency, interest rate and security options		215,886	320,548	536,434	385,290	671,258	1,056,548
3.2.3.1 Currency call options		175,630	89,828	265,458	192,645	335,629	528,274
3.2.3.2 Currency put options		40,256	230,720	270,976	192,645	335,629	528,274
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Other		421,563	6,952,773	7,374,336	258,020	6,522,147	6,780,167
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		862,443,165	511,132,055	1,373,575,220	707,625,482	298,960,692	1,006,586,174
IV. ITEMS HELD IN CUSTODY		70,749,463	4,197,553	74,947,016	59,034,803	2,220,606	61,255,409
4.1 Customers' securities held		614,919	29,376	644,295	519,902	22,567	542,469
4.2 Investment securities held in custody		58,420,439	117,146	58,537,585	48,314,735	94,082	48,408,817
4.3 Checks received for collection		9,196,334	2,394,867	11,591,201	8,405,605	1,486,159	9,891,764
4.4 Commercial notes received for collection		1,287,035	489,001	1,776,036	1,197,188	254,511	1,451,699
4.5 Other assets received for collection		2,152	121	2,273	2,152	93	2,245
4.6 Assets received through public offering		-	-	-	-	6,818	6,818
4.7 Other items under custody		221,969	67,337	289,306	170,911	87,256	104,347
4.8 Custodians		1,006,615	1,099,705	2,106,320	578,130	269,120	847,250
V. PLEDGED ITEMS		229,027,851	162,190,423	391,218,274	180,417,729	59,408,743	239,826,472
5.1 Securities		380,587	19,663	400,250	242,862	18,614	261,476
5.2 Guarantee notes		923,387	472,758	1,396,145	944,683	232,965	1,177,648
5.3 Commodities		27,606,158	728,962	28,335,120	25,696,626	590,812	26,287,438
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		185,901,116	145,953,334	331,854,450	142,345,512	47,319,679	189,665,191
5.6 Other pledged items		13,528,009	14,824,708	28,352,717	10,335,024	11,114,594	21,449,618
5.7 Pledged items-depository		688,594	190,998	879,592	853,022	132,079	985,101
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		562,665,851	344,744,079	907,409,930	468,172,950	237,331,343	705,504,293
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		917,458,405	574,048,024	1,491,506,429	750,614,337	348,840,593	1,099,454,930

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Reviewed Current Period 1 January 2015 - 30 September 2015	Reviewed Prior Period 1 January 2014 - 30 September 2014	Reviewed Current Period 1 July 2015 - 30 September 2015	Reviewed Prior Period 1 July 2014 - 30 September 2014
I. INTEREST INCOME		10,128,245	8,543,458	3,509,646	2,860,555
1.1 Interest income from loans	V-IV-1	8,458,289	6,848,426	3,041,084	2,371,893
1.2 Interest income from reserve deposits		20,223	-	12,079	-
1.3 Interest income from banks	V-IV-1	58,831	51,671	19,258	19,263
1.4 Interest income from money market transactions		1,302	679	716	171
1.5 Interest income from securities portfolio	V-IV-1	1,454,461	1,543,539	391,982	434,484
1.5.1 Trading financial assets	V-IV-1	4,440	10,521	839	220
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets	V-IV-1	1,010,895	1,137,457	289,726	312,061
1.5.4 Held-to-maturity investments	V-IV-1	439,126	395,561	101,417	122,203
1.6 Finance lease income		74,664	59,624	27,623	21,246
1.7 Other interest income		60,475	39,519	16,904	13,498
II. INTEREST EXPENSE		6,010,503	5,093,493	2,180,128	1,610,048
2.1 Interest expense on deposits	V-IV-2	4,404,248	3,770,501	1,583,678	1,194,915
2.2 Interest expense on funds borrowed	V-IV-2	270,957	168,029	94,234	59,108
2.3 Interest expense on money market transactions		687,909	724,020	266,409	204,990
2.4 Interest expense on securities issued	V-IV-2	437,124	314,626	160,763	117,289
2.5 Other interest expenses		210,265	116,317	75,044	33,746
III. NET INTEREST INCOME (I – II)		4,117,742	3,449,965	1,329,518	1,250,507
IV. NET FEES AND COMMISSIONS INCOME		638,867	500,947	214,227	208,409
4.1 Fees and commissions received		996,354	821,873	340,121	315,453
4.1.1 Non-cash loans		130,974	120,733	42,966	40,144
4.1.2 Other		865,380	701,140	297,155	275,309
4.2 Fees and commissions paid		357,487	320,926	125,894	107,044
4.2.1 Non-cash loans		692	641	219	219
4.2.2 Other		356,795	320,285	125,675	106,825
V. DIVIDEND INCOME		10,102	11,911	-	363
VI. TRADING PROFIT/LOSS (Net)	V-IV-3	139,199	198,687	20,624	38,308
6.1 Profit/Loss from capital market operations	V-IV-3	58,465	135,442	2,217	25,629
6.2 Profit/losses on derivative financial instruments	V-IV-3	(13,934)	(11,271)	(10,254)	8,910
6.3 Profit/loss from foreign exchange gains/losses	V-IV-3	94,668	74,516	28,661	3,769
VII. OTHER OPERATING INCOME	V-IV-4	1,497,356	1,494,617	524,681	432,081
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		6,403,266	5,656,127	2,089,050	1,929,668
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	1,248,428	1,287,281	241,338	436,634
X. OTHER OPERATING EXPENSES (-)	V-IV-6	3,472,866	3,006,863	1,059,724	999,115
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,681,972	1,361,983	787,988	493,919
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		23,328	24,961	6,556	6,955
XIV. PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		1,705,300	1,386,944	794,544	500,874
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(386,604)	(309,655)	(138,370)	(115,593)
16.1 Current tax charges	V-IV-7	(190,627)	(370,620)	(61,587)	(95,165)
16.2 Deferred tax credits	V-IV-7	(195,977)	60,965	(76,783)	(20,428)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	1,318,696	1,077,289	656,174	385,281
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from investment properties		-	-	-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-	-	-
18.3 Other income from discontinued activities		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Investment property expenses		-	-	-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-	-	-
19.3 Other expenses from discontinued activities		-	-	-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES (±)		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-8	1,318,696	1,077,289	656,174	385,281
23.1. Equity holders of the Bank		1,292,378	1,080,729	534,303	375,639
23.2. Non-controlling interest (-)	V-IV-9	26,318	(3,440)	121,871	9,642
Earnings per 100 Share (full TL)	III-XXIV	0.5275	0.4309	0.2625	0.1541

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS
ACCOUNTED UNDER SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Reviewed Current Period 1 January 2015 - 30 September 2015	Reviewed Prior Period 1 January 2014- 30 September 2014	Reviewed Current Period 1 July 2015- 30 September 2015	Reviewed Prior Period 1 July 2014- 30 September 2014
STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY				
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(902,799)	468,888	(403,807)	(168,957)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	750,834	(1,201)	750,834	1,045
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	68,667	(23,550)	47,580	(3,772)
V. PROFIT/LOSS FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)	-	-	-	-
VI. PROFIT/LOSS FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)	-	-	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS	-	-	-	-
VIII. OTHER PROFIT/LOSS ITEMS ACCOUNTED IN EQUITY IN ACCORDANCE WITH TAS	3,127	(8,729)	12,765	(30,840)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	141,044	(92,165)	41,749	44,297
X. NET PROFIT/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	60,873	343,243	449,121	(158,227)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	1,318,696	1,077,289	656,174	385,281
11.1 Change in fair value of securities (transfers to the statement of income)	50,982	158,252	97	118,611
11.2 Profit/Loss accounted in the statement of income due to reclassification of cash flow hedges	-	-	-	-
11.3 Profit/Loss accounted in the statement of income due to reclassification of net foreign investment hedges	-	-	-	-
11.4 Other	1,267,714	919,037	656,077	266,670
XII. TOTAL PROFIT/LOSS ITEMS ACCOUNTED DURING THE PERIOD (X+XI)	1,379,569	1,420,532	1,105,295	227,054

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

CHANGES IN EQUITY	Notes	Capital Reserves from Inflation		Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Prior Period's Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible 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 Shareholders' Equity	
		Paid-in Capital	Adj.s to Paid in Capital																
Current period – 30 September 2014																			
I.	Balances at the beginning of the period	2,500,000	-	726,686	-	904,166	6,337	6,007,191	420,752	-	1,688,833	(149,719)	51,329	6,282	-	-	12,161,857	309,101	12,470,958
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	378,627	-	-	-	-	-	378,627	(7,177)	371,450
IV.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	(904)	-	-	-	-	(904)	(297)	(1,201)
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	(2,599)	-	-	-	(2,599)	-	(2,599)
VIII.	Translation differences	-	-	-	-	-	-	-	(21,195)	-	-	-	-	-	-	-	(21,195)	(2,355)	(23,550)
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	-	-	-	-	-	-	-	-	(857)	-	-	-	-	-	-	(857)	-	(857)
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.	Other	-	-	-	388	-	5,803	(479)	-	(486)	-	-	-	-	-	-	-	5,226	171,348
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	1,080,729	-	-	-	-	-	-	-	-	1,080,729	(3,440)
XVIII.	Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1	Dividends	-	-	-	164,219	-	1,332,966	218	-	(1,598,938)	-	1,535	-	-	-	-	(100,000)	(316)	(100,316)
18.2	Transferred to reserves	-	-	-	164,219	-	1,332,966	218	-	(1,498,938)	-	1,535	-	-	-	-	(100,000)	(316)	(100,316)
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,686	-	1,068,773	6,337	7,345,960	399,296	1,080,729	88,552	228,908	51,960	3,683	-	-	13,500,884	466,864	13,967,748
Current period – 30 September 2015																			
I.	Balances at the beginning of the period	2,500,000	-	727,780	-	1,069,245	6,337	7,346,127	372,881	-	1,873,992	521,530	52,864	3,683	-	-	14,474,439	486,084	14,960,523
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of marketable securities	-	-	-	-	-	-	-	-	-	(702,976)	-	-	-	-	-	(702,976)	308	(702,668)
IV.	Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	(638)	-	639,975	-	-	-	-	639,337	72,828	712,165
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	-	-	-	61,800	-	-	-	-	-	-	-	61,800	6,867	68,667
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	-	-	-	-	-	-	-	-	-	(13,280)	-	-	-	-	-	(13,280)	-	(13,280)
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.	Other	-	-	-	-	-	-	(2,482)	-	-	-	-	-	-	-	-	(2,482)	(1,529)	(4,011)
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	1,292,378	-	-	-	-	-	-	-	-	1,292,378	26,318
XVIII.	Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.1	Dividends	-	-	-	166,921	-	1,133,915	142,708	-	(1,778,326)	-	234,782	-	-	-	-	(100,000)	(1,513)	(101,513)
18.2	Transferred to reserves	-	-	-	166,921	-	1,133,915	142,708	-	(1,678,326)	-	234,782	-	-	-	-	(100,000)	(1,513)	(101,513)
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	727,780	-	1,236,166	6,337	8,480,042	574,907	1,292,378	95,028	(194,726)	927,621	3,683	-	-	15,649,216	589,363	16,238,579

The accompanying explanations and notes form an integral part of these consolidated financial statements.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Reviewed Current Period 30 September 2015	Reviewed Prior Period 30 September 2014
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	1,805,579	2,109,438
1.1.1 Interests received	9,169,003	7,739,052
1.1.2 Interests paid	(5,725,817)	(4,958,725)
1.1.3 Dividends received	5,483	5,547
1.1.4 Fee and commissions received	996,354	820,974
1.1.5 Other income	826,221	765,186
1.1.6 Collections from previously written-off loans and other receivables	627,579	564,634
1.1.7 Payments to personnel and service suppliers	(1,277,183)	(1,479,219)
1.1.8 Taxes paid	(476,452)	(439,681)
1.1.9 Other	(2,339,609)	(908,330)
1.2 Changes in operating assets and liabilities	(2,662,537)	(4,883,536)
1.2.1 Net (increase) decrease in financial assets held for trading purpose	(16,832)	145,999
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(5,975,329)	(41,428)
1.2.4 Net (increase) decrease in loans	(21,387,297)	(12,552,754)
1.2.5 Net (increase) decrease in other assets	(130,783)	188,350
1.2.6 Net increase (decrease) in bank deposits	1,901,034	(266,007)
1.2.7 Net increase (decrease) in other deposits	19,354,564	7,835,452
1.2.8 Net increase (decrease) in funds borrowed	4,543,585	45,331
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(951,479)	(238,479)
I. Net cash flow from banking operations	(856,958)	(2,774,098)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(1,586,662)	(144,276)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	(178,034)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(552,559)	(117,111)
2.4 Proceeds from disposal of tangible assets	452,083	428,125
2.5 Cash paid for purchase of available-for-sale financial assets	(3,812,646)	(4,511,350)
2.6 Proceeds from disposal of available-for-sale financial assets	2,739,728	5,367,870
2.7 Cash paid for purchase of held-to-maturity investments	(955,213)	(2,490,698)
2.8 Proceeds from disposal of held-to-maturity investments	576,755	1,396,396
2.9 Other	(34,810)	(39,474)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	3,852,217	2,769,776
3.1 Cash obtained from funds borrowed and securities issued	9,362,447	6,512,132
3.2 Cash used for repayment of funds borrowed and securities issued	(5,408,717)	(3,642,040)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(101,513)	(100,316)
3.5 Repayments for finance leases	-	-
3.6 Other	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	(12,439)	(16,232)
V. Net (decrease) / increase in cash and cash equivalents	1,396,158	(164,830)
VI. Cash and cash equivalents at the beginning of the period	9,190,905	6,207,694
VII. Cash and cash equivalents at the end of the period	10,587,063	6,042,864

The accompanying explanations and notes form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards, within the scope of interim reporting Turkish Accounting Standards 34 and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, properties classified under tangible fixed assets, available-for-sale financial assets and consolidated 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.

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgments and estimates are explained in related notes.

The accounting policies and valuation principles applied in the preparation of these financial statements are defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXIV. below.

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 IFRS.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)

**II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON
FOREIGN CURRENCY TRANSACTIONS**

Strategy for the use of financial instruments

The Parent Bank’s core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Parent 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 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

Foreign currency transactions are recorded in TL, the functional currency of the Parent Bank. Foreign currency transactions are recorded using the foreign exchange rates ruling at the transaction date. 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.

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ACCOUNTING POLICIES (Continued)

III. INFORMATION ON COMPANIES SUBJECT TO CONSOLIDATION

Investments in consolidated companies

As at and for the nine-month period ended 30 September 2015, the financial statements of T. Vakıflar Bankası T.A.O, Vakıfbank International AG, Vakıf Finansal Kiralama A.Ş., Güneş Sigorta A.Ş., Vakıf Emeklilik A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Portföy Yönetimi A.Ş., Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. and Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. have been included in the consolidated financial statements of the Group.

Vakıfbank International AG, was established in 1999 to operate in the banking sector in foreign countries, in line with the Bank’s globalization policy. Its head office is in Vienna.

Vakıf Finansal Kiralama A.Ş., was established in 1988 to enter into finance lease operations and related transactions and contracts. Its head office is in Istanbul.

Güneş Sigorta A.Ş. 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, transportation, engineering, agriculture, health, forensic protection, and loan insurance. Its head office is in Istanbul.

Vakıf Emeklilik A.Ş. was established under the name Güneş Hayat Sigorta A.Ş. 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 Faktoring A.Ş. 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 A.Ş. 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 A.Ş. operates in investment fund management, portfolio management and pension fund management. Its head office is in Istanbul.

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

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ACCOUNTING POLICIES (Continued)

III. INFORMATION ON COMPANIES SUBJECT TO CONSOLIDATION (Continued)

Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. 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 30 September 2015 and 31 December 2014 but until the liquidation decision date its accumulated previous years’ loss has been included in the accompanying consolidated financial statements.

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

As per the resolution of the Board of Directors of the Parent Bank held on 8 September 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi A.Ş. with Vakıf Pazarlama Ticaret A.Ş. with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi A.Ş. without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret A.Ş. is not a financial subsidiary anymore, its financial statements have not been consolidated as at 30 September 2015 and 31 December 2014, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates consolidated per equity method

As at and for the nine-month period ended 30 September 2015, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası A.Ş. 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 A.Ş. was established in 1950 to support investments in all economic sectors. Its head office is in Istanbul.

In cases where the accounting policies for the preparation of the financial statements of Financial Subsidiaries are different than those of the Parent Bank, the differences have been adjusted to the accounting policies of the Parent Bank, taking the materiality principle into account. The financial statements of local Financial Subsidiaries, and foreign Financial Subsidiaries preparing their financial statements according to the principles of the countries which they are located in, have been adjusted in accordance with Reporting Standards as at the related reporting dates. Inter-company balances and transactions, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing these consolidated financial statements.

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ACCOUNTING POLICIES (Continued)

**IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE
TRANSACTIONS**

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

Derivatives are initially recorded at their purchase costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

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 of derivative transactions is 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. 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 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, issuance or disposal of financial assets or liabilities.

In accordance with the related regulation, 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.

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ACCOUNTING POLICIES (Continued)

VI. INFORMATION ON FEES AND COMMISSIONS

Fees and commissions 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 favourable 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

Financial assets, which are classified as “financial assets at fair value through profit or loss”, are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer’s margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Such assets are measured at their fair values and gain/loss arising is recorded in the consolidated statement of income. Interest income earned on financial assets 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 disposal of such assets, 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.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 – Financial Instruments: Recognition and Measurement in the unconsolidated financial statements. Subsidiaries, which are traded in an active market or whose fair value can be reliably measured, are recorded at fair value.

Associates are accounted in accordance with TAS 39-Financial Instruments: Recognition and Measurement in the unconsolidated financial statements. Associates, which are traded in an active market or whose fair value can be reliably measured, are recorded at their fair values. Associates which are not traded in an active market and whose fair values cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

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.

The impairment for held to maturity financial assets is calculated by the difference between the estimated collectible amount which is calculated by discounting the expected future cash flows using "Effective interest rate (internal rate of return) method" and carrying amount. If there is impairment, the book value is shortened and the amount of loss is stated in profit/loss. If there is an indicator of impairment on the book value of the available for sale financial assets which is directly stated in equity, the total loss which is stated in equity will be removed from equity and stated on profit or loss even if the financial assets are not recognized.

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. 20% specific provision for non-performing loans for Third Group and 100% specific provision for non-performing loans for Fourth and Fifth Group used to be reserved on condition of not being less than the minimum required rates specified within the related Regulation, 50% specific provision is reserved for the non-performing loans that are transferred to Fourth Group according to changes in accounting policy about specific provisions of non-performing loans that are transferred to Fourth Group as of 30 September 2015. In this scope, the specific provision of TL 17,864 that was reserved by the Parent Bank within the previous periods is transferred to “ Other Operating Income” account and the specific provision of TL 303,807 that was reserved in current period is transferred to “Provision for Losses on Loans and Other Receivables” account.

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ACCOUNTING POLICIES (Continued)

IX. INFORMATION ON OFFSETTING 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 SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements (“repo”) 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 classified under “held for trading”, “available for sale” and/or “held-to-maturity” portfolios and they are valued based on the revaluation principles of the related portfolios. 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 (“reverse repo”) are classified under “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 HELD FOR SALE AND DISCONTINUED OPERATIONS

Tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on “Methods, Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means.

A discontinued operation is a part of the Bank’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Group has no discontinued operations.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Group has no goodwill.

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 amortization.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 - *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Estimated useful lives of the Group’s intangible assets are 3-15 years, and amortization rates are between 6.66% and 33.33%.

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ACCOUNTING POLICIES (Continued)

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. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of 31 December 2004 are considered as their historical costs. Tangible assets purchased after 1 January 2005 were recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any. The Group decided to pursue the properties for use according to their fair values in terms of separating the land and buildings within the context of TAS 16 “Turkish Accounting Standard on Property, Plant and Equipment” after the change in the accounting policy as of 30 September 2015. As a result of the valuation from the independent appraisal company, revaluation difference of TL 712,165 after deferred tax effect is followed under the revaluation surplus on tangible assets under shareholders’ equity. As of 30 September 2015, the conformity between net book value that was calculated based on the cost of properties for use and revaluated values are as follows;

	30 September 2015
Fair value	1,146,185
Net book value calculated on cost value	395,351
Before tax revaluation differences	750,834
Calculated deferred tax liability (-)	38,669
Revaluation differences-net	712,165

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognized in the income statement of the period.

Maintenance 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 life (years)	Depreciation rate (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

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

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

XIV. INFORMATION ON INVESTMENT PROPERTIES

Investment property is a property held either to earn rental income or for capital appreciation or for both. Group held investment property with respect to the consolidated real estate investment and insurance firms’ activities.

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

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

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ACCOUNTING POLICIES (Continued)

XV. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessee

Tangible assets acquired through finance leasing are presented under “Tangible Assets” in the assets of the Bank, and under “Finance Lease Payables” account in the liabilities of the Bank. 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 of 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 rent amounts at the beginning of the finance leasing activities 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

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding”.

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

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Parent Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 30 September 2015 is TL 3,828 (full TL) (31 December 2014: TL 3,438 (full TL)).

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS (Continued)

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

As at 30 September 2015 and 31 December 2014, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	8.60%	8.60%
Estimated Inflation Rate	6.50%	6.50%
Increase in Real Wage Rate	7.50%	7.50%

Other benefits to employees

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

The accounting of actuarial gains and losses due to the changes in actuarial assumptions or the differences between assumption and realized has been changed to be applied as at or after the account periods starting from 1 January 2013 by “The communiqué (No: 9) about Employee Benefits (“TAS 19”)” published by the Official Gazette No. 28585 dated 12 March 2013 issued by Public Oversight Accounting and Auditing Standards Authority. “Transition and Validity Date” in the standard permits retrospective application. Thus, actuarial gains and losses have been accounted in “Other Capital Reserves” shown under “Equity” associated with “The Statement of Gains and Losses Recognized in Equity” for the respective reporting periods.

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.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 (“the Law”) has been approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no. 20 of the Article no. 73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

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

Law requires the transfer to be completed in three years beginning from 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS (Continued)

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. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated 3 May 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 published in Official Gazette dated 30 April 2014 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335.

The employer of pension fund participants (the Banks) will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2015 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at 31 December 2014.

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 non-resident 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%. Prepaid corporate taxes for every three months are computed and paid using the related period’s tax rate. Taxes which have been paid for previous periods can be deducted from corporate taxes computed on annual taxable income. According to the Double Taxation Treaty Agreement between Turkey and Austria, Turkish corporations in Austria possess the right to benefit from tax returns of 10% on interest earned from the investments and loans granted in Turkey.

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ACCOUNTING POLICIES (Continued)

XVIII. INFORMATION ON TAXATION (Continued)

Deferred taxes

According to the TAS 12 - Income Taxes; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, 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 valuation differences are recognized as an item under shareholders’ equity, then the related current and/or deferred tax effects are also recognized directly in the shareholders’ equity.

Transfer pricing

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.

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

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.

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ACCOUNTING POLICIES (Continued)

XVIII. INFORMATION ON TAXATION (Continued)

The clause “The amount which to be deducted as investment incentive to estimate tax base cannot 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.

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 has started to obtain funds through domestic and international bonds and bills.

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

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

The shares of the Parent Bank having nominal value of TL 322,000,000 (full TL), representing the 25.18% of the Bank’s outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as “Share Premiums” in shareholders’ equity. TL 448,429 of this amount has been utilized in capital increase on 19 December 2006.

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at 30 September 2015, Vakıf Finansal Kiralama A.Ş., a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 217,491 (31 December 2014: TL 248,780).

XXIII. INFORMATION ON 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 MATTERS

Earnings per shares

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

As at and for the nine-month period ended 30 September 2015, earnings per 100 shares are full TL 0.5275 (30 September 2014: full TL 0.4309).

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.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in TL, cash in FC, money in transit, cheques, demand deposits for both Central Bank of Republic of Turkey (“CBRT”) 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 three months.

Classifications

None.

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 annually 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 Under secretariat 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.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

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 recognized, 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 recognized in other income in the accompanying consolidated statement of comprehensive income.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP

I. CONSOLIDATED CAPITAL ADEQUACY RATIO

As at 30 September 2015 the Bank’s consolidated capital adequacy ratio is 13.55% (31 December 2014: 13.73%). The Parent Bank’s unconsolidated capital adequacy ratio is 13.72% (31 December 2014: 13.96%).

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 “Communiqué 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 “Communiqué on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the same Regulation. In compliance with Article 5 of the Regulation, repo transactions, investment securities and commodity lending transactions are accounted for “Counterparty Credit Risk”. The Bank applies “Fair Value Measurement” in the calculation of “Counterparty Credit Risk”.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

Current Period	Unconsolidated Risk Weights- 30 September 2015									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	63,928,733	-	6,551,702	44,649,000	27,358,619	73,026,598	3,148,518	7,954,052	38,478	-
Risk classifications:										
Claims on sovereigns and Central Banks	58,391,000	-	-	5,764,467	-	-	-	-	-	-
Claims on regional governments or local authorities	11,612	-	2,701,957	769,484	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	25,153	-	282	-	-	955,656	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	3,470,825	-	2,983,236	2,968,779	-	1,740	-	-	-	-
Claims on corporate	343,118	-	650,218	1,114,133	-	60,615,490	-	-	-	-
Claims included in the regulatory retail portfolios	128,587	-	51,118	-	27,358,619	944,118	-	-	-	-
Claims secured by residential property	-	-	-	34,032,137	-	4,471,691	-	-	-	-
Past due loans	-	-	-	-	-	814,673	-	-	-	-
Higher risk categories decided by the Agency	10,518	-	2,711	-	-	-	3,148,518	7,954,052	38,478	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	2,110	-	-	-	-
Other claims	1,547,920	-	162,180	-	-	5,221,120	-	-	-	-

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Prior Period	Unconsolidated Risk Weights- 31 December 2014									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	54,978,227	-	10,597,030	37,813,961	23,371,738	56,480,407	2,986,884	9,434,959	97,738	-
Risk classifications:										
Claims on sovereigns and Central Banks	46,173,249	-	-	5,454,530	-	-	-	-	-	-
Claims on regional governments or local authorities	16,257	-	2,439,440	507,007	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	34,810	-	979	-	-	1,017,536	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	7,031,344	-	6,911,054	1,475,539	-	2,127	-	-	-	-
Claims on corporate	207,239	-	1,137,923	910,484	-	45,989,999	-	-	-	-
Claims included in the regulatory retail portfolios	121,740	-	41,820	-	23,371,738	1,185,664	-	-	-	-
Claims secured by residential property	-	-	-	29,466,401	-	3,401,067	-	-	-	-
Past due loans	-	-	-	-	-	240,075	-	-	-	-
Higher risk categories decided by the Agency	11,949	-	3,166	-	-	-	2,986,884	9,434,959	97,738	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,381,639	-	62,648	-	-	4,643,939	-	-	-	-

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Summary information related to unconsolidated capital adequacy ratio

	Bank Only	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,032,598	9,490,415
Capital Requirement for Market Risk (MRCR)	103,937	55,940
Capital Requirement for Operational Risk (ORCR) (*)	879,185	777,799
Shareholders' Equity	20,602,931	18,013,163
Shareholders' Equity/((CRCR+MRCR+ORCR) *12.5)*100	13.72	13.96
Tier I Capital/((CRCR+MRCR+ORCR) *12.5)*100	10.39	11.26
Common Equity Tier I Capital/((CRCR+MRCR+ORCR)*12.5)*100	10.46	11.35

(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2015 was measured by taking value at operational risk calculated based on gross incomes for the years ended 2014, 2013 and 2012 into consideration. For the year 2014, value at operational risk is being calculated based on gross incomes for the years ended 2013, 2012 and 2011.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information on consolidated capital adequacy ratio

Current Period	Consolidated Risk Weights – 30 September 2015									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	64,528,166	-	7,390,704	45,365,154	27,370,290	76,969,106	3,148,518	7,954,052	139,347	-
Risk classifications:										
Claims on sovereigns and Central Banks	58,986,066	-	-	5,858,396	-	-	-	-	-	-
Claims on regional governments or local authorities	11,612	-	2,702,558	769,485	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	25,153	-	282	-	-	955,656	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	3,470,826	-	3,821,637	3,061,905	-	2,423	-	-	-	-
Claims on corporate	343,118	-	650,218	1,643,231	-	64,606,290	-	-	-	-
Claims included in the regulatory retail portfolios	128,587	-	51,118	-	27,370,290	944,118	-	-	-	-
Claims secured by residential property	-	-	-	34,032,137	-	4,471,691	-	-	-	-
Past due loans	-	-	-	-	-	912,107	-	-	-	-
Higher risk categories decided by the Agency	10,518	-	2,711	-	-	-	3,148,518	7,954,052	139,347	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	2,110	-	-	-	-
Other claims	1,552,286	-	162,180	-	-	5,074,711	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information on consolidated capital adequacy ratio

Prior Period	Consolidated Risk Weights - 31 December 2014									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	55,620,001	-	11,639,035	38,668,549	23,382,850	59,238,068	2,986,884	9,434,959	198,260	-
Risk classifications:										
Claims on sovereigns and Central Banks	46,808,952	-	-	5,539,730	-	-	-	-	-	-
Claims on regional governments or local authorities	16,258	-	2,467,609	507,006	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	34,810	-	979	-	-	1,017,536	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	7,031,351	-	7,924,889	1,807,130	-	6,730	-	-	-	-
Claims on corporate	207,240	-	1,137,923	1,348,282	-	49,100,468	-	-	-	-
Claims included in the regulatory retail portfolios	121,740	-	41,821	-	23,382,850	1,185,664	-	-	-	-
Claims secured by residential property	-	-	-	29,466,401	-	3,401,067	-	-	-	-
Past due loans	-	-	-	-	-	320,657	-	-	-	-
Higher risk categories decided by the Agency	11,949	-	3,166	-	-	-	2,986,884	9,434,959	198,260	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,387,701	-	62,648	-	-	4,205,946	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Summary information related to consolidated capital adequacy ratio

	Consolidated	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11,410,943	9,782,654
Capital Requirement for Market Risk (MRCR)	111,326	63,924
Capital Requirement for Operational Risk (ORCR) (*)	876,010	768,723
Shareholders' Equity	20,994,156	18,212,972
Shareholders' Equity/((CRCR+MRCR+ORCR) *12.5*100)	13.55	13.73
Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	10.29	11.07
Common Equity Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	10.36	11.17

(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2015 was measured by taking value at operational risk calculated based on consolidated gross incomes for the years ended 2014, 2013 and 2012 into consideration. For the year 2014, value at operational risk is being calculated based on consolidated gross incomes for the years ended 2013, 2012 and 2011.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information about the unconsolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000	2,500,000
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Reserves	9,933,998	8,462,731
Other Comprehensive Income according to TAS	1,867,419	1,262,606
Profit	1,273,479	1,753,273
Current Period Profit	1,273,479	1,753,273
Previous Period Profit	-	-
General Reserves for Possible Losses	-	-
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period's Profit	69,222	69,222
Common Equity Tier I Capital Before Deductions	16,368,036	14,771,750
Deductions from Common Equity Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	491,006	-
Leasehold Improvements on Operational Leases(-)	103,346	97,140
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	66,037	28,153
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law(-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital not deducted from Tier I Capital(-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	660,389	125,293
Total Common Equity Tier I Capital	15,707,647	14,646,457
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 01.01.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 01.01.2014)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
The amount to be deducted from Additional Tier I Capital (-)	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	Current Period	Prior Period
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital	99,055	112,613
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	99,055	112,613
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	15,608,592	14,533,844
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1,505,274	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	1,905,885	2,117,650
Pledged Assets of the Shareholders to be used for the Bank’s Capital Increases	-	-
General Provisions	1,723,843	1,482,877
Tier II Capital before Deductions	5,135,002	3,600,527
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5,135,002	3,600,527
CAPITAL	20,743,594	18,134,371
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	140,374	120,737
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	289	471
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
EQUITY	20,602,931	18,013,163
Amounts lower than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	11,070	72,437

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000	2,500,000
Share Premium	727,780	727,780
Share Cancellation Profits	-	-
Reserves	10,355,180	8,794,590
Other Comprehensive Income according to TAS	732,895	574,394
Profit	1,387,406	1,873,992
Current Period Profit	1,292,378	1,805,677
Previous Period Profit	95,028	68,315
General Reserves for Possible Losses	-	-
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period’s Profit	3,683	3,683
Minority Shares	589,363	481,423
Common Equity Tier I Capital Before Deductions	16,296,307	14,955,862
Deductions from Common Equity Tier I Capital		
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	57,728	-
Leasehold Improvements on Operational Leases(-)	105,212	98,818
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	74,922	32,447
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law(-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital not deducted from Tier I Capital(-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	237,862	131,265
Total Common Equity Tier I Capital	16,058,445	14,824,597

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	Current Period	Prior Period
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Third Parties’ share in additional core capital	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital(-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
The amount to be deducted from Additional Tier I Capital (-)	-	-
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	112,382	129,788
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	15,946,063	14,694,809
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1,505,274	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	1,895,553	2,106,170
Pledged Assets of the Shareholders to be used for the Bank’s Capital Increases	-	-
General Provisions	1,782,960	1,528,540
Third Parties’ share in supplementary capital	4,969	4,661
Tier II Capital before Deductions	5,188,756	3,639,371
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5,188,756	3,639,371

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	Current Period	Prior Period
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	21,134,819	18,334,180
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movable and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	140,374	120,737
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be defined by the BRSA (-)	289	471
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
EQUITY	20,994,156	18,212,972
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	111,939	172,959

Components of items of shareholders’ equity subject to temporary applications:

	Bank Only		Consolidated	
	Amount Included in Equity Calculation	Total Amount	Amount Included in Equity Calculation	Total Amount
Minorities’ share in Tier I capital	-	-	589,363	-
Third Parties’ share in additional core capital	-	-	-	-
Third Parties’ share in supplementary capital	-	-	4,969	-
Debt Instruments and Related Issuance Premiums Defined by the BRSA (Issued before 01.01.2014)	1,905,885	2,754,643	1,895,553	2,740,922

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information about the debt instruments included in the consolidated equity calculation:

Issuer	T.Vakıflar Bankası T.A.O.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91 XS1175854923/ US90015WAC73
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-II-2-31.1 BRSA regulation on bank’s shareholder equity
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	XS0849728190/ US90015NAB91 is subject to deduction. XS1175854923/ US90015WAC73 is not subject to deduction.
Eligible at solo/group/group&solo	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	3,401
Par value of instrument	4,211
Accounting classification	347011
Original date of issuance	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Perpetual or dated	XS0849728190/ US90015NAB91 Dated (10 years) Maturity Date: 1 November 2022 XS1175854923/ US90015WAC73 Dated (10 years) Maturity Date: 3 February 2025
Issue date	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Issuer call subject to prior supervisory approval	Yes
Call option dates, conditioned call dates and call amount	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 early call date at 3 February 2020 is available.
Subsequent call dates, if applicable	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 only one call option is available.
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed/Interest payment once in six month, principal payment at the maturity date
Coupon rate and any related index	XS0849728190/ US90015NAB91 6% fixed interest rate XS1175854923/ US90015WAC73 6,875% fixed interest rate
Existence of a dividend stopper	Nil
Fully discretionary, partially discretionary or mandatory	Nil
Existence of step up or other incentive to redeem	Nil
Noncumulative or cumulative	Nil
Convertible or non-convertible	
If convertible, conversion trigger (s)	Nil
If convertible, fully or partially	Nil
If convertible, conversion rate	Nil
If convertible, mandatory or optional conversion	Nil
If convertible, specify instrument type convertible into	Nil
If convertible, specify issuer of instrument it converts into	Nil
Write-down feature	
If write-down, write-down trigger(s)	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 available Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events
If write-down, full or partial	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has full or partial write down feature.
If write-down, permanent or temporary	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has permanent write down feature.
If temporary write-down, description of write-up mechanism	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments included in Tier II Capital after deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess Article 8
According to article 7 and 8 of Banks’ shareholders’ equity law that are not possessed	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information about the debt Instruments included in the unconsolidated equity calculation:

Issuer	T. Vakıflar Bankası T.A.O.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91 XS1175854923/ US90015WAC73
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-II-2-31.1 BRSA regulation on bank's shareholder equity
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	XS0849728190/ US90015NAB91 is subject to deduction. XS1175854923/ US90015WAC73 is not subject to deduction.
Eligible at solo/group/group&solo	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	3,411
Par value of instrument (in million)	4,228
Accounting classification	347011
Original date of issuance	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Perpetual or dated	XS0849728190/ US90015NAB91 Dated (10 years) Maturity Date: 1 November 2022 XS1175854923/ US90015WAC73 Dated (10 years) Maturity Date: 3 February 2025
Issue date	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Issuer call subject to prior supervisory approval	Available
Call option dates, conditioned call dates and call amount	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 early call date at 3 February 2020 is available.
Subsequent call dates, if applicable	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 only one call option is available.
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed/Interest payment once in six month, principal payment at the maturity date
Coupon rate and any related index	XS0849728190/ US90015NAB91 6% fixed interest rate XS1175854923/ US90015WAC73 6,875% fixed interest rate
Existence of a dividend stopper	Nil
Fully discretionary, partially discretionary or mandatory	Nil
Existence of step up or other incentive to redeem	Nil
Noncumulative or cumulative	Nil
Convertible or non-convertible	
If convertible, conversion trigger (s)	Nil
If convertible, fully or partially	Nil
If convertible, conversion rate	Nil
If convertible, mandatory or optional conversion	Nil
If convertible, specify instrument type convertible into	Nil
If convertible, specify issuer of instrument it converts into	Nil
Write-down feature	
If write-down, write-down trigger(s)	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 available Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events
If write-down, full or partial	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has full or partial write down feature.
If write-down, permanent or temporary	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has permanent write down feature.
If temporary write-down, description of write-up mechanism	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments included in Tier II Capital after deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8
According to article 7 and 8 of Banks' shareholders' equity law that are not possessed	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

II. CONSOLIDATED MARKET RISK

The Group 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 Parent Bank is reported monthly and sent to the related regulatory institutions.

Value at market risk

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	19,635	16,249
(II) Capital Obligation against Specific Risks - Standard Method	3,135	1,893
Capital to be Employed for Specific Risk in Securitisation Positions- Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	64,352	36,815
(IV) Capital Obligation against Stocks Risks - Standard Method	-	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	23	234
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	24,180	8,733
(VIII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	111,326	63,924
(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)	1,391,575	799,050

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 Group is exposed to is calculated according to the "Basic Indicator Method" hence by multiplying the average of the 15% of last three years’ actual gross income with 12.5, in line with the effective legislation practices in the country.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

Foreign exchange risk that the Parent Bank is exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Parent Bank for the positions monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Parent Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

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

As at 30 September 2015 and 31 December 2014, the Group does not have derivative 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 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	3.0200	3.3733
<u>Foreign currency purchase rates for the days before balance sheet date;</u>		
Day 1	3.0100	3.3893
Day 2	2.9800	3.3328
Day 3	2.9800	3.3150
Day 4	2.9400	3.2896
Day 5	2.9500	3.3347
Last 30-days arithmetical average rate	2.8350	3.1917

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of Republic of Turkey	2,889,016	14,939,433	4,749,593	22,578,042
Banks	433,015	6,570,258	65,840	7,069,113
Financial assets at fair value through profit or loss ⁽¹⁾	5,171	159,627	-	164,798
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	1,427,196	3,607,895	-	5,035,091
Loans and receivables ⁽²⁾	14,280,700	30,019,705	40,375	44,340,780
Associates, subsidiaries and joint-ventures	3	-	-	3
Held-to-maturity investments	-	232,143	-	232,143
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,251	2,825	-	4,076
Intangible assets	63	142	-	205
Other assets ^{(3),(4)}	964,230	1,262,920	5,437	2,232,587
Total assets	20,000,645	56,794,948	4,861,245	81,656,838
Liabilities:				
Bank deposits	459,818	4,547,770	54,729	5,062,317
Foreign currency deposits	14,634,342	19,406,607	641,129	34,682,078
Interbank money market takings	-	4,255,959	-	4,255,959
Funds borrowed ⁽⁵⁾	8,945,201	11,323,703	-	20,268,904
Securities issued	2,733,632	6,818,613	12,609	9,564,854
Miscellaneous payables	494,007	129,220	65,243	688,470
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ^{(1),(6)}	89,293	6,422,979	5,319	6,517,591
Total liabilities	27,356,293	52,904,851	779,029	81,040,173
Net ‘on balance sheet’ position	(7,355,648)	3,890,097	4,082,216	616,665
Net ‘off-balance sheet’ position	7,540,186	(2,840,138)	(4,066,199)	633,849
Derivative assets ⁽⁷⁾	8,193,018	13,587,084	261,140	22,041,242
Derivative liabilities ⁽⁷⁾	652,832	16,427,222	4,327,339	21,407,393
Non-cash loans ⁽⁸⁾	3,338,276	8,957,847	351,267	12,647,390
Prior Period				
Total assets	14,276,007	40,284,673	4,446,412	59,007,092
Total liabilities	19,633,096	40,246,828	1,013,061	60,892,985
Net ‘on balance sheet’ position	(5,357,089)	37,845	3,433,351	(1,885,893)
Net ‘off-balance sheet’ position	5,456,748	346,269	(3,430,091)	2,372,926
Derivative assets ⁽⁷⁾	7,545,021	8,766,209	1,377,221	17,688,451
Derivative liabilities ⁽⁷⁾	2,088,273	8,419,940	4,807,312	15,315,525
Non-cash loans ⁽⁸⁾	2,217,630	9,304,139	260,328	11,782,097

⁽¹⁾ Derivative financial assets amounting to TL (7,780) (31 December 2014: TL 4,896) and liabilities amounting to TL (29,563) (31 December 2014: TL (86,657)) resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 3,930,969 (31 December 2014: TL 2,750,602) presented in TL in the financial statements are included in the above table.

⁽³⁾ Foreign currency indexed factoring receivables amounted to TL 75,752 (31 December 2014: TL 65,320) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁴⁾ Prepaid expenses amounting to TL 81,526 (31 December 2014: TL 60,637) are not included.

⁽⁵⁾ Foreign currency indexed funds borrowed amounted to TL 3,290 (31 December 2014: TL 68,860) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁶⁾ Unearned income amounting to TL 77,258 (31 December 2014: TL 51,232) and deferred tax liabilities amounting to TL 5,563 (31 December 2014: 7,390) are not included. Equities amounting to 506,553 TL (31 December 2014: TL 553,581) are not included. Foreign currency indexed factoring payables amounting to TL 5 are included (31 December 2014: None).

⁽⁷⁾ Asset purchase commitments amounting to TL 202,915 (31 December 2014: TL 1,327,706), asset sales commitments amounting to TL 332,906 (31 December 2014: TL 1,312,928) and gold purchase swaps amounting to TL 4,299,487 (31 December 2014: TL 4,773,860) are included.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the nine-month period ended 30 September 2015 and 2014 would have effect on consolidated equity and the consolidated statement of income (without tax effects) by the amounts shown in the table below.

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

	30 September 2015		30 September 2014	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	104,699	104,699	41,779	41,779
Euro	(1,602)	40,729	(12,860)	23,109
Other currencies	1,602	1,602	185	185
Total, net (**)	104,699	147,030	29,104	65,073

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

(**) Associates, subsidiaries, joint ventures, tangible and intangible assets are not included to the analysis.

10 percent appreciation of the TL against the following currencies as at and for the nine-month period ended 30 September 2015 and 2014 would have effect on consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	30 September 2015		30 September 2014	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(103,303)	(103,303)	(40,214)	(40,214)
Euro	1,602	(40,729)	12,860	(23,109)
Other currencies	(1,476)	(1,476)	41	41
Total, net (**)	(103,177)	(145,508)	(27,313)	(63,282)

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

(**) Associates, subsidiaries, joint ventures, tangible and intangible assets are not included to the analysis.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

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 repricing 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 CBRT	16,044,866	-	-	-	-	9,086,551	25,131,417
Banks	6,727,307	168,318	-	-	-	794,541	7,690,166
Financial assets at fair value through profit/loss	408,070	453,527	89,780	127,873	43,076	10,715	1,133,041
Interbank money market placements	13,549	-	-	-	-	-	13,549
Available-for-sale financial assets	2,085,850	2,558,824	4,433,067	5,914,572	2,201,943	15	17,194,271
Loans and receivables	42,307,595	16,896,152	37,935,606	18,916,877	10,312,650	911,539	127,280,419
Held-to-maturity investments	714,266	3,334,969	1,884,713	1,273,081	226,026	-	7,433,055
Other assets (*)	96,900	209,550	365,008	1,068,045	266,980	7,197,780	9,204,263
Total assets	68,398,403	23,621,340	44,708,174	27,300,448	13,050,675	18,001,141	195,080,181
<i>Liabilities:</i>							
Bank deposits	5,626,308	580,465	252,957	-	-	186,406	6,646,136
Other deposits	61,249,978	18,841,615	6,253,637	1,033,116	23,617	20,728,654	108,130,617
Interbank money market takings	12,626,124	-	1,187,851	396,002	34,025	-	14,244,002
Miscellaneous payables	-	-	-	-	-	4,043,259	4,043,259
Securities issued	1,141,795	3,520,294	1,309,111	6,296,445	-	-	12,267,645
Funds borrowed	4,358,896	9,458,019	4,965,343	544,524	1,610,755	-	20,937,537
Other liabilities (**)	59,827	142,299	261,490	980,861	3,308,756	24,057,752	28,810,985
Total liabilities	85,062,928	32,542,692	14,230,389	9,250,948	4,977,153	49,016,071	195,080,181
On balance sheet long position	-	-	30,477,785	18,049,500	8,073,522	-	56,600,807
On balance sheet short position	(16,664,525)	(8,921,352)	-	-	-	(31,014,930)	(56,600,807)
Off-balance sheet long position	1,295,402	2,590,208	-	-	-	-	3,885,610
Off-balance sheet short position	-	-	(322,791)	(1,541,115)	(936,200)	-	(2,800,106)
Net position	(15,369,123)	(6,331,144)	30,154,994	16,508,385	7,137,322	(31,014,930)	1,085,504

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior 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 CBRT	3,055,551	-	-	-	-	18,835,530	21,891,081
Banks	2,983,521	214,751	6,290	-	-	363,946	3,568,508
Financial assets at fair value through profit/loss	172,007	207,100	7,569	33,427	25,905	4,233	450,241
Interbank money market placements	9,504	-	-	-	-	-	9,504
Available-for-sale financial assets	2,666,118	2,035,297	5,241,522	4,305,279	2,622,884	15	16,871,115
Loans and receivables	33,476,465	22,448,303	21,987,427	17,768,042	10,356,537	318,897	106,355,671
Held-to-maturity investments	281,186	1,559,200	3,180,566	290,780	1,542,861	-	6,854,593
Other assets (*)	65,719	315,931	170,248	853,884	243,339	5,901,628	7,550,749
Total assets	42,710,071	26,780,582	30,593,622	23,251,412	14,791,526	25,424,249	163,551,462
<i>Liabilities:</i>							
Bank deposits	4,208,236	452,338	22,912	-	-	66,930	4,750,416
Other deposits	45,030,713	19,282,775	6,861,948	709,033	18,322	16,749,406	88,652,197
Interbank money market takings	15,846,751	253,389	349,241	-	205,860	-	16,655,241
Miscellaneous payables	-	-	-	-	-	3,344,419	3,344,419
Securities issued	718,111	2,146,929	2,579,188	4,940,480	-	-	10,384,708
Funds borrowed	4,063,185	7,002,553	3,733,893	717,541	743,483	-	16,260,655
Other liabilities (**)	147,979	23,050	132,524	464,387	1,649,212	21,086,674	23,503,826
Total liabilities	70,014,975	29,161,034	13,679,706	6,831,441	2,616,877	41,247,429	163,551,462
On balance sheet long position	-	-	16,913,916	16,419,971	12,174,649	-	45,508,536
On balance sheet short position	(27,304,904)	(2,380,452)	-	-	-	(15,823,180)	(45,508,536)
Off-balance sheet long position	658,387	1,660,268	-	-	-	-	2,318,655
Off-balance sheet short position	-	-	-	(1,304,201)	(777,200)	-	(2,081,401)
Net position	(26,646,517)	(720,184)	16,913,916	15,115,770	11,397,449	(15,823,180)	237,254

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

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

Current Period	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	0.24	-	2.96
Banks	0.40	0.36	-	12.62
Financial assets at fair value through profit/loss	5.50	11.78	-	11.47
Interbank money market placements	-	-	-	12.34
Available-for-sale financial assets	4.34	6.80	-	6.95
Loans and receivables	3.80	4.69	-	12.10
Held-to-maturity investments	-	1.00	-	5.69
<i>Liabilities:</i>				
Bank deposits	0.63	0.29	-	12.48
Other deposits	1.72	1.97	-	10.43
Interbank money market takings	-	0.73	-	8.90
Miscellaneous payables	-	-	-	-
Securities issued	2.54	3.85	0.93	10.34
Funds borrowed	1.09	1.74	-	11.83
<hr/>				
Prior Period	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	1.51
Banks	0.70	0.28	-	10.59
Financial assets at fair value through profit/loss	5.50	11.78	-	11.45
Interbank money market placements	-	-	-	10.33
Available-for-sale financial assets	4.27	6.89	-	7.19
Loans and receivables	4.19	5.39	-	12.70
Held-to-maturity investments	-	1.58	-	5.56
<i>Liabilities:</i>				
Bank deposits	0.66	0.42	-	8.59
Other deposits	1.98	2.13	-	9.22
Interbank money market takings	-	0.95	-	9.83
Miscellaneous payables	-	-	-	-
Securities issued	3.47	3.45	-	9.06
Funds borrowed	1.13	1.67	-	8.44

(*) The rates above are calculated over financial instruments with interest rates.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

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 Standard Shock Technique” published in the 23 August 2011 dated Official Gazette no. 28034. Legal limit is monthly monitored and reported accordingly.

The 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 Standard Shock Technique” are presented in the below table:

Currency Unit-Current Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,118,483) / 2,091,684	(10.28%) / 10.15%
2. EURO	200 / (200)	267,531 / (39,507)	1.30% / (0.19%)
3. US Dollar	200 / (200)	681,395 / (591,822)	3.30% / (2.87%)
Total (For Negative Shocks)	-	1,460,355	7.09%
Total (For Positive Shocks)	-	(1,169,557)	(5.68%)

Currency Unit-Prior Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,440,546) / 2,452,172	(13.54%) / 13.61%
2. EURO	200 / (200)	178,773 / (9,440)	0.99% / (0.05%)
3. US Dollar	200 / (200)	441,639 / (383,071)	2.45% / (2.13%)
Total (For Negative Shocks)	-	2,059,661	11.43%
Total (For Positive Shocks)	-	(1,820,134)	(10.10%)

The table above has been obtained from unconsolidated reviewed financial report dated 30 September 2015 disclosed on Public Disclosure Platform.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

Stock position risks arising from banking book items:

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

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

Current Period	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange^(*)	216,872	216,872	216,872
1.Stocks Investments Group A	216,872	216,872	216,872
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	333,438	333,438	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

Prior Period	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange^(*)	203,092	203,092	203,092
1.Stocks Investments Group A	203,092	203,092	203,092
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	320,037	320,037	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

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-Current Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Core Capital	Total (*)	Included in Core Capital	Included in Supplementary Capital
1. Private Capital						
Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	68,690	68,690	-	-	-
4. Total	-	68,690	68,690	-	-	-

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

Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Core Capital	Total (*)	Included in Core Capital	Included in Supplementary Capital
1. Private Capital						
Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	62,289	62,289	-	-	-
4. Total	-	62,289	62,289	-	-	-

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

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, and international bond issues. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed^(*)	Total
Assets:								
Cash and balance with CBRT	25,131,417	-	-	-	-	-	-	25,131,417
Banks	6,920,421	601,427	168,318	-	-	-	-	7,690,166
Financial assets at fair value through profit/loss	7,594	81,352	30,944	169,935	797,019	43,076	3,121	1,133,041
Interbank money market placements	-	13,549	-	-	-	-	-	13,549
Available-for-sale financial assets	-	483,422	255,797	736,780	9,130,490	6,587,767	15	17,194,271
Loans and receivables	49,441	11,162,467	5,477,533	24,965,791	53,886,464	30,826,616	912,107	127,280,419
Held-to-maturity investments	-	81,087	60,455	374,995	2,867,910	4,048,608	-	7,433,055
Other assets	47,245	1,096,654	312,181	353,048	1,225,486	266,980	5,902,669	9,204,263
Total assets	32,156,118	13,519,958	6,305,228	26,600,549	67,907,369	41,773,047	6,817,912	195,080,181
Liabilities:								
Bank deposits	186,406	5,626,308	580,465	252,957	-	-	-	6,646,136
Other deposits	21,181,611	60,872,939	18,758,075	6,254,596	1,039,779	23,617	-	108,130,617
Funds borrowed	-	765,333	979,660	10,440,272	3,250,501	5,501,771	-	20,937,537
Interbank money market takings	-	12,626,124	-	1,187,851	396,002	34,025	-	14,244,002
Securities issued	-	1,064,618	3,482,455	1,139,895	6,580,677	-	-	12,267,645
Miscellaneous payables	-	3,071,795	64,795	-	-	-	906,669	4,043,259
Other liabilities	-	848,303	100,524	105,165	153,912	4,443,492	23,159,589	28,810,985
Total liabilities	21,368,017	84,875,420	23,965,974	19,380,736	11,420,871	10,002,905	24,066,258	195,080,181
Liquidity gap	10,788,101	(71,355,462)	(17,660,746)	7,219,813	56,486,498	31,770,142	(17,248,346)	-
Prior Period								
Total assets	21,097,023	15,020,547	5,177,956	21,619,608	58,091,716	37,380,848	5,163,764	163,551,462
Total liabilities	17,054,815	70,465,002	23,469,756	16,350,894	9,138,479	6,203,557	20,868,959	163,551,462
Liquidity gap	4,042,208	(55,444,455)	(18,291,800)	5,268,714	48,953,237	31,177,291	(15,705,195)	-

^(*) 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 shareholders' equity in the liabilities have been included in this column.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VI. CONSOLIDATED LIQUIDITY RISK (Continued)

Residual contractual maturities of financial 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	6,646,136	6,655,694	186,406	5,630,104	584,862	254,322	-	-
Other deposits	108,130,617	108,681,240	21,181,611	61,043,407	18,944,172	6,389,880	1,094,328	27,842
Funds borrowed	20,937,537	22,342,687	-	766,460	990,884	10,574,066	3,556,596	6,454,681
Money market takings	14,244,002	14,258,785	-	12,629,331	-	1,195,041	399,406	35,007
Securities issued	12,267,645	13,105,973	-	1,068,109	3,512,409	1,162,151	7,363,304	-
Miscellaneous payables	4,043,259	4,043,259	906,669	3,071,795	64,795	-	-	-
Other liabilities	7,201,668	9,254,223	1,872,920	594,904	47,116	101,361	141,877	6,496,045
Total	173,470,864	178,341,861	24,147,606	84,804,110	24,144,238	19,676,821	12,555,511	13,013,575
Non-Cash Loans	35,239,964	35,239,964	2,743,445	767,900	19,950,267	7,378,938	3,831,482	567,932
Prior 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	4,750,416	4,753,361	66,930	4,209,000	453,419	24,012	-	-
Other deposits	88,652,197	89,212,248	16,987,878	44,972,317	19,393,564	7,074,231	762,575	21,683
Funds borrowed	16,260,655	17,263,830	-	1,511,280	1,092,397	6,771,654	3,519,833	4,368,666
Money market takings	16,655,241	16,667,205	-	15,854,923	253,874	351,133	-	207,275
Securities issued	10,384,708	11,236,567	-	713,864	2,166,332	2,401,993	5,954,378	-
Miscellaneous payables	3,344,419	3,344,419	559,496	2,728,303	56,620	-	-	-
Other liabilities	3,614,846	4,564,538	909,478	398,121	38,123	15,223	43,890	3,159,703
Total	143,662,482	147,042,168	18,523,782	70,387,808	23,454,329	16,638,246	10,280,676	7,757,327
Non-Cash Loans	28,675,047	28,675,047	243,079	835,912	16,443,803	6,930,286	3,538,426	683,541

(*) This table shows the undiscounted cash flows on the Group’s financial liabilities on the basis of their earliest possible contractual maturity. 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.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VI. CONSOLIDATED LIQUIDITY RISK (Continued)

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.

Information about guarantees according to risk classifications

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

Risk Classification-Current Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and Credit Derivatives
Claims on sovereigns and Central Banks	64,844,462	9,655,537	-	-
Claims on regional governments or local authorities	3,483,655	17,426	-	-
Claims on administrative bodies and other non-commercial undertakings	981,091	31,241	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	10,356,791	3,390,805	-	-
Claims on corporates	67,242,857	770,710	-	1,438,260
Claims included in the regulatory retail portfolios	28,494,113	222,718	-	-
Claims secured by residential property	38,503,828	-	-	-
Past due loans	912,107	-	-	-
Higher risk categories decided by the Agency	11,255,146	13,229	-	-
Marketable securities 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	2,110	-	-	-
Other claims	6,789,177	-	-	-
Total	232,865,337	14,101,666	-	1,438,260

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VI. CONSOLIDATED LIQUIDITY RISK (Continued)

Risk Classification-Prior Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and Credit Derivatives
Claims on sovereigns and Central Banks	52,348,682	4,810,208	-	-
Claims on regional governments or local authorities	2,990,873	19,276	-	-
Claims on administrative bodies and other non-commercial undertakings	1,053,325	63,400	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	16,770,100	7,032,378	-	-
Claims on corporates	51,793,913	514,692	-	634,888
Claims included in the regulatory retail portfolios	24,732,075	199,482	-	-
Claims secured by residential property	32,867,468	-	-	-
Past due loans	320,657	-	-	-
Higher risk categories decided by the Agency	12,635,218	15,115	-	-
Marketable securities 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 claims	5,656,295	-	-	-
Total	201,168,606	12,654,551	-	634,888

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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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. CONSOLIDATED SEGMENT REPORTING

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	3,099,766	4,877,718	2,142,444	8,317	10,128,245
<i>Interest income from loans</i>	3,099,766	4,750,896	607,627	-	8,458,289
<i>Interest income from reserve deposits</i>	-	-	20,223	-	20,223
<i>Interest income from securities portfolio</i>	-	-	1,454,461	-	1,454,461
<i>Interest income from banks</i>	-	-	58,831	-	58,831
<i>Interest income from money market transactions</i>	-	-	1,302	-	1,302
<i>Leasing income</i>	-	74,664	-	-	74,664
<i>Other interest income</i>	-	52,158	-	8,317	60,475
Interest Expense	1,831,603	2,479,505	1,668,769	30,626	6,010,503
<i>Interest expense on deposits</i>	1,831,603	2,432,119	140,526	-	4,404,248
<i>Interest expense on funds borrowed</i>	-	47,386	223,571	-	270,957
<i>Interest expense on money market transactions</i>	-	-	687,909	-	687,909
<i>Interest expense on securities issued</i>	-	-	437,124	-	437,124
<i>Other interest expenses</i>	-	-	179,639	30,626	210,265
Net Interest Income	1,268,163	2,398,213	473,675	(22,309)	4,117,742
Net Fees and Commissions Income	286,406	276,129	76,332	-	638,867
Trading Income/ Losses (Net)	-	-	139,199	-	139,199
Dividend Income	-	-	10,102	-	10,102
Other Income	-	-	-	1,497,356	1,497,356
Provision For Losses on Loans and Other Receivables	344,482	530,310	31,758	341,878	1,248,428
Other Expenses	-	-	-	3,472,866	3,472,866
Income/Loss From Investments Under Equity Accounting	-	-	23,328	-	23,328
Profit Before Taxes	1,210,087	2,144,032	690,878	(2,339,697)	1,705,300
Provision for taxes	-	-	-	(386,604)	(386,604)
Net Profit/ Loss	1,210,087	2,144,032	690,878	(2,726,301)	1,318,696
SEGMENT ASSETS					
Securities Portfolio	-	-	24,711,907	-	24,711,907
Derivative Financial Assets Held for Trading Purpose	-	-	1,048,460	-	1,048,460
Banks and Receivables From Money Markets	-	-	7,703,715	-	7,703,715
Investments in Associates and Subsidiaries(Net)	-	-	550,295	-	550,295
Loans and Receivables	36,213,739	72,704,132	18,362,548	-	127,280,419
Other Assets	-	1,992,131	24,052,778	7,740,476	33,785,385
TOTAL ASSETS	36,213,739	74,696,263	76,429,703	7,740,476	195,080,181
SEGMENT LIABILITIES					
Deposits	47,817,181	60,313,436	6,646,136	-	114,776,753
Derivative Financial Liabilities Held for Trading Purpose	-	-	419,700	-	419,700
Interbank Money Market Takings	-	-	14,244,002	-	14,244,002
Funds Borrowed	-	362,183	20,575,354	-	20,937,537
Securities Issued	-	-	12,267,645	-	12,267,645
Other Liabilities	-	106	4,884,569	6,266,498	11,151,173
Provisions and Tax Liabilities	-	-	-	5,044,792	5,044,792
Equity	-	-	-	16,238,579	16,238,579
TOTAL LIABILITIES AND EQUITY	47,817,181	60,675,725	59,037,406	27,549,869	195,080,181

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. CONSOLIDATED SEGMENT REPORTING (Continued)

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	2,617,980	3,997,523	1,918,769	9,186	8,543,458
<i>Interest income from loans</i>	2,617,980	3,907,566	322,880	-	6,848,426
<i>Interest income from reserve deposits</i>	-	-	-	-	-
<i>Interest income from securities portfolio</i>	-	-	1,543,539	-	1,543,539
<i>Interest income from banks</i>	-	-	51,671	-	51,671
<i>Interest income from money market transactions</i>	-	-	679	-	679
<i>Leasing income</i>	-	59,624	-	-	59,624
<i>Other interest income</i>	-	30,333	-	9,186	39,519
Interest Expense	1,580,712	2,106,411	1,378,982	27,388	5,093,493
<i>Interest expense on deposits</i>	1,580,712	2,071,171	118,618	-	3,770,501
<i>Interest expense on funds borrowed</i>	-	35,240	132,789	-	168,029
<i>Interest expense on money market transactions</i>	-	-	724,020	-	724,020
<i>Interest expense on securities issued</i>	-	-	314,626	-	314,626
<i>Other interest expenses</i>	-	-	88,929	27,388	116,317
Net Interest Income	1,037,268	1,891,112	539,787	(18,202)	3,449,965
Net Fees and Commissions Income	263,516	198,717	38,714	-	500,947
Trading Income/ Losses (Net)	-	-	198,687	-	198,687
Dividend Income	-	-	11,911	-	11,911
Other Income	-	-	-	1,494,617	1,494,617
Provision For Losses on Loans and Other Receivables	374,479	664,559	31,404	216,839	1,287,281
Other Expenses	-	-	-	3,006,863	3,006,863
Income/Loss From Investments Under Equity Accounting	-	-	24,961	-	24,961
Profit Before Taxes	926,305	1,425,270	782,656	(1,747,287)	1,386,944
Provision for taxes	-	-	-	(309,655)	(309,655)
Net Profit/ Loss	926,305	1,425,270	782,656	(2,056,942)	1,077,289
SEGMENT ASSETS					
Securities Portfolio	-	-	23,796,373	-	23,796,373
Derivative Financial Assets Held for Trading Purpose	-	-	379,576	-	379,576
Banks and Receivables From Money Markets	-	-	3,578,012	-	3,578,012
Investments in Associates and Subsidiaries(Net)	-	-	523,114	-	523,114
Loans and Receivables	32,966,134	62,243,979	11,145,558	-	106,355,671
Other Assets	-	1,600,368	20,860,935	6,457,413	28,918,716
TOTAL ASSETS	32,966,134	63,844,347	60,283,568	6,457,413	163,551,462
SEGMENT LIABILITIES					
Deposits	38,649,556	50,002,641	4,750,416	-	93,402,613
Derivative Financial Liabilities Held for Trading Purpose	-	-	270,627	-	270,627
Interbank Money Market Takings	-	-	16,655,241	-	16,655,241
Funds Borrowed	-	222,248	16,038,407	-	16,260,655
Securities Issued	-	-	10,384,708	-	10,384,708
Other Liabilities	-	-	2,330,138	4,681,025	7,011,163
Provisions and Tax Liabilities	-	-	-	4,605,932	4,605,932
Equity	-	-	-	14,960,523	14,960,523
TOTAL LIABILITIES AND EQUITY	38,649,556	50,224,889	50,429,537	24,247,480	163,551,462

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1. Information on cash and balances with the Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1,228,174	311,672	1,008,220	368,618
Central Bank of Republic of Turkey ^(*)	1,168,447	22,248,484	3,055,674	17,385,018
Other	156,754	17,886	62,474	11,077
Total	2,553,375	22,578,042	4,126,368	17,764,713

^(*) TL 22,139,148 (31 December 2014: TL 16,156,471) of the foreign currency deposit at Central Bank of Republic of Turkey consists of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from 5% to 11.5% (31 December 2014: ranging from 5% to 11.5%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 6% to 20% in US Dollar or Euro (31 December 2014: ranging from 6% to 13%).

According to 2014-72 numbered and 21 October 2014 dated announcement of Central Bank of the Republic of Turkey, interest has been started to be paid for Turkish Lira reserve deposit beginning from November 2014.

According to 2015-35 numbered and 2 May 2015 dated announcement of Central Bank of Republic of Turkey, interest has started to be paid for US Dollar denominated reserve deposits beginning from May 2015.

Balances with the Central Bank of Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	1,156,218	109,336	3,054,416	1,228,547
Unrestricted time deposits	-	-	-	-
Restricted time deposits	150	-	3	-
Reserve Deposits	12,079	22,139,148	1,255	16,156,471
Total	1,168,447	22,248,484	3,055,674	17,385,018

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)

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		Prior Period	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	30,480	9,880	10,189	8,468
Other	-	-	-	-
Total	30,480	9,880	10,189	8,468

Trading securities subject to repurchase agreements

None.

Trading purpose derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	26,345	969	3,616	474
Swap transactions	874,583	145,285	338,329	31,410
Futures	-	-	-	-
Options	394	884	530	5,217
Other	-	-	-	-
Total	901,322	147,138	342,475	37,101

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	621,053	7,069,113	784,978	2,783,530
Domestic	620,355	77,862	781,447	462,557
Foreign	698	6,991,251	3,531	2,320,973
Foreign head offices and branches	-	-	-	-
Total	621,053	7,069,113	784,978	2,783,530

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)

4. Information on available-for-sale financial assets

Available-for-sale financial assets given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	715,168	491,919	1,624,464	354,106
Other	-	-	-	-
Total	715,168	491,919	1,624,464	354,106

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	6,124,553	-	8,668,579	-
Treasury bills	-	-	-	-
Other debt securities	-	3,517,426	-	3,132,480
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Total	6,124,553	3,517,426	8,668,579	3,132,480

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities	17,555,200		16,899,014	
Quoted on a Stock Exchange	17,555,200		16,899,014	
Unquoted	-		-	
Equity securities		15		15
Quoted on a Stock Exchange		-		-
Unquoted		15		15
Provisions for impairment losses (-)		360,944		27,914
Total	17,555,200	360,944	16,899,014	27,914

5. Information on loans

Information on all types of loans and advances given to shareholders and employees of the Parent Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders				
Legal entities	-	31,672	-	10,174
Real persons	-	-	-	-
Indirect loans provided to the shareholders				
-	-	-	-	-
Loans provided to the employees	96,774	40	86,722	27
Total	96,774	31,712	86,722	10,201

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Information about loans classified in the first and second group and other receivables and loans that have been restructured or rescheduled

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	<i>Loans and other receivables</i>	<i>Agreement conditions modified</i>		<i>Loans and other receivables</i>	<i>Agreement conditions modified</i>	
		<i>Payment plan extensions</i>	<i>Other</i>		<i>Payment plan extensions</i>	<i>Other</i>
	Non-specialized loans	119,479,518	715,685	-	5,220,765	932,287
Loans given to enterprises	38,412,827	186,172	-	1,469,499	622,379	-
Export loans	4,844,452	-	-	182,668	5,229	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	3,070,082	-	-	154	-	-
Consumer loans	29,985,819	144,597	-	1,909,621	255,106	-
Credit cards	4,632,737	-	-	387,273	13,288	-
Other	38,533,601	384,916	-	1,271,550	36,285	-
Specialized lending	2,209	-	-	-	-	-
Other receivables	17,848	-	-	-	-	-
Total	119,499,575	715,685	-	5,220,765	932,287	-

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	715,685	690,212
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	4,941	11
6-12 Months	224	176
1-2 Years	7,647	10,855
2-5 Years	499,532	208,814
5 Years and Over	203,341	470,356

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

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(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	349,963	30,077,571	30,427,534
Housing loans	7,278	14,856,435	14,863,713
Automobile loans	4,992	421,164	426,156
General purpose loans	337,693	14,799,972	15,137,665
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	2,122	7,984	10,106
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	2,122	7,984	10,106
Other	-	-	-
Retail credit cards – TL	3,484,136	128,588	3,612,724
With instalment	1,538,341	70,487	1,608,828
Without instalment	1,945,795	58,101	2,003,896
Retail credit cards – FC	7,534	-	7,534
With instalment	-	-	-
Without instalment	7,534	-	7,534
Personnel loans – TL	2,832	40,861	43,693
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	2,832	40,861	43,693
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	557	-	557
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	557	-	557
Other	-	-	-
Personnel credit cards – TL	52,016	206	52,222
With instalment	21,483	153	21,636
Without instalment	30,533	53	30,586
Personnel credit cards – FC	302	-	302
With instalment	-	-	-
Without instalment	302	-	302
Overdraft Checking Accounts – TL (Real persons)	1,813,147	-	1,813,147
Overdraft Checking Accounts – FC (Real persons)	106	-	106
Total	5,712,715	30,255,210	35,967,925

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)

Instalment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	980,973	23,262,103	24,243,076
Real estate loans	13,001	759,161	772,162
Automobile loans	59,148	1,647,156	1,706,304
General purpose loans	908,824	20,855,786	21,764,610
Other	-	-	-
Instalment-based commercial loans – FC indexed	25,495	1,188,123	1,213,618
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	25,495	1,188,123	1,213,618
Other	-	-	-
Instalment-based commercial loans – FC	789,051	7,038,666	7,827,717
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	789,051	6,992,038	7,781,089
Other	-	46,628	46,628
Corporate credit cards – TL	1,359,980	298	1,360,278
With instalment	475,994	298	476,292
Without instalment	883,986	-	883,986
Corporate credit cards – FC	238	-	238
With instalment	-	-	-
Without instalment	238	-	238
Overdraft Checking Accounts – TL (Corporate)	974,486	-	974,486
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	4,130,223	31,489,190	35,619,413

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	125,921,544	105,692,668
Foreign loans	446,768	342,346
Total	126,368,312	106,035,014

Loans to associates and subsidiaries

	Current Period	Prior Period
Directly loans to associates and subsidiaries	58	16
Indirectly loans to associates and subsidiaries	-	-
Total	58	16

Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and receivables with limited collectability	104,458	60,819
Loans and receivables with doubtful collectability	320,062	550,374
Uncollectible loans and receivables	3,683,329	3,250,115
Total	4,107,849	3,861,308

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period	32,826	67,389	63,592
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	32,826	67,389	63,592
Prior period	34,563	92,576	82,945
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	34,563	92,576	82,945

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balance at the beginning of the period	304,207	563,700	3,314,058
Additions (+)	1,409,616	14,954	91,502
Transfers from other categories of loans under follow-up (+)	-	954,758	800,362
Transfers to other categories of loans under follow-up (-) (*)	997,799	774,059	31,853
Collections (-)	104,775	115,465	407,339
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Other</i>	-	-	-
Currency differences	(32)	(374)	(1,505)
Balance at the end of the period	611,217	643,514	3,765,225
Specific provisions (-) (**)	104,458	320,062	3,683,329
Net balance on balance sheet	506,759	323,452	81,896

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

(**) As of 30 September 2015, the Parent Bank reserved 20% provision for TL 106,622, which is the remaining portion of non-performing loans of TL 190,445 given to a group when guarantees are taken into consideration.

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

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance at the end of the period	204,705	7,840	304,204
Specific provisions (-)	26,158	3,920	283,526
Net balance on balance sheet	178,547	3,920	20,678
Prior Period			
Balance at the end of the period	23,332	3,507	360,219
Specific provisions (-)	4,296	3,026	331,347
Net balance on balance sheet	19,036	481	28,872

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 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 gross and net amounts of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)			
Consumer and commercial loans (Gross)	606,044	635,218	3,688,794
Specific provisions (-)	103,423	315,914	3,606,898
Consumer and commercial loans (Net)	502,621	319,304	81,896
Banks (Gross)	-	-	7,728
Specific provisions (-)	-	-	7,728
Banks (Net)	-	-	-
Other loans and receivables (Gross)	5,173	8,296	68,703
Specific provisions (-)	1,035	4,148	68,703
Other loans and receivables (Net)	4,138	4,148	-
Prior Period (Net)	248,016	32,518	40,123
Consumer and commercial loans (Gross)	305,619	576,523	3,225,510
Specific provisions (-)	60,176	544,005	3,185,387
Consumer and commercial loans (Net)	245,443	32,518	40,123
Banks (Gross)	-	-	6,321
Specific provisions (-)	-	-	6,321
Banks (Net)	-	-	-
Other loans and receivables (Gross)	3,216	6,369	58,407
Specific provisions (-)	643	6,369	58,407
Other loans and receivables (Net)	2,573	-	-

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(Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

6. Information on held-to-maturity investments

Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	7,200,912	-	6,761,749	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	-	-	-
Total	7,200,912	-	6,761,749	-

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	7,436,080	6,860,448
Quoted at stock exchanges	7,203,937	6,767,604
Unquoted at stock exchanges	232,143	92,844
Impairment losses (-)	3,025	5,855
Total	7,433,055	6,854,593

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	6,854,593	5,413,171
Foreign currency differences on monetary assets	44,172	7,990
Purchases during the period	955,213	2,924,991
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(576,755)	(1,773,902)
Impairment losses	2,830	51,505
Change in amortized costs of the securities (*)	153,002	230,838
Balances at the end of the period	7,433,055	6,854,593

(*) Changes in the amortized costs of the marketable securities also include rediscount differences in marketable securities.

Information on held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	932,215	232,087	981,409	232,143
Investments subject to repurchase agreements	5,012,480	-	5,489,861	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	710,978	-	729,642	-
Total	6,655,673	232,087	7,200,912	232,143

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

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Prior Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	931,961	92,800	972,002	92,844
Investments subject to repurchase agreements	5,289,597	-	5,629,267	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	150,772	-	160,480	-
Total	6,372,330	92,800	6,761,749	92,844

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

7. Investments in associates

Unconsolidated investments in associates

Title	Address (City/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1 Roketsan Roket Sanayi ve Ticaret A.Ş.	Ankara/Turkey	9.93	9.93
2 Bankalararası Kart Merkezi A.Ş.	İstanbul/Turkey	9.70	9.70
3 Kredi Kayıt Bürosu A.Ş.	İstanbul/Turkey	9.09	9.09
4 Güçbirliği Holding A.Ş.	İzmir/Turkey	0.07	0.07
5 İzmir Enternasyonal Otelcilik A.Ş.	İstanbul/Turkey	5.00	5.00
6 İstanbul Takas ve Saklama Bankası A.Ş.	İstanbul/Turkey	4.37	4.37
7 Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1.69	1.69
8 Tasfiye Halinde 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 Period’s Profit/Loss	Fair Value
1	2,960,026	557,498	514,006	7,060	-	(50,090)	96,304	-
2	65,901	35,309	39,402	744	-	9,605	7,882	-
3	129,527	104,842	62,914	3,663	-	26,782	18,547	-
4	137,683	(31,675)	88,027	422	-	(17,037)	(5,556)	-
5	98,872	(11,664)	89,528	-	-	(30,171)	(8,536)	-
6	7,631,265	869,063	100,232	155,708	11,816	132,453	96,179	-
7	316,348	278,439	5,500	9,906	-	19,899	10,213	-
8	1,470	(79,113)	-	-	-	(5,425)	(4,039)	-

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

In the current period, subsequent to the approval of the decision of the capital of Kredi Garanti Fonu A.Ş. in the Ordinary Meeting of General Assembly of the Company dated 31 March 2015, an associate of the Bank, has been increased from TL 240,000 to TL 278,439, TL 29,000 is paid from company’s own resources and TL 9,439 is paid cash by two new shareholders and registered to commercial register on 10 April 2015. After the capital increase, Bank’s current nominal share has been increased from TL 4,211 to TL 4,719 by a bonus increase of TL 509 and Bank’s share percentage will be decreased from 1.75% to 1.69% after the involvement of two shareholders as at 10 April 2015.

In the prior period, subsequent to the approval of the decision of İstanbul Takas ve Saklama Bankası A.Ş., an associate of the Bank in the Ordinary Meeting of General Assembly of the Company dated 28 March 2014, the capital has been increased from TL 420,000 to TL 600,000, TL 120,000 has been paid from bonus shares and TL 60,000 has been paid in cash amounting to TL 180,000 in total. The stock right in cash capital commitment has been removed related to the capital increase and the usage of İstanbul Stock Exchange, Banks’ share percentage has been decreased from 4.86% to 4.37%.

The title 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. In year 2010, due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified as “Investments in associates”. The liquidation process of World Vakıf UBB Ltd, an associate of the Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed on 27 August 2013. Thus, the company’s title has been changed as “World Vakıf UBB Ltd in Liquidation”.

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

İstanbul Takas ve Saklama Bankası A.Ş. and Kredi Garanti Fonu A.Ş. 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 A.Ş., Kredi Kayıt Bürosu A.Ş., Roketsan Roket Sanayi ve Ticaret A.Ş., Güçbirliği Holding A.Ş. and İzmir Enternasyonal A.Ş. 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 A.Ş. (*)	İstanbul/Turkey	8.38	8.38

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	884,289	66,941	9,582	49,270	3,531	5,285	1,459	-
2	21,551,538	2,588,741	708,636	567,443	228,238	260,761	296,115	2,510,667

(*) Financial information is obtained from the reviewed consolidated financial statements as at 30 September 2015 announced at Public Disclosure Platform.

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası A.Ş. from TL 1,500,000 to TL 1,750,000 in the Ordinary Meeting of General Assembly of the Company dated 26 March 2015, the share of the Bank amounting to TL 20,944 is presented in the movement table of investments in associates as bonus shares received.

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası A.Ş. from TL 1,300,000 to TL 1,500,000 in the Ordinary Meeting of General Assembly of the Company dated 27 March 2014, the share of the Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	259,957	203,241
Movements during the period	(43,444)	56,716
Transfers	-	-
Acquisitions	-	-
Bonus shares received	20,944	16,755
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	(64,388)	39,961
Impairment losses	-	-
Balance at the end of the period	216,513	259,957
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

Sectoral distribution of consolidated investments and associates

	Current Period	Prior Period
Banks	216,513	259,957
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	216,513	259,957

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	210,394	253,838
Quoted at international stock exchanges	-	-
Total	210,394	253,838

Investments in associates disposed during the period

None.

Investments in associates acquired during the period

There is not any associate acquired by the Parent Bank in the current period.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama A.Ş.	Vakıf Yatırım Menkul Değerler A.Ş.	Vakıf Faktoring A.Ş.	Güneş Sigorta A.Ş.	Vakıf Emeklilik A.Ş.	Vakıf Portföy Yönetimi A.Ş.	Vakıf Gayrimenkul Yat. Ort. A.Ş.	Vakıf Menkul Kıymet Yat. Ort. A.Ş.
Paid in Capital	114,483	65,000	35,000	22,400	150,000	26,500	3,000	205,400	20,000
Share Premium	-	-	-	-	-	-	-	246,731	-
Adjustment to paid-in capital	-	252	(25)	28,948	(2,094)	7,578	48	22,004	94
Valuation changes in marketable securities	16,812	2,821	48,986	283	230,306	412	-	-	-
Profit on sale of associates, subsidiaries and buildings	-	15,127	-	-	104,292	50,005	-	-	-
Bonus shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	59	191	-	-	-
Legal Reserves	8,824	3,910	5,644	5,128	17,179	18,385	920	4,709	395
Extraordinary Reserves	-	32,963	7,368	34,944	19,247	38,943	7,919	73,477	-
Other Profit Reserves	196,153	-	2,308	-	-	-	-	-	-
Profit/Loss	104,186	15,457	(5,712)	10,115	(138,591)	87,534	2,236	22,170	(3,017)
<i>Prior Period's Profit/Loss</i>	<i>102,600</i>	<i>-</i>	<i>872</i>	<i>-</i>	<i>(144,975)</i>	<i>54,925</i>	<i>-</i>	<i>-</i>	<i>(2,490)</i>
<i>Current Period's Profit/Loss</i>	<i>1,586</i>	<i>15,457</i>	<i>(6,584)</i>	<i>10,115</i>	<i>6,384</i>	<i>32,609</i>	<i>2,236</i>	<i>22,170</i>	<i>(527)</i>
Minority Rights	-	100	-	-	-	-	-	-	-
Total Core Capital	440,458	135,630	93,569	101,818	380,398	229,548	14,123	574,491	17,472
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	440,458	135,630	93,569	101,818	380,398	229,548	14,123	574,491	17,472
NET AVAILABLE EQUITY	440,458	135,630	93,569	101,818	380,398	229,548	14,123	574,491	17,472

(*) Reviewed BRSA financial statements as of 30 September 2015 are considered.

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
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Vakıf Yatırım Menkul Değerler A.Ş., a subsidiary of the Parent Bank, calculates capital adequacy in accordance with “Communiqué on Capital and Capital Adequacy of Intermediary Firms” of CMB every six months. Güneş Sigorta A.Ş. ve Vakıf Emeklilik A.Ş. that operate in insurance business calculate capital adequacy in accordance with “Communiqué on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms” published by Under secretariat of Treasury every six months. According to the calculations at 30 September 2015, 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 A.Ş. (*)	Ankara/Turkey	65.50	84.96
2	Taksim Otelcilik A.Ş.	İstanbul/Turkey	51.00	51.52
3	Vakıf Pazarlama Sanayi ve Ticaret A.Ş. (**)	İstanbul/Turkey	69.33	74.98
4	Vakıf Gayrimenkul Değerleme A.Ş.	Ankara/Turkey	54.29	58.57

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Years’ Profit/(Loss)	Fair Value
1	22,604	6,167	1,073	287	-	(1,736)	182	14,100
2	371,186	359,071	243,396	6,512	-	9,112	6,080	364,500
3	47,990	40,368	653	2,828	1,272	3,861	3,420	53,100
4	30,049	25,648	389	2,213	122	829	4,362	40,900

(*) Financial information as at 30 June 2015 has been presented for these subsidiaries.

(**) Financial information as at 31 December 2014 has been presented for these subsidiaries.

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

Vakıf Enerji ve Madencilik A.Ş., Taksim Otelcilik A.Ş., Vakıf Pazarlama Sanayi ve Ticaret A.Ş. and Vakıf Gayrimenkul Değerleme A.Ş. have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Değerleme A.Ş. from TL 7,000 to TL 14,000 by a bonus increase of TL 7,000 in the Ordinary Meeting of General Assembly of the Company dated 20 March 2015. After the capital increase, Bank’s current nominal share has been increased from TL 3,800 to TL 7,600 by TL 3,800 and Bank’s share percentage has been remained the same (54.29%).

In the prior period, at the Extraordinary General Assembly of Taksim Otelcilik A.Ş. dated 24 June 2014, the decision of increasing the capital from TL 269,257 to TL 334,257 through rights offering by TL 65,000. The related change has been registered on 22 July 2014. The nominal share of the Bank TL 137,324 has been increased by cash TL 33,151 to TL 170,474. The share percentage of the Bank is remained the same (51.00%). TL 8,288 of the cash commitment amounting to TL 33,151 is paid on 15 July 2014, TL 24,863 is paid on 2 October 2014.

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Investments in consolidated subsidiaries

Title	Address(City / Country)	Bank’s Share –If Different Voting Rights (%)	Bank’s Risk Group Share (%)
1 Güneş Sigorta A.Ş. (*)	İstanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik A.Ş.	İstanbul/Turkey	53.90	75.30
3 Vakıf Faktoring A.Ş.	İstanbul/Turkey	78.39	86.99
4 Vakıf Finansal Kiralama A.Ş. (*)	İstanbul/Turkey	58.71	64.40
5 Vakıf Yatırım Menkul Değerler A.Ş. (*)	İstanbul/Turkey	99.00	99.44
6 Vakıfbank International AG	Vienna/Austria	90.00	90.00
7 Vakıf Portföy Yönetimi A.Ş. (*)	İstanbul/Turkey	100.00	100.00
8 Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. (*)	İstanbul/Turkey	22.89	32.91
9 Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	İstanbul/Turkey	38.70	40.64

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit / (Loss)	Prior Period’s Profit / (Loss)	Fair Value
1	1,273,901	160,386	1,333,517	23,953	17,005	(98,328)	4,630	339,423
2	3,767,621	196,387	99,596	21,365	659	25,881	21,162	705,800
3	637,729	101,815	2,729	52,308	-	10,116	7,558	79,300
4	1,562,614	135,631	20,575	75,157	-	15,458	953	68,253
5	116,939	93,567	455	5,040	1,163	(6,584)	2,835	86,700
6	3,441,805	448,355	1,321	63,275	13,284	28,967	24,880	482,382
7	14,673	14,123	245	1,020	23	2,236	1,913	56,900
8	17,700	17,472	36	301	722	(527)	(320)	16,602
9	772,101	770,829	485,566	24,077	-	22,403	14,498	401,915

(*) These figures are obtained from reviewed 30 September 2015 financial statements announced at Public Disclosure Platform.

Movement table of consolidated investments in subsidiaries in unconsolidated financial statements

	Current Period	Prior Period
Balance at the beginning of the period	1,187,597	1,163,983
Movements during the period	154,663	23,614
Transfers	-	-
Acquisitions	-	172,562
Bonus shares received	805	-
Share of current year profit	(26,186)	(32,389)
Sales and liquidations	-	-
Fair value changes	225,628	(118,756)
Impairment losses	(45,584)	2,197
Balance at the end of the period	1,342,260	1,187,597
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	1,342,260	1,187,597
Equity method of accounting	-	-
Total	1,342,260	1,187,597

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period	Prior Period
Insurance companies	503,808	402,768
Banks	434,144	321,124
Factoring companies	62,163	65,273
Leasing companies	40,071	45,149
Financing companies	-	-
Other financial subsidiaries	302,074	353,283
Total	1,342,260	1,187,597

Quoted consolidated subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	322,793	378,037
Quoted at international stock exchanges	-	-
Total	322,793	378,037

Consolidated subsidiaries disposed during the period

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

Consolidated investments in subsidiaries acquired during the period

There is no subsidiary acquired by the Parent Bank in the current period.

In the current period, the title of Vakıf Finans Factoring Hizmetleri A.Ş. has been changed to Vakıf Faktoring A.Ş., the aforementioned change of title has been registered on 13 April 2015.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. from TL 203,320 to TL 205,400 by a bonus increase of TL 2,080 in the Ordinary Meeting of General Assembly of the Company dated 31 March 2015. After the capital increase, Bank’s current nominal share has been increased from TL 78,690 to TL 79,495 by bonus increase of TL 805 and Bank’s share percentage has been remained the same (38.70%). The share of the Bank amounting to TL 805 is presented as bonus shares received in the movement table of investments in subsidiaries.

In the current period, in total full TL 12 nominal share of Vakıf Portföy Yönetimi A.Ş. has been purchased by Bank from other real person shareholders and Bank has signed share transfer contract with real person shareholders on 11 February 2015. Thus, Bank’s nominal share has been increased from full TL 2,999,988 to full TL 3,000,000. Bank’s share percentage has been increased from 99.99% to 100.00%.

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
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In the prior period, Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. has decided to increase the capital of TL 15,000 to TL 20,000 in its registered capital ceiling amounting to TL 50,000 in accordance with Capital Markets Board’s temporary clause 1 of “Communique on Securities Investment Associations” (III-48.2). In the capital increase, Bank’s nominal share amount has increased from TL 1,763 to TL 2,351 with an increase of TL 588 by using stock rights on 25 November 2014. Besides, in order to finalize the capital increase, Bank has purchased additional shares from stock rights that have not been used in due, amounting to TL 2,228 from Istanbul Stock Exchange Share Market on 2 December 2014. In this context, Bank’s total nominal share has increased to TL 4,579 and share percentage has increased to 22.89%. The share of the Bank amounting to TL 2,815 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the prior period, related to the capital increase of Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. from TL 106,200 to TL 203,320, the Bank has obtained shares with a nominal value of TL 29,345 at a rate of TL 3.44 by using the stock rights. For these shares TL 100,947 has been paid. Besides, Bank has obtained shares with a nominal value of TL 20,000 at TL 3.44 rate since the other shareholders did not use their stock rights. Bank has paid TL 68,800 for the shares. As at 4 July 2014, company’s capital increase has been registered and as of the date the existing nominal share of the Bank has been increased from TL 29,345 to TL 78,690 Bank’s share percentage has been increased from 27.63% to 38.70%. The capital increase as of TL 169,747 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the prior period, the title of Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı has been changed to Vakıf Menkul Kıymet Yatırım Ortaklığı. The new title of the company has been registered on 9 April 2014.

9. Investments in joint-ventures

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	84,576	81,340	61,740	59,415
Between 1-4 years	817,906	725,852	693,909	593,778
Longer than 4 years	744,423	607,350	518,153	436,794
Total	1,646,905	1,414,542	1,273,802	1,089,987

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

Net investments in finance lease receivables

	Current Period	Prior Period
Gross finance lease receivables	1,646,905	1,273,802
Unearned income on finance lease receivables (-)	(232,363)	(183,815)
Terminated lease contracts (-)	-	-
Net finance lease receivables	1,414,542	1,089,987

Finance lease agreements

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

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

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

As at 30 September 2015, the Group has investment property amounting to TL 10,383 (31 December 2014: TL 24,185) which belongs the subsidiaries operating in the insurance business and TL 288,396 (31 December 2014: 167,815) which belongs the subsidiaries operating in real estate investment.

13. Information on deferred tax assets

a) Current tax assets

As at 30 September 2015 the current tax assets amounts to TL 4,196 (31 December 2014: TL 9,331).

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
(Continued)**

b) Deferred tax assets

Items generating deferred tax assets or liabilities are listed below as at 30 September 2015 and 31 December 2014:

	Current Period	Prior Period
Provision for employee termination benefits and unused vacations	93,719	81,757
Other provisions	49,384	28,083
Valuation differences of associates and subsidiaries	27,704	54,050
Deductible financial losses	26,418	-
Investment incentives	10,435	17,213
Valuation differences of financial assets and liabilities	115,725	121,671
Reporting Standards - Tax Code depreciation differences	10,632	10,303
Other differences	16,895	14,615
Deferred tax assets	350,912	327,692
Net-off of the deferred tax assets and liabilities from the same entity	(238,973)	(154,733)
Deferred tax assets, (net)	111,939	172,959
Valuation differences of financial assets and liabilities	202,369	122,064
Valuation difference for associates and subsidiaries	4,620	40,059
Valuation differences of properties	38,669	-
Other differences	10,914	7,818
Deferred tax liabilities	256,572	169,941
Net-off of the deferred tax assets and liabilities from the same entity	(238,973)	(154,733)
Deferred tax liabilities, (net)	17,599	15,208

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

As at 30 September 2015, net book value of assets held for sale of the Group is amounting to TL 833,553 (31 December 2014: TL 747,482).

15. Information on other assets

As at 30 September 2015 and 31 December 2014, the details of other assets are as follows:

	Current Period	Prior Period
Receivables from insurance operations	781,105	842,523
Receivables from credit card payments	896,866	772,007
Prepaid expenses	747,105	705,381
Guarantees given for repurchase agreements	244,658	193,605
Guarantees given for derivative financial instruments	586,685	351,579
Receivables from term sale of assets	49,162	68,664
Receivables from reinsurance companies	55,956	54,057
Deferred commission expenses	41,791	31,841
Other	251,358	338,730
Total	3,654,686	3,358,387

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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	Accumulat ing Deposit Accounts	Total
Saving deposits	4,587,410	-	454,420	21,365,937	836,089	245,791	128,100	-	27,617,747
Foreign currency deposits	5,327,691	-	3,690,568	16,608,544	1,735,935	925,425	5,892,231	-	34,180,394
Residents in Turkey	4,358,977	-	3,689,204	16,310,094	1,377,090	624,788	965,845	-	27,325,998
Residents in abroad	968,714	-	1,364	298,450	358,845	300,637	4,926,386	-	6,854,396
Public sector deposits	4,948,524	-	3,894,955	6,826,874	882,241	2,175,242	199,558	-	18,927,394
Commercial deposits	2,136,492	-	4,017,525	10,325,308	594,731	62,317	4,618	-	17,140,991
Other	3,679,810	-	1,789,696	3,982,369	200,812	88,223	21,497	-	9,762,407
Precious metal deposits	501,684	-	-	-	-	-	-	-	501,684
Bank deposits	186,406	-	4,852,021	1,318,624	148,837	135,949	4,299	-	6,646,136
Central Bank	1,024	-	-	-	-	-	-	-	1,024
Domestic banks	9,900	-	4,624,469	880,503	61,232	13,633	4,299	-	5,594,036
Foreign banks	170,971	-	227,552	438,121	87,605	122,316	-	-	1,046,565
Participation banks	4,511	-	-	-	-	-	-	-	4,511
Other	-	-	-	-	-	-	-	-	-
Total	21,368,017	-	18,699,185	60,427,656	4,398,645	3,632,947	6,250,303	-	114,776,753

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulat ing Deposit Accounts	Total
Saving deposits	3,715,353	-	463,572	18,032,423	1,393,667	328,345	136,781	-	24,070,141
Foreign currency deposits	3,472,263	-	2,181,070	11,351,517	1,426,041	1,426,188	4,245,584	-	24,102,663
Residents in Turkey	3,056,116	-	2,174,847	11,162,513	1,193,080	494,191	794,731	-	18,875,478
Residents in abroad	416,147	-	6,223	189,004	232,961	931,997	3,450,853	-	5,227,185
Public sector deposits	3,583,281	-	2,370,191	5,695,639	437,138	2,788,470	190,212	-	15,064,931
Commercial deposits	2,154,441	-	4,610,468	9,566,212	422,470	233,506	5,478	-	16,992,575
Other	3,208,185	-	1,102,804	2,747,775	380,429	98,701	29,638	-	7,567,532
Precious metal deposits	854,355	-	-	-	-	-	-	-	854,355
Bank deposits	66,930	-	3,466,419	1,086,606	80,387	33,206	16,868	-	4,750,416
Central Bank	424	-	-	-	-	-	-	-	424
Domestic banks	3,696	-	3,288,392	422,069	2,016	33,206	16,868	-	3,766,247
Foreign banks	59,181	-	178,027	664,537	78,371	-	-	-	980,116
Participation banks	3,629	-	-	-	-	-	-	-	3,629
Other	-	-	-	-	-	-	-	-	-
Total	17,054,808	-	14,194,524	48,480,172	4,140,132	4,908,416	4,624,561	-	93,402,613

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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	Prior Period	Current Period	Prior Period
Saving deposits	15,234,215	12,652,145	12,383,532	11,417,996
Foreign currency saving deposits	4,698,156	3,846,786	12,705,202	8,435,919
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	19,932,371	16,498,931	25,088,734	19,853,915

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	27,235	21,061
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	4,904	3,905
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		Prior Period	
	TL	FC	TL	FC
Forwards	25,317	915	3,209	458
Swaps	153,736	215,988	62,110	199,156
Futures	-	-	-	-
Options	22865	879	457	5,237
Total	201,918	217,782	65,776	204,851

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3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic banks and institutions	507,747	608,106	698,396	214,926
Foreign banks, institutions and funds	164,176	19,657,508	871,227	14,476,106
Total	671,923	20,265,614	1,569,623	14,691,032

Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term (*)	481,118	2,886,706	1,283,259	7,322,336
Medium and Long-term (*)	190,805	17,378,908	286,364	7,368,696
Total	671,923	20,265,614	1,569,623	14,691,032

(*) 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 11.71% (31 December 2014: 10.94%) of the Group’s liabilities. There is no risk concentration on funding sources of the Group.

On 16 April 2014, the Parent Bank has obtained syndicated loan at the amount of US Dollar 270.5 million and Euro 525 million with the interest rate of US Libor +0.90% and Euribor +0.90% at a maturity of one year, with participation of 35 banks with the coordination of Wells Fargo Bank N.A., London Branch and Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent. On 17 April 2015, the loan has been renewed with a new syndicated loan amounting to US Dollar 204 million and Euro 763 million with the interest rate of US Libor +0.8% and Euribor +0.8% at a maturity of 367 days with participation of 35 banks, Wells Fargo Bank, N.A., London Branch acting as coordinator and agent bank.

On 22 September 2014, the Parent Bank has obtained syndicated loan amounting to US Dollar 168.5 million and Euro 528.75 million with interest rates of US Libor + 0.90% and Euribor + 0.90% at a maturity of one year, with the participation of 26 banks, ING Bank, London Branch acting as coordinator and agent bank. On 14 September 2015, the loan has been renewed with a new syndicated loan amounting to US Dollar 168.5 million and Euro 679.5 million with the interest rate of US Libor +0.75% and Euribor +0.75% at a maturity of one year with participation of 30 banks, ING Bank, London Branch acting as coordinator and agent bank.

On 19 December 2014, the Parent Bank has obtained securitization loan amounting to US Dollar 928.6 million related to foreign transfers and treasury transactions in Euro and US Dollar. Loan amounting to US Dollar 500 million has been obtained related to foreign transfers at a maturity of five years and loan amounting to US Dollar 428.6 million has been obtained related to treasury transactions at a maturity of seven years in seven different segments in total.

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
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The loan obtained from European Bank for Reconstruction and Development Bank (EBRD) amounting to US Dollar 125 million in 2014-A segment in order to finance medium term loans including to meet the needs of agricultural enterprises and support woman entrepreneurs.

2014-B segment of the loan has been obtained from Wells Fargo Bank, N.A., 2014-C segment of the loan has been obtained from Raiffeisen Bank International AG, 2014-D segment of the loan has been obtained from Standard Chartered Bank, 2014-E segment of the loan has been obtained from Societe Generale, 2014-G segment of the loan has been obtained from Bank of America, N.A. and 2014-F segment of the loan related to treasury transactions has been obtained from JP Morgan Securities plc. in the scope of programme. As at 30 September 2015, total securitization loan amounts to US Dollar 948 million and Euro 260 million.

Information on securities issued

Within the context of Global Medium Term Notes (GMTN), the Parent Bank has issued Turkey’s first Eurobond apart from Undersecretariat of Treasury. The bond has been issued in GMTN programme on 17 June 2014 has a nominal value of Euro 500 million, maturity date on 17 June 2019 with fixed rate, 5 years maturity and annually coupon paid with 3.65% return and coupon rate 3.50%.

Within the context of Global Medium Term Notes (GMTN), 190 private placements have been realized with 16 separate banks since June 2013. These placements have been realized in different currencies (US Dollar, Euro and CHF) at the maturities of 3 months, 6 months, 1 year and 2 years and in total amount to US Dollar 4,097 million equivalents. As at 30 September 2015 total private placement transactions amount to US Dollar 975 million equivalents.

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,749,189	9,455,079	2,930,927	7,472,592
Cost	2,650,320	9,406,541	2,813,866	7,436,932
Net Book Value	2,702,791	9,564,854	2,866,343	7,518,365

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

Current Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
TRQVKFB11614	Discounted	-	TL	07.08.2015	29.01.2016	175	247,536	235,701	239,350
TRQVKFBA1514	Discounted	-	TL	07.08.2015	11.12.2015	126	320,316	309,331	314,076
TRQVKFBA1522	Discounted	-	TL	04.09.2015	11.12.2015	98	643,853	625,913	630,802
TRQVKFBE1528	Discounted	-	TL	17.04.2015	09.10.2015	175	174,953	167,317	174,586
TRQVKFBE1510	Discounted	-	TL	13.02.2015	09.10.2015	238	2,827	2,690	2,821
TRQVKFB21613	Discounted	-	TL	04.09.2015	26.02.2016	175	244,482	232,078	233,918
TRQVKFBK1520	Discounted	-	TL	05.06.2015	06.11.2015	154	119,352	114,649	118,215
TRQVKFBE1536	Discounted	-	TL	05.06.2015	09.10.2015	126	382,808	370,446	382,004
TRQVKFBK1512	Discounted	-	TL	15.05.2015	06.11.2015	175	263,331	250,916	260,703
TRQVKFBK1538	Discounted	-	TL	07.08.2015	06.11.2015	91	349,731	341,279	346,316
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,810,819	1,800,571	1,837,281
XS0987355939	Fixed	5.00	USD	31.10.2013	31.10.2018	1,826	1,510,000	1,500,185	1,535,882
XS1063444001	Floating	3 ME+2.15	EUR	06.05.2014	06.05.2016	731	35,420	35,243	35,505
XS1077629225	Fixed	3.50	EUR	17.06.2014	17.06.2019	1,826	1,669,783	1,658,487	1,678,754
XS1115283571	Fixed	1.73	USD	30.09.2014	07.10.2015	372	12,080	12,078	12,290
XS1118030300	Fixed	1.80	USD	09.10.2014	08.10.2015	364	36,240	36,240	36,878
XS1121229741	Fixed	1.78	USD	15.10.2014	26.10.2015	376	12,080	12,078	12,287
XS1126276697	Fixed	1.80	USD	23.10.2014	23.10.2015	365	151,000	151,000	151,523
XS1130490227	Fixed	1.79	USD	30.10.2014	04.11.2015	370	13,590	13,588	13,813
XS1132341568	Fixed	1.80	USD	04.11.2014	05.11.2015	366	15,704	15,704	15,960
XS1135135272	Fixed	1.80	USD	05.11.2014	05.11.2015	365	151,000	151,000	153,457
XS1170287558	Fixed	1.77	USD	20.01.2015	21.01.2016	366	75,500	75,500	76,432
XS1197016865	Fixed	1.75	USD	02.03.2015	03.03.2016	367	12,080	12,080	12,203
XS1203859688	Fixed	1.15	EUR	17.03.2015	24.03.2016	373	52,623	52,623	52,952
XS1210395833	Fixed	1.45	USD	31.03.2015	08.10.2015	191	27,784	27,784	27,988
XS1215193050	Fixed	0.95	EUR	07.04.2015	15.10.2015	191	31,034	31,034	31,178
XS1215337665	Fixed	1.45	USD	07.04.2015	08.10.2015	184	135,900	135,900	136,858
XS1226364880	Fixed	0.92	EUR	05.05.2015	30.10.2015	178	50,600	50,600	50,791
XS1226437868	Fixed	1.45	USD	30.04.2015	05.11.2015	189	18,120	18,120	18,231
XS1227248835	Fixed	1.45	USD	06.05.2015	03.11.2015	181	23,858	23,858	23,999
XS1227593180	Fixed	0.95	EUR	06.05.2015	05.11.2015	183	38,456	38,456	38,604
XS1232456282	Fixed	0.95	EUR	12.05.2015	19.11.2015	191	134,932	134,932	135,432
XS1232938198	Fixed	0.95	EUR	14.05.2015	12.11.2015	182	24,962	24,962	25,054
XS1233124731	Fixed	0.95	EUR	13.05.2015	18.11.2015	189	33,733	33,733	33,857
XS1233126868	Fixed	0.95	EUR	13.05.2015	19.11.2015	190	59,370	59,370	59,589
XS1234686944	Fixed	1.90	EUR	21.05.2015	19.11.2015	182	17,541	17,541	17,663
XS1234801394	Fixed	1.03	EUR	18.05.2015	19.11.2015	185	16,867	16,867	16,931
XS1234807243	Fixed	1.48	USD	20.05.2015	20.11.2015	184	60,400	60,400	60,730
XS1238061078	Fixed	1.44	USD	22.05.2015	18.11.2015	180	22,650	22,649	22,768
XS1238824749	Fixed	1.45	USD	27.05.2015	24.11.2015	181	75,500	75,500	75,882
XS1238836594	Fixed	1.45	USD	26.05.2015	25.11.2015	183	21,744	21,744	21,855
XS1240951662	Fixed	0.95	EUR	02.06.2015	03.12.2015	184	126,161	126,161	126,560
XS1241549523	Fixed	1.44	USD	02.06.2015	02.12.2015	183	164,288	164,281	165,073
XS1245001927	Fixed	0.93	EUR	10.06.2015	08.12.2015	181	77,586	77,578	77,807
XS1245628216	Fixed	1.44	USD	10.06.2015	14.12.2015	187	19,328	19,327	19,414
XS1246700980	Fixed	1.45	USD	15.06.2015	17.12.2015	185	72,480	72,480	72,792
XS1246782699	Fixed	1.45	USD	15.06.2015	15.12.2015	183	54,964	54,964	55,200
XS1246885310	Fixed	0.93	JPY	29.06.2015	30.06.2016	367	12,579	12,579	12,609
XS1247491829	Fixed	0.95	EUR	16.06.2015	15.12.2015	182	107,271	107,271	107,571
XS1250876635	Fixed	0.95	EUR	23.06.2015	17.12.2015	177	18,216	18,216	18,263
XS1250881395	Fixed	0.95	EUR	22.06.2015	23.12.2015	184	69,490	69,490	69,673
XS1250933709	Fixed	0.95	EUR	23.06.2015	22.12.2015	182	93,103	93,103	93,346
XS1253945155	Fixed	1.45	USD	29.06.2015	08.01.2016	193	57,984	57,984	58,201
XS1254115766	Fixed	1.44	USD	30.06.2015	23.12.2015	176	78,520	78,516	78,807
XS1257157708	Fixed	1.45	USD	06.07.2015	15.01.2016	193	68,856	68,856	69,095
XS1258500815	Fixed	1.45	USD	08.07.2015	14.01.2016	190	21,744	21,744	21,818
XS1260052888	Fixed	1.25	USD	14.07.2015	14.10.2015	92	30,200	30,200	30,282
XS1263902204	Fixed	1.45	USD	22.07.2015	27.01.2016	189	19,630	19,629	19,685
XS1266142410	Fixed	1.45	USD	24.07.2015	19.01.2016	179	48,320	48,320	48,453
XS1266796298	Fixed	1.45	USD	29.07.2015	22.01.2016	177	30,200	30,200	30,277
XS1267609490	Fixed	1.25	USD	27.07.2015	30.10.2015	95	15,100	15,100	15,134
XS1270742593	Fixed	1.45	USD	03.08.2015	29.01.2016	179	36,240	36,240	36,325
XS1273581337	Fixed	1.25	USD	07.08.2015	05.11.2015	90	32,012	32,012	32,072
XS1276835060	Fixed	1.25	USD	14.08.2015	12.11.2015	90	16,912	16,912	16,940
XS1277634884	Fixed	1.25	USD	18.08.2015	13.11.2015	87	28,388	28,388	28,431
XS1277635857	Fixed	1.45	USD	18.08.2015	19.02.2016	185	51,340	51,340	51,430
XS1280231272	Fixed	1.45	USD	24.08.2015	26.02.2016	186	39,864	39,864	39,924
XS1280377562	Fixed	1.25	USD	25.08.2015	19.11.2015	86	25,368	25,368	25,400

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**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

ISIN Code	Security		Currency		Days to		Nominal	Cost	Net Book Value
	Type	Coupon Rate	Type	Issue Date	Maturity Date	Maturity			
XS1283666367	Fixed	1.45	USD	01.09.2015	02.03.2016	183	71,272	71,272	71,357
XS1286916181	Fixed	1.25	USD	04.09.2015	09.12.2015	96	33,220	33,220	33,251
XS1291089834	Fixed	1.24	USD	11.09.2015	09.12.2015	89	24,160	24,160	24,176
XS1293583438	Fixed	0.70	EUR	18.09.2015	17.12.2015	90	33,733	33,733	33,741
XS1298051613	Fixed	0.70	EUR	29.09.2015	07.01.2016	100	30,360	30,360	30,361
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,494,820	1,477,846	1,528,759
Total							12,204,268	12,056,861	12,267,645

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

Prior Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
TRQVKFB31521	Discounted	-	TL	21.11.2014	13.03.2015	112	367,289	357,774	361,284
TRQVKFB31539	Discounted	-	TL	12.12.2014	13.03.2015	91	196,129	192,033	192,925
TRQVKFB81526	Discounted	-	TL	24.10.2014	07.08.2015	287	88,644	82,430	83,878
TRQVKFB81534	Discounted	-	TL	21.11.2014	07.08.2015	259	27,404	25,798	26,044
TRQVKFB51529	Discounted	-	TL	21.11.2014	15.05.2015	175	240,965	231,321	233,540
TRQVKFB81542	Discounted	-	TL	12.12.2014	07.08.2015	238	14,561	13,782	13,846
TRQVKFB41520	Discounted	-	TL	24.10.2014	17.04.2015	175	736,745	705,583	717,613
TRQVKFB51537	Discounted	-	TL	12.12.2014	15.05.2015	154	165,233	159,456	160,193
TRQVKFB41512	Discounted	-	TL	02.05.2014	17.04.2015	350	12,028	11,042	11,700
TRQVKFB51511	Discounted	-	TL	06.06.2014	29.05.2015	357	36,117	33,210	34,837
TRQVKFB21514	Discounted	-	TL	22.08.2014	13.02.2015	175	664,715	638,505	657,735
TRQVKFB81518	Discounted	-	TL	22.08.2014	07.08.2015	350	43,546	39,822	41,166
TRQVKFB31513	Discounted	-	TL	19.09.2014	13.03.2015	175	337,551	323,110	331,582
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1826	1,147,300	1,136,528	1,155,710
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1826	1,391,012	1,383,310	1,397,180
XS0987355939	Fixed	5	USD	31.10.2013	31.10.2018	1826	1,160,000	1,152,460	1,164,098
XS1069999610	Fixed	1.75	USD	21.05.2014	20.05.2015	364	11,600	11,600	11,725
XS1084474862	Fixed	0.73	USD	03.07.2014	07.01.2015	188	18,328	18,328	18,394
XS1085714621	Fixed	1.43	USD	09.07.2014	07.01.2015	182	92,800	92,800	93,443
XS1087783269	Fixed	1.45	USD	14.07.2014	08.01.2015	178	42,688	42,688	42,979
XS1087831506	Fixed	1.45	USD	15.07.2014	15.01.2015	184	97,440	97,440	98,100
XS1089992686	Fixed	1.4	USD	22.07.2014	15.01.2015	177	48,720	48,720	49,025
XS1090076768	Fixed	1.4	USD	22.07.2014	22.01.2015	184	58,000	58,000	58,364
XS1091762812	Fixed	1.4	USD	25.07.2014	22.01.2015	181	48,256	48,256	48,553
XS1091766482	Fixed	1.4	USD	01.08.2014	26.01.2015	178	71,920	71,920	72,343
XS1096098030	Fixed	1.4	USD	08.08.2014	05.02.2015	181	76,328	76,324	76,756
XS1096471526	Fixed	1.4	USD	08.08.2014	29.01.2015	174	35,264	35,264	35,462
XS1097465766	Fixed	1.4	USD	13.08.2014	18.02.2015	189	27,840	27,840	27,991
XS1101735634	Fixed	1.4	USD	20.08.2014	19.02.2015	183	40,600	40,600	40,809
XS1101839170	Fixed	1.4	USD	21.08.2014	17.02.2015	180	69,600	69,600	69,956
XS1105745761	Fixed	0.7	USD	02.09.2014	05.03.2015	184	64,960	64,960	65,111
XS1107482306	Fixed	1.38	USD	09.09.2014	12.03.2015	184	84,680	84,671	85,043
XS1110657050	Fixed	1.4	USD	16.09.2014	19.03.2015	184	116,000	116,000	116,477
XS1112873176	Fixed	1.4	USD	23.09.2014	26.03.2015	184	85,840	85,840	86,170
XS1113320888	Fixed	1.74	USD	24.09.2014	23.09.2015	364	14,384	14,382	14,450
XS1115283571	Fixed	1.73	USD	30.09.2014	07.10.2015	372	9,280	9,278	9,319
XS1115485010	Fixed	1.4	USD	29.09.2014	27.03.2015	179	34,800	34,800	34,926
XS1117991213	Fixed	1.1	USD	08.10.2014	08.01.2015	92	73,776	73,776	73,966
XS1118030300	Fixed	1.8	USD	09.10.2014	08.10.2015	364	27,840	27,840	27,955
XS1118051215	Fixed	1.35	USD	08.10.2014	02.04.2015	176	73,312	73,312	73,543
XS1118053005	Fixed	1.35	USD	08.10.2014	17.04.2015	191	11,600	11,600	11,637
XS1121229741	Fixed	1.78	USD	15.10.2014	26.10.2015	376	9,280	9,278	9,314
XS1121307059	Fixed	1.1	USD	15.10.2014	15.01.2015	92	73,312	73,312	73,485
XS1121307307	Fixed	1.35	USD	15.10.2014	16.04.2015	183	55,680	55,680	55,841
XS1123043983	Fixed	1.02	USD	20.10.2014	20.01.2015	92	23,200	23,195	23,246
XS1124128320	Fixed	1.35	USD	17.10.2014	16.04.2015	181	62,640	62,640	62,817
XS1124141349	Fixed	1.1	USD	17.10.2014	22.01.2015	97	30,160	30,160	30,229
XS1124325074	Fixed	1.35	USD	20.10.2014	20.04.2015	182	58,000	58,000	58,157
XS1126276697	Fixed	1.8	USD	23.10.2014	23.10.2015	365	116,000	116,000	116,402
XS1129857782	Fixed	1.35	USD	24.10.2014	28.04.2015	186	56,144	56,144	56,288
XS1130031039	Fixed	1.33	USD	28.10.2014	27.04.2015	181	81,200	81,192	81,388
XS1130490227	Fixed	1.79	USD	30.10.2014	04.11.2015	370	10,440	10,438	10,471
XS1132341485	Fixed	1.25	USD	03.11.2014	30.04.2015	178	30,160	30,160	30,221
XS1132341568	Fixed	1.8	USD	04.11.2014	05.11.2015	366	12,064	12,064	12,099
XS1132440386	Fixed	1.27	USD	05.11.2014	07.05.2015	183	32,480	32,480	32,545
XS1135135272	Fixed	1.8	USD	05.11.2014	05.11.2015	365	116,000	116,000	116,326
XS1138701500	Fixed	1.3	USD	18.11.2014	27.05.2015	190	18,560	18,558	18,588
XS1139114257	Fixed	1.24	USD	18.11.2014	18.05.2015	181	92,800	92,791	92,932
XS1143013297	Fixed	1.28	USD	24.11.2014	28.05.2015	185	52,432	52,432	52,502
XS1143372008	Fixed	1.25	USD	25.11.2014	27.05.2015	183	81,200	81,196	81,300
		3 Month-							
XS1063444001	Floating	Euribor+2.15%	EUR	06.05.2014	06.05.2016	731	29,634	29,486	29,650
XS1077629225	Fixed	3.5	EUR	17.06.2014	17.06.2019	1826	1,397,038	1,387,589	1,415,079
Total							10,403,519	10,250,798	10,384,708

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**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 instalments in the finance lease contracts,
renewal and purchase options, restrictions, and significant burdens imposed on the bank
on such contracts**

Obligations under finance leases

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	1,588,530	1,326,468
-Additional provision for loans with extended payment plans	26,358	26,989
Provisions for loans and receivables in Group II	240,668	175,204
-Additional provision for loans with extended payment plans	19,559	14,696
Provisions for non-cash loans	102,391	93,418
Other	13,406	8,152
Total	1,944,995	1,603,242

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

As at 30 September 2015 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 3,853 (31 December 2014: TL 12,048) 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 into cash

As of 30 September 2015, the Bank has recorded TL 41,649 (31 December 2014: TL 63,030) as specific provisions for non-cash loans that are not indemnified or converted into cash.

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

Information on other provisions

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provisions for credits	168,152	105,005
Specific provisions for non-cash loans	41,649	63,030
Provision for cheques	43,802	37,556
Provisions for lawsuits against the Bank	8,289	16,142
Provisions for credit card promotions	9,445	10,177
Other provisions	10,238	6,962
Total	281,575	238,872

8. Taxation

Current Taxes

Tax provision

As at and for the nine-month period ended 30 September 2015, the tax liability of the Group is amounting to TL 54,495 (31 December 2014: TL 249,673).

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	54,495	249,673
Taxation on securities	138,224	123,184
Capital gains tax on property	2,468	2,176
Banking and Insurance Transaction Tax (BITT)	65,375	59,943
Taxes on foreign exchange transactions	-	-
Value added tax payable	5,211	3,538
Other	41,825	35,796
Total	307,598	474,310

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	805	757
Social security premiums- employer share	2,002	1,781
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	12	2
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	1018	622
Unemployment insurance- employer share	2,135	1,308
Other	3	7
Total	5,975	4,477

Information on deferred tax liabilities

Information on deferred tax liabilities is presented in disclosure 13 of information and disclosures related to 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 loan quality to be sold to non-resident natural and legal persons. The bond has been issued at the nominal value of US Dollar 500 million with the maturity of 10 years and 6.0% coupon rate. In addition to the issuance of this bond, on 3 December 2012 the Bank has realized second tranche at nominal value of US Dollar 400 million, has the same due date and maturity of 10 years and 5.5% coupon rate.

The Parent Bank has issued secondary subordinated loan (Tier II bond) as at January 2015 which satisfies Basel-III criterias. In this context, the bond has been issued at the nominal value of US Dollar 500 million with the maturity date of 3 February 2025 and early call option date of 3 February 2020. The bond has fixed interest, 10 years and one day maturity, two times interest payment in a year with coupon rate of 6.875% and issue yield of 6.95%.

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

11. Information on shareholders’ equity

Paid-in capital

	Current Period	Prior Period
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	10,000,000

At the resolutions of Board of Directors dated 2 January 2015 and 61st Ordinary Meeting of the General Assembly dated 30 March 2015, Bank’s ceiling per registered share capital has been increased from TL 5,000,000 to TL 10,000,000.

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

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 period

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
(Continued)**

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	68,690	-	62,289	-
Fair value differences of available-for-sale securities	(439,433)	176,017	178,440	280,801
Foreign exchange differences	-	-	-	-
Total	(370,743)	176,017	240,729	280,801

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	Prior Period
Commitments for credit card limits	7,152,914	7,641,987
Loan granting commitments	7,913,385	8,068,201
Commitments for cheque payments	1,753,225	1,638,976
Asset purchase sale commitments	975,374	2,686,862
Other	1,597,768	759,783
Total	19,392,666	20,795,809

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**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE
SHEET ITEMS (Continued)**

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 41,649 (31 December 2014: TL 63,030) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 97,276 (31 December 2014: TL 129,638).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final letters of guarantee	9,117,227	7,737,748
Letters of guarantee for advances	3,822,571	2,603,790
Letters of guarantee given to custom offices	1,066,798	913,389
Provisional letters of guarantee	1,252,737	1,107,255
Other letters of guarantee	12,588,632	9,096,625
Total	27,847,965	21,458,807

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	3,714,262	2,905,607
<i>With original maturity of 1 year or less</i>	<i>1,839,679</i>	<i>1,846,045</i>
<i>With original maturity of more than 1 year</i>	<i>1,874,583</i>	<i>1,059,562</i>
Other non-cash loans	31,525,702	25,769,440
Total	35,239,964	28,675,047

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**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE
SHEET ITEMS (Continued)**

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	98,930	0.44	196,846	1.56	86,506	0.51	266,929	2.27
Farming and cattle	93,438	0.41	190,515	1.51	77,673	0.46	257,069	2.18
Forestry	4,549	0.02	6,331	0.05	7,898	0.05	7,540	0.06
Fishing	943	-	-	-	935	0.01	2,320	0.02
Manufacturing	10,139,477	44.88	6,794,194	53.72	7,150,408	42.33	5,753,926	48.84
Mining	1,299,134	5.75	122,125	0.97	168,108	1.00	29,069	0.25
Production	5,786,226	25.61	6,302,164	49.83	4,563,948	27.01	5,319,615	45.15
Electric, gas and water	3,054,117	13.52	369,905	2.92	2,418,352	14.32	405,242	3.44
Construction	3,507,457	15.52	2,656,973	21.01	2,996,610	17.74	2,520,479	21.39
Services	8,158,653	36.11	2,703,544	21.38	6,226,616	36.86	2,761,969	23.44
Wholesale and retail trade	3,411,225	15.10	1,663,312	13.15	2,580,882	15.29	1,597,908	13.56
Hotel, food and beverage								
services	108,573	0.48	4,220	0.03	125,417	0.74	5,691	0.05
Transportation and								
Telecommunication	1,137,395	5.03	795,708	6.29	963,436	5.70	1,058,971	8.99
Financial institutions	2,445,012	10.82	38,020	0.30	1,515,987	8.97	11,802	0.10
Real estate and renting								
services	296,251	1.31	47,679	0.38	254,056	1.50	24,277	0.21
Self-employment services	533,316	2.36	142,688	1.13	591,814	3.50	44,703	0.38
Education services	20,817	0.09	5,041	0.04	24,595	0.15	3,903	0.03
Health and social services	206,064	0.91	6,876	0.05	170,429	1.01	14,714	0.12
Other	688,057	3.05	295,833	2.34	432,810	2.56	478,794	4.06
Total	22,592,574	100.00	12,647,390	100.00	16,892,950	100.00	11,782,097	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	22,199,957	5,338,133	179,803	37,135
Confirmed bills of exchange and				
acceptances	72,530	2,030,061	-	9,185
Letters of credit	12,079	5,210,713	-	253
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	38,298	4,829	-	-
Other guarantees and sureties	-	9,712	-	-
Total Non-Cash Loans	22,322,864	12,593,448	179,803	46,573

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**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE
SHEET ITEMS (Continued)**

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	16,653,687	4,555,638	113,427	8,262
Confirmed bills of exchange and Letters of credit	20,836	1,943,257	-	-
Endorsements	-	5,212,911	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	29,765	5,023	-	-
Other guarantees and sureties	-	2,603	-	-
Total Non-Cash Loans	16,704,288	11,719,432	113,427	8,262

5. Information on credit derivatives and related imposed risks

None.

6. Contingent assets and liabilities

Bank allocates TL 8,289 as provision for lawsuits against Bank (31 December 2014: TL 16,142).

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		Prior Period	
	TL	FC	TL	FC
Short-term loans	2,443,097	120,190	2,031,369	121,409
Medium and long-term loans	4,679,969	1,124,773	3,847,890	724,959
Non-performing loans	90,260	-	122,799	-
Premiums received from resource utilization support fund	-	-	-	-
Total	7,213,326	1,244,963	6,002,058	846,368

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**IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
OF INCOME (Continued)**

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic banks	51,927	846	46,785	1,386
Foreign banks	242	5,816	-	3,500
Foreign head office and branches	-	-	-	-
Total	52,169	6,662	46,785	4,886

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	3,727	713	8,580	1,941
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	820,495	190,400	975,945	161,512
Investments held to maturity	438,762	364	395,212	349
Total	1,262,984	191,477	1,379,737	163,802

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1	-

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	73,449	178,344	40,303	113,486
Central Bank of Republic of Turkey	-	-	-	-
Domestic banks	42,772	8,229	29,592	5,266
Foreign banks	30,677	170,115	10,711	108,220
Foreign head offices and branches	-	-	-	-
Other institutions	-	19,164	-	14,240
Total	73,449	197,508	40,303	127,726

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**IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
OF INCOME (Continued)**

Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interests paid to the associates and subsidiaries	9,678	8,459

Interest expense on securities issued

As at and for the nine-month period ending at 30 September 2015, interest paid to securities issued is TL 437,124 (30 September 2014: TL 314,626).

Maturity structure of the interest expense on deposits

	Time Deposits							Total
	Current Period	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Cumulative than 1 Year deposit	
<i>TL</i>								
Interbank deposits	-	128,991	-	-	-	-	-	128,991
Saving deposits	-	29,791	1,446,827	85,360	20,156	7,862	-	1,589,996
Public sector deposits	7,650	166,892	461,305	40,501	199,229	11,767	-	887,344
Commercial deposits	27	316,306	741,141	38,412	12,769	313	-	1,108,968
Other deposits	-	47,206	212,213	21,140	6,116	1,197	-	287,872
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	7,677	689,186	2,861,486	185,413	238,270	21,139	-	4,003,171
<i>FC</i>								
Foreign Currency deposits	18,521	26,043	222,018	25,809	18,833	79,003	-	390,227
Interbank deposits	-	10,850	-	-	-	-	-	10,850
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	18,521	36,893	222,018	25,809	18,833	79,003	-	401,077
Grand Total	26,198	726,079	3,083,504	211,222	257,103	100,142	-	4,404,248

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**IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
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Prior Period	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	104,739	-	-	-	-	-	104,739
Saving deposits	55	15,642	1,196,166	101,697	20,957	10,071	-	1,344,588
Public sector deposits	4,968	126,250	333,771	53,463	85,561	11,083	-	615,096
Commercial deposits	222	179,865	758,955	56,840	12,819	3,858	-	1,012,559
Other deposits	-	29,949	215,256	30,275	27,905	1,141	-	304,526
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	5,245	456,445	2,504,148	242,275	147,242	26,153	-	3,381,508
<i>FC</i>								
Foreign Currency deposits	24,284	15,700	190,033	31,246	22,750	91,591	-	375,604
Interbank deposits	-	13,389	-	-	-	-	-	13,389
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	24,284	29,089	190,033	31,246	22,750	91,591	-	388,993
Grand Total	29,529	485,534	2,694,181	273,521	169,992	117,744	-	3,770,501

3. Trading income/losses

	Current Period	Prior Period
Income	5,693,460	5,167,020
Income from capital market operations	1,871,567	1,883,173
Income from derivative financial instruments	1,809,013	1,387,070
Foreign exchange gains	2,012,880	1,896,777
Losses	(5,554,261)	(4,968,333)
Loss from capital market operations	(1,813,102)	(1,747,731)
Loss from derivative financial instruments	(1,822,947)	(1,398,341)
Foreign exchange loss	(1,918,212)	(1,822,261)
Net trading profit/loss	139,199	198,687

Net loss arising from changes in foreign exchange rate that relate to the Group’s derivative financial instruments based on foreign exchange rate is TL 7,420 as at and for the nine-month period ended 30 September 2015 (30 September 2014: net loss of TL 876).

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**IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
OF INCOME (Continued)**

4. Other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses from prior periods	577,771	540,149
Earned insurance premiums (net of reinsurance share)	584,322	500,948
Communication income	37,637	65,696
Gain on sale of assets	74,913	53,995
Income from private pension business	47,620	34,842
Rent income	80,187	830
Other income	94,906	298,157
Total	1,497,356	1,494,617

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	779,723	959,551
<i>Loans and receivables in Group III</i>	247,388	110,577
<i>Loans and receivables in Group IV</i>	353,557	605,313
<i>Loans and receivables in Group V</i>	178,778	243,661
Non-performing commissions and other receivables	-	-
General provision expenses	341,878	214,766
Provision for possible losses	-	-
Impairment losses on securities	4,958	11,875
<i>Trading securities</i>	7	32
<i>Investment securities available-for-sale</i>	4,951	11,843
Impairment losses from associates, subsidiaries, joint ventures and marketable securities held to maturity	17,635	19,511
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	17,635	19,511
Other (*)	104,234	81,578
Total	1,248,428	1,287,281

(*) Other provision expenses amounting to TL 104,234 (30 September 2014: TL 81,578) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 25,138 (30 September 2014: TL 31,097), other provision expenses related to loans amounting to TL 69,129 (30 September 2014: TL 19,645) and other provision expenses amounting to TL 9,967 (30 September 2014: TL 30,836).

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**IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
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6. Other operating expenses

	Current Period	Prior Period
Personnel costs	1,154,402	1,028,748
Reserve for employee termination benefits	43,719	35,255
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	6,474	281
Depreciation expenses on tangible assets	99,609	85,471
Impairment losses on intangible assets	-	-
Amortization expenses on intangible assets	15,233	11,477
Impairment losses on assets to be disposed	4,629	2,210
Depreciation expenses on assets to be disposed	11,796	9,553
Impairment losses on assets held for sale	-	-
Other operating expenses	1,361,880	1,148,319
<i>Operational lease related expenses</i>	159,162	141,144
<i>Repair and maintenance expenses</i>	29,449	21,678
<i>Advertisement expenses</i>	55,326	53,368
<i>Other expenses</i>	1,117,943	932,129
Loss on sale of assets	418	1,776
Other*	774,706	683,773
Total	3,472,866	3,006,863

(*) Other operating expenses amounting to TL 774,706 (30 September 2014: TL 683,773) is comprised of provision expenses for dividends to the personnel amounting to TL 103,279 (30 September 2014: TL 96,102), tax, fees and funds expenses amounting to TL 94,418 (30 September 2014: TL 85,817), Saving Deposits Insurance Fund expenses amounting to TL 85,463 (30 September 2014: TL 68,046) and other operating expenses amounting to TL 491,546 (30 September 2014: TL 433,808).

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 190,627 (30 September 2014: TL 370,620) 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	Prior Period
Arising from origination (+)/ reversal (-) of deductible temporary differences	(55,745)	(7,031)
Arising from origination (-)/ reversal (+) of taxable temporary differences	(140,232)	67,996
Arising from origination (+)/ reversal (-) of tax losses	-	-
Arising from tax rate change	-	-
Total	(195,977)	60,965

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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
OF INCOME (Continued)**

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 10,128,245 interest income and TL 6,010,503 interest expense, also incurred TL 638,867 amount of net fee and commission income from its ordinary banking operations (30 September 2014: TL 8,543,458 interest income, TL 5,093,493 interest expense, TL 500,947 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	Prior Period
Income/(losses) related to non-controlling interest	26,318	(3,440)

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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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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	16	657,200	-	10,174	6,239	13,086
Balance at the end of the year	58	842,650	-	31,672	4,683	16,822
Interest and commission income	1	354	-	32	-	12

Prior 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	13	659,911	-	27,065	26,102	24,339
Balance at the end of the year	16	657,200	-	10,174	6,239	13,086
Interest and commission income	-	293	-	16	708	48

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	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	187,127	419,918	713,966	968,601	115,831	46,793
Balance at the end of the year	593,415	187,127	880,178	713,966	107,543	115,831
Interest on deposits	9,678	8,459	32,443	16,188	706	1,862

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

None.

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**V. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK’S RISK
GROUP (Continued)**

2. Disclosures of transactions with the Parent Bank’s risk group

Relations with entities in the risk group of / or controlled by the 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 A.Ş. and Vakıf Emeklilik A.Ş., subsidiaries operating in the insurance sector. Vakıf Yatırım Menkul Değerler A.Ş. engages with the management of the funds established by the Bank.

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 risk group to the overall cash and non-cash loans are 0.004 % (31 December 2014: 0.006%) and 2.529% (31 December 2014: 2.373%) respectively.

Current Period	Amount	Compared with the Financial Statement Amount %
Cash Loans	4,741	0.004
Non-Cash Loans	891,144	2.529
Deposits	1,581,136	1.378

Prior Period	Amount	Compared with the Financial Statement Amount %
Cash Loans	6,255	0.006
Non-Cash Loans	680,460	2.373
Deposits	1,016,924	1.089

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SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

As per the resolution of 61th Annual General Assembly held on 30 March 2015, the net profit of year 2014 is decided to be distributed as follows:

Profit Distribution Table of Year 2014

Current year’s profit of the Parent Bank’s unconsolidated financial statements	1,753,273
Deferred tax income	(141,116)
Net profit of the year subject to distribution	1,612,157
Legal reserves	161,214
<i>First legal reserves</i>	80,607
<i>Reserves allocated, according to banking law and articles of association.</i>	80,607
Net profit of the year subject to distribution	1,450,943
Other reserves	236,122
Extraordinary reserves	1,114,821
Dividends to the shareholders	100,000

II. INFORMATION ON THE BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

October 2015^(*)	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
Support	2
Base Support Rating	BBB-
September 2015^(*)	Moody’s Investors’ Service
Baseline Credit Assessment	ba1
Local Currency Deposit Rating	Baa3 / P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3 / P-3
Foreign Currency Outlook	Negative
July 2015^(*)	Standard&Poors
Foreign Currency Credit Rating	BB+ / B
Foreign Currency Outlook	Negative
Local Currency Credit Rating	BB+ / B
Local Currency Outlook	Negative
National	trAA+ / trA-1
Continuance Rating	NR
December 2014^(*)	Capital Intelligence
Financial Strength Rate	BBB-
Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Foreign Currency Outlook	Stable

(*) Dates represent last report dates.

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OTHER DISCLOSURES AND FOOTNOTES (Continued)

**III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE
THAT ARE NOT RESULTED**

Parent Bank bonds have been issued and offered to public through book-building on October 5-6-7, amounting TL 500 million (Full TL) with 112 days maturity and maturity date of which is 29 January 2016 and amounting TL 200 million (Full TL) with 175 days maturity and maturity date of which is 1 April 2016.

As a result, Parent Bank’s bond with the ISIN Code TRQVKFB11622 which has 11.4365% annual compound interest, 11.0104% simple interest and issue price was TL 96.732 with amounting TL 518,173,013 (Full TL) with 112 days maturity and maturity date of which is 29 January 2016. Vakıfbank bond with the ISIN Code TRQVKFB41611 which has 11.7158% compound interest, 11.3783% simple interest and issue price was TL 94.827 with amounting TL 531,826,981 (Full TL) with 175 days maturity and maturity date of which is 1 April 2016.

Parent Bank bonds have been issued and offered to public through book-building on November 2-3-4, amounting TL 500 million (Full TL) with 112 days maturity and maturity date of which is 26 February 2016 and amounting TL 300 million (Full TL) with 175 days maturity and maturity date of which is 29 April 2016.

As a result, Parent Bank’s bond with the ISIN Code TRQVKFB21621 which has 10.9772% annual compound interest, 10.5837% simple interest and issue price was TL 96.855 with amounting TL 493,160,360 (Full TL) with 112 days maturity and maturity date of which is 29 February 2016. Vakıfbank bond with the ISIN Code TRQVKFB41629 which has 10.9905% compound interest, 10.6925% simple interest and issue price was TL 95.123 with amounting TL 321,225,973 (Full TL) with 175 days maturity and maturity date of which is 29 April 2016.

SECTION SEVEN

I. AUDITORS’ REVIEW REPORT

1. Information on auditors’ review report

The consolidated financial statements and footnotes of the Bank and its financial subsidiaries as at and for the nine-month period ended 30 September 2015, have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). It was noted in their review report dated 19 November 2015 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the Group’s financial position and results of its operations as at and for the nine-month period ended 30 September 2015.

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