

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE PERIOD ENDED 30 JUNE 2014
WITH INDEPENDENT AUDITORS' REVIEW REPORT THEREON



**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S
REVIEW REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı'nın ("the Bank") at 30 June 2014 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı at 30 June 2014 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2013 were audited by another auditor whose report dated 13 February 2014 expressed an unqualified opinion.



Additional paragraph for convenience translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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

A handwritten signature in blue ink, appearing to read 'Zeynep Uras', is written over a faint, light blue grid background.

Zeynep Uras, SMMM
Partner

Istanbul, 11 August 2014

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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The unconsolidated interim financial report as at and for the six-month period ended 30 June 2014, 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 BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REVIEW REPORT

The unconsolidated interim financial statements and related disclosures and footnotes 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 unconsolidated interim financial report is presented in thousands of Turkish Lira (TL), and has been subjected to limited review.

11 August 2014

Ramazan GÜNDÜZ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Board member 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

Murat KOYGUN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED INTERIM FINANCIAL REPORT AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

SECTION ONE

GENERAL INFORMATION

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“the 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 BANK’S SHAREHOLDERS 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 Bank is the General Directorate of the Foundations.

As at 30 June 2014 and 31 December 2013, 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 Bank’s shareholders structure as at 30 June 2014 is stated below:

Shareholders	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
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10
Appendant foundations represented by the General Directorate of the Foundations (Group B)	386,224,784	386,225	15.45
Other appendant foundations (Group B)	3,096,742	3,097	0.13
Other registered foundations (Group B)	1,453,085	1,453	0.06
Other real persons and legal entities (Group C)	1,534,585	1,535	0.06
Publicly traded (Group D)	630,079,498	630,079	25.20
Total	2,500,000,000	2,500,000	100.00

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED INTERIM FINANCIAL REPORT AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

GENERAL INFORMATION (Continued)

III. INFORMATION ON THE 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	36 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	31 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	37 years
İsmail ALPTEKİN	Member	6 April 2009	University	16 years
Halim KANATCI	Member	28 April 2009	University	41 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	26 years
Sabahattin BİRDAL	Member	31 March 2014	University	37 years
Öztürk ORAN	Member	30 April 2014	University	39 years
Şeref AKSAÇ	Member	30 April 2014	University	32 years
<u>Audit Committee</u>				
Mehmet Emin ÖZCAN	Member	4 April 2014	University	31 years
Sabahattin BİRDAL	Member	4 April 2014	University	37 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	37 years
Yunus ARINCI	Auditor	19 March 2010	Master	17 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	18 years
Hasan ECESoy	Treasury	18 June 2010	PHD	20 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	18 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	17 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	University	23 years
Yıldırım EROĞLU	Retail Banking, Payment Systems, Payment System Operations	6 December 2011	University	21 years
Numan BEK	International Relations and Investor Relations, Coordination of Foreign Branches	18 July 2012	University	23 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	18 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels	28 October 2013	University	20 years
Mehmet Emin KARAAĞAÇ	Loans and Risk Follow-up, Legal Affairs	8 November 2013	University	24 years

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED INTERIM FINANCIAL REPORT AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

GENERAL INFORMATION (Continued)

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

As at 7 February 2014, Ali Fuat Taşkesenlioğlu has resigned from his duty as a member of Board of Directors.

At the resolution of the first Board of Directors after Ordinary Meeting of the General Assembly dated 28 March 2014, the distribution of roles has been realized. Ramazan Gündüz has been assigned as Chairman of Board of Directors and Mehmet Emin Özcan has been assigned as Deputy Chairman of Board of Directors.

As at 31 March 2014, Sadık Tiltak has resigned from his duty as C Group independent member of Board of Directors. Sabahattin Birdal has been elected unanimously for the duty of Sadık Tiltak by Board of Directors in accordance with the clause 363 of Turkish Commercial Code and the clause 51 of Bank’s Articles of Association.

As per 4 April 2014 dated resolution of the Board of Directors, in accordance with the clause 73 of Bank’s Articles of Association, Sabahattin Birdal and Mehmet Emin Özcan has been elected unanimously for Audit Committee.

As per 30 April 2014 dated resolution of Ordinary Meeting of the General Assembly, in accordance with the clause 48 of Bank’s Articles of Association, Öztürk Oran has been elected as a member of Board of Directors representing A Group shares and Şeref Aksaç has been elected as a member of Board of Directors representing B Group shares.

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

IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS

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 BANK

The 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.

As at 30 June 2014, the Bank has 867 domestic, 3 foreign, in total 870 branches (31 December 2013: 856 domestic, 3 foreign, in total 859 branches). As at 30 June 2014, the Bank has 14,891 employees (31 December 2013: 14,943 employees).

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 30 JUNE 2014

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

ASSETS	Notes	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,154,042	16,483,743	18,637,785	1,802,838	17,165,243	18,968,081
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	289,072	31,958	321,030	356,150	79,540	435,690
2.1 Financial assets held for trading purpose		289,072	31,958	321,030	356,150	79,540	435,690
2.1.1 Debt securities issued by the governments		-	-	-	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading purpose	V-I-2	289,072	31,958	321,030	356,150	79,540	435,690
2.1.4 Other securities		-	-	-	-	-	-
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 Loans		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	V-I-3	23,322	962,755	986,077	40,177	2,598,960	2,639,137
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		300,079	-	300,079	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		300,079	-	300,079	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,455,696	3,433,537	15,889,233	12,551,965	3,736,222	16,288,187
5.1 Equity securities		15	10,750	10,765	15	10,750	10,765
5.2 Debt securities issued by the governments		12,455,681	3,422,787	15,878,468	12,551,950	3,725,472	16,277,422
5.3 Other securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	V-I-5	69,750,807	22,048,845	91,799,652	65,082,512	21,669,705	86,752,217
6.1 Performing loans and receivables		69,492,071	22,048,845	91,540,916	64,826,518	21,669,705	86,496,223
6.1.1 Loans provided to risk group	V-VII-1	20,004	76,606	96,610	11,233	83,668	94,901
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		69,472,067	21,972,239	91,444,306	64,815,285	21,586,037	86,401,322
6.2 Loans under follow-up		3,774,281	-	3,774,281	3,531,427	-	3,531,427
6.3 Specific provisions (-)		3,515,545	-	3,515,545	3,275,433	-	3,275,433
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	6,055,591	84,628	6,140,219	5,358,742	45,073	5,403,815
8.1 Debt securities issued by the governments		6,055,591	-	6,055,591	5,358,742	2,234	5,360,976
8.2 Other securities		-	84,628	84,628	-	42,839	42,839
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	267,770	-	267,770	245,523	-	245,523
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		267,770	-	267,770	245,523	-	245,523
9.2.1 Financial associates		256,370	-	256,370	234,123	-	234,123
9.2.2 Non-Financial associates		11,400	-	11,400	11,400	-	11,400
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	999,594	270,577	1,270,171	1,094,893	270,577	1,365,470
10.1 Unconsolidated financial subsidiaries		799,736	270,577	1,070,313	893,406	270,577	1,163,983
10.2 Unconsolidated non-financial subsidiaries		199,858	-	199,858	201,487	-	201,487
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	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
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)		667,134	1,431	668,565	656,989	1,802	658,791
XV. INTANGIBLE ASSETS (Net)		123,753	127	123,880	108,480	128	108,608
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		123,753	127	123,880	108,480	128	108,608
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII. TAX ASSETS		36,931	-	36,931	51,606	-	51,606
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-13	36,931	-	36,931	51,606	-	51,606
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	676,646	-	676,646	564,744	-	564,744
18.1 Assets held for sale		676,646	-	676,646	564,744	-	564,744
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	1,246,416	174,691	1,421,107	1,231,840	782,334	2,014,174
TOTAL ASSETS		95,046,853	43,492,292	138,539,145	89,146,459	46,349,584	135,496,043

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 30 JUNE 2014

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

LIABILITIES AND EQUITY		Notes	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	62,581,209	21,624,697	84,205,906	59,441,198	22,091,616	81,532,814
1.1	Deposits of the risk group	V-VII-1	1,564,358	197,203	1,761,561	1,790,723	238,889	2,029,612
1.2	Other deposits		61,016,851	21,427,494	82,444,345	57,650,475	21,852,727	79,503,202
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	67,995	185,622	253,617	111,604	89,174	200,778
III.	FUNDS BORROWED	V-II-3	104,755	10,468,660	10,573,415	122,174	11,282,638	11,404,812
IV.	INTERBANK MONEY MARKET		8,024,701	4,867,497	12,892,198	8,014,659	6,462,422	14,477,081
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		8,024,701	4,867,497	12,892,198	8,014,659	6,462,422	14,477,081
V.	SECURITIES ISSUED (Net)	V-II-3	2,133,526	6,071,985	8,205,511	2,355,180	4,529,646	6,884,826
5.1	Bills		2,133,526	-	2,133,526	2,355,180	-	2,355,180
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	6,071,985	6,071,985	-	4,529,646	4,529,646
VI.	FUNDS		21,356	-	21,356	23,431	-	23,431
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		21,356	-	21,356	23,431	-	23,431
VII.	MISCELLANEOUS PAYABLES		2,630,159	260,132	2,890,291	2,506,535	189,570	2,696,105
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	671,568	917,808	1,589,376	423,146	1,030,328	1,453,474
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	2,018,596	11,387	2,029,983	1,964,510	49,774	2,014,284
12.1	General provisions	V-II-7	1,306,415	11,387	1,317,802	1,179,012	11,727	1,190,739
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		515,720	-	515,720	543,347	-	543,347
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	196,461	-	196,461	242,151	38,047	280,198
XIII.	TAX LIABILITIES	V-II-8	429,457	1,439	430,896	216,864	1,111	217,975
13.1	Current tax liabilities		429,457	1,439	430,896	216,864	1,111	217,975
13.2	Deferred tax liabilities	V-I-15	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	1,950,453	1,950,453	-	1,974,142	1,974,142
XVI.	EQUITY		13,178,446	317,697	13,496,143	12,412,681	203,640	12,616,321
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,462,020	317,697	1,779,717	1,317,561	203,640	1,521,201
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	623,243	317,697	940,940	477,686	203,640	681,326
16.2.4	Revaluation surplus on tangible assets	V-II-1	45,637	-	45,637	44,136	-	44,136
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		69,222	-	69,222	71,821	-	71,821
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		8,493,619	-	8,493,619	7,009,581	-	7,009,581
16.3.1	Legal reserves		1,012,796	-	1,012,796	854,240	-	854,240
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		7,214,708	-	7,214,708	5,889,226	-	5,889,226
16.3.4	Other profit reserves		266,115	-	266,115	266,115	-	266,115
16.4	Profit or loss		722,807	-	722,807	1,585,539	-	1,585,539
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		722,807	-	722,807	1,585,539	-	1,585,539
TOTAL LIABILITIES AND EQUITY			91,861,768	46,677,377	138,539,145	87,591,982	47,904,061	135,496,043

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT 30 JUNE 2014

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

	Notes	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		39,415,711	34,308,682	73,724,393	65,514,791	55,746,467	121,261,258
I. GUARANTEES AND SURETIES	V-III-2-4	15,075,843	9,617,878	24,693,721	14,288,042	9,053,337	23,341,379
1.1 Letters of guarantee		15,048,589	3,698,850	18,747,439	14,268,047	3,627,537	17,895,584
1.1.1 Guarantees subject to State Tender Law		1,827,835	2,013,874	3,841,709	1,905,899	1,952,543	3,858,442
1.1.2 Guarantees given for foreign trade operations		772,862	-	772,862	650,221	-	650,221
1.1.3 Other letters of guarantee		12,447,892	1,684,976	14,132,868	11,711,927	1,674,994	13,386,921
1.2 Bank acceptances		15,823	1,937,204	1,953,027	12,129	1,040,149	1,052,278
1.2.1 Import letter of acceptance		2,250	72,446	74,696	1,500	77,393	78,893
1.2.2 Other bank acceptances		13,573	1,864,758	1,878,331	10,629	962,756	973,385
1.3 Letters of credit		11,431	3,978,059	3,989,490	7,866	4,382,030	4,389,896
1.3.1 Documentary letters of credit		11,431	3,978,059	3,989,490	7,866	4,382,030	4,389,896
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,682	1,682	-	1,702	1,702
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,739	1,739	-	1,759	1,759
1.9 Other sureties		-	344	344	-	160	160
II. COMMITMENTS		17,490,130	4,306,853	21,796,983	45,270,192	26,331,770	71,601,962
2.1 Irrevocable commitments		16,237,366	1,674,621	17,911,987	15,109,055	3,640,601	18,749,656
2.1.1 Asset purchase commitments	V-III-1	226,598	1,674,621	1,901,219	539,362	3,636,414	4,175,776
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	33,151	-	33,151	-	-	-
2.1.4 Loan granting commitments	V-III-1	7,240,862	-	7,240,862	6,730,503	-	6,730,503
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	1,474,188	-	1,474,188	1,320,438	-	1,320,438
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	6,964,066	-	6,964,066	6,261,117	-	6,261,117
2.1.10 Commitments for credit card and banking operations promotions		274,308	-	274,308	238,991	-	238,991
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		24,193	-	24,193	18,644	4,187	22,831
2.2 Revocable commitments		1,252,764	2,632,232	3,884,996	30,161,137	22,691,169	52,852,306
2.2.1 Revocable loan granting commitments		1,252,764	2,632,232	3,884,996	30,161,137	22,691,169	52,852,306
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		6,849,738	20,383,951	27,233,689	5,956,557	20,361,360	26,317,917
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		6,849,738	20,383,951	27,233,689	5,956,557	20,361,360	26,317,917
3.2.1 Forward foreign currency purchases/sales		440,427	583,175	1,023,602	602,810	731,325	1,334,135
3.2.1.1 Forward foreign currency purchases		220,458	291,629	512,087	301,607	365,671	667,278
3.2.2.2 Forward foreign currency sales		219,969	291,546	511,515	301,203	365,654	666,857
3.2.2 Currency and interest rate swaps		5,616,617	15,736,682	21,353,299	5,180,109	15,499,236	20,679,345
3.2.2.1 Currency swaps-purchases		2,293,674	7,687,042	9,980,716	3,148,532	7,243,811	10,392,343
3.2.2.2 Currency swaps-sales		3,172,943	3,637,992	6,810,935	2,031,577	4,110,277	6,141,854
3.2.2.3 Interest rate swaps-purchases		75,000	2,205,824	2,280,824	-	2,072,574	2,072,574
3.2.2.4 Interest rate swaps-sales		75,000	2,205,824	2,280,824	-	2,072,574	2,072,574
3.2.3 Currency, interest rate and security options		729,414	923,148	1,652,562	173,638	169,222	342,860
3.2.3.1 Currency call options		364,707	461,574	826,281	85,819	84,611	170,430
3.2.3.2 Currency put options		364,707	461,574	826,281	85,819	84,611	170,430
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	1,000	-	1,000
3.2.3.6 Security put options		-	-	-	1,000	-	1,000
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		63,280	3,140,946	3,204,226	-	3,961,577	3,961,577
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		679,454,177	237,450,241	916,904,418	839,788,953	225,942,092	1,065,731,045
IV. ITEMS HELD IN CUSTODY		151,091,468	1,802,054	152,893,522	351,509,096	1,564,619	353,073,715
4.1 Customers' securities held		-	20,572	20,572	-	20,816	20,816
4.2 Investment securities held in custody		141,651,783	90,339	141,742,122	343,290,604	-	343,290,604
4.3 Checks received for collection		7,547,529	1,112,582	8,660,111	6,699,221	895,708	7,594,929
4.4 Commercial notes received for collection		1,102,625	199,919	1,302,544	974,141	210,113	1,184,254
4.5 Other assets received for collection		2,152	85	2,237	2,152	86	2,238
4.6 Assets received through public offering		-	6,215	6,215	-	6,289	6,289
4.7 Other items under custody		309	92,654	92,963	6,749	138,169	144,918
4.8 Custodians		787,070	279,688	1,066,758	536,229	293,438	829,667
V. PLEDGED ITEMS		157,758,643	51,693,916	209,452,559	174,883,810	50,574,396	225,458,206
5.1 Securities		481,383	28,756	510,139	334,952	27,434	362,386
5.2 Guarantee notes		905,400	195,664	1,101,064	701,927	239,873	941,800
5.3 Commodities		24,656,932	640,024	25,296,956	23,434,930	990,995	24,425,925
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		122,519,295	40,712,691	163,231,986	112,475,408	39,831,978	152,307,386
5.6 Other pledged items		8,449,773	9,982,931	18,432,704	8,342,047	9,350,018	17,692,065
5.7 Pledged items-depository		745,860	133,850	879,710	29,594,546	134,098	29,728,644
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		370,604,066	183,954,271	554,558,337	313,396,047	173,803,077	487,199,124
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		718,869,888	271,758,923	990,628,811	905,303,744	281,688,559	1,186,992,303

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

	Notes	Reviewed Current Period 1 January 2014- 30 June 2014	Reviewed Prior Period 1 January 2013- 30 June 2013	Reviewed Current Period 1 April 2014- 30 June 2014	Reviewed Prior Period 1 April 2013- 30 June 2013
I. INTEREST INCOME		5,537,715	4,490,751	2,827,692	2,199,217
1.1 Interest income from loans	V-IV-1	4,441,520	3,696,526	2,284,959	1,847,617
1.2 Interest income from reserve deposits		-	-	-	-
1.3 Interest income from banks	V-IV-1	3,390	1,827	1,368	1,159
1.4 Interest income from money market transactions		234	492	143	96
1.5 Interest income from securities portfolio	V-IV-1	1,091,197	784,342	540,806	354,272
1.5.1 Trading financial assets		-	-	-	-
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		817,904	589,274	405,185	291,013
1.5.4 Held-to-maturity investments		273,293	195,068	135,621	63,259
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		1,374	7,564	416	(3,927)
II. INTEREST EXPENSE		3,432,274	1,890,496	1,781,399	944,057
2.1 Interest expense on deposits	V-IV-2	2,569,839	1,508,279	1,322,280	752,805
2.2 Interest expense on funds borrowed	V-IV-2	75,313	59,707	36,537	30,043
2.3 Interest expense on money market transactions		513,975	132,933	286,394	73,748
2.4 Interest expense on securities issued	V-IV-2	199,507	105,435	101,330	59,917
2.5 Other interest expenses		73,640	84,142	34,858	27,544
III. NET INTEREST INCOME (I – II)		2,105,441	2,600,255	1,046,293	1,255,160
IV. NET FEES AND COMMISSIONS INCOME		316,467	381,123	171,362	204,012
4.1 Fees and commissions received		531,282	524,654	289,828	281,844
4.1.1 Non-cash loans		80,646	60,841	41,246	31,039
4.1.2 Others		450,636	463,813	248,582	250,805
4.2 Fees and commissions paid		214,815	143,531	118,466	77,832
4.2.1 Non-cash loans		92	73	35	34
4.2.2 Others		214,723	143,458	118,431	77,798
V. DIVIDEND INCOME		65,608	53,961	652	7,566
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	152,422	186,847	80,096	107,069
6.1 Trading account income/losses	V-IV-3	109,298	106,367	104,570	56,011
6.2 Income/losses from derivative financial instruments	V-IV-3	(30,263)	74,954	(62,960)	58,366
6.3 Foreign exchange gains/losses	V-IV-3	73,387	5,526	38,486	(7,308)
VII. OTHER OPERATING INCOME	V-IV-4	610,672	347,783	386,669	163,283
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3,250,610	3,569,969	1,685,072	1,737,090
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	806,754	1,118,204	430,810	565,313
X. OTHER OPERATING EXPENSES (-)	V-IV-6	1,525,981	1,296,783	792,339	672,261
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		917,875	1,154,982	461,923	499,516
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		917,875	1,154,982	461,923	499,516
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(195,068)	(250,241)	(112,730)	(117,457)
16.1 Current tax charges		(270,292)	(190,070)	(199,454)	(47,971)
16.2 Deferred tax credits		75,224	(60,171)	86,724	(69,486)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	722,807	904,741	349,193	382,059
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from investment properties		-	-	-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-	-	-
18.3 Other income from discontinued activities		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-	-	-
19.1 Investment property expenses		-	-	-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-	-	-
19.3 Other expenses from discontinued activities		-	-	-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-	-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
XXII. NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-8	722,807	904,741	349,193	382,059
Profit/Loss per 100 shares (full TL)		0.2891	0.3619	0.1397	0.1528

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

GAINS AND LOSSES RECOGNIZED IN EQUITY	Reviewed	Reviewed	Reviewed	Reviewed
	Current Period 1 January 2014- 30 June 2014	Prior Period 1 January 2013- 30 June 2013	Current Period 1 April 2014- 30 June 2014	Prior Period 1 April 2013- 30 June 2013
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	635,918	(753,686)	612,243	(607,186)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	-	-	-	-
V. GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)	-	-	-	-
VI. GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)	-	-	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS	-	-	-	-
VIII. OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS	(265,383)	(63,533)	(137,610)	(42,571)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	(113,520)	28,911	(116,981)	23,730
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	257,015	(788,308)	357,652	(626,027)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	722,807	904,741	349,193	382,059
11.1 Change in fair value of securities (transfers to the statement of income)	333,592	132,090	288,870	59,703
11.2 Gains/Losses recognized in the statement of income due to reclassification of cash flow hedges	-	-	-	-
11.3 Gains/Losses recognized in the statement of income due to reclassification of net foreign investment hedges	-	-	-	-
11.4 Others	389,215	772,651	60,323	322,356
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	979,822	116,433	706,845	(243,968)

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

CHANGES IN EQUITY	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 30 June 2013																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	710,624	-	4,699,751	265,429	1,460,080	-	1,449,973	41,061	67,318	-	-	11,918,154	-	11,918,154
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(792,812)	-	-	-	-	(792,812)	-	(792,812)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	4,504	-	-	4,504	-	4,504
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	904,741	-	-	-	-	-	-	904,741	-	904,741
XVIII.	Profit distribution	-	-	-	-	143,616	-	1,189,475	23,914	(1,460,080)	-	-	3,075	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	-	-	-	-	143,616	-	1,189,475	23,914	(1,360,080)	-	-	3,075	-	-	-	-	-	(100,000)
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	854,240	-	5,889,226	289,343	904,741	-	657,161	44,136	71,822	-	-	11,934,587	-	11,934,587
CURRENT PERIOD – 30 June 2014																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	854,240	-	5,889,226	266,115	1,585,539	-	681,326	44,136	71,821	-	-	12,616,321	-	12,616,321
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	259,614	-	-	-	-	259,614	-	259,614
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	(2,599)	-	-	(2,599)	-	(2,599)
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	722,807	-	-	-	-	-	-	722,807	-	722,807
XVIII.	Profit distribution	-	-	-	-	158,556	-	1,325,482	-	(1,585,539)	-	-	1,501	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	-	-	-	-	158,556	-	1,325,482	-	(1,485,539)	-	-	1,501	-	-	-	-	-	(100,000)
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	1,012,796	-	7,214,708	266,115	722,807	-	940,940	45,637	69,222	-	-	13,496,143	-	13,496,143

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

	Reviewed Current Period 30 June 2014	Reviewed Prior Period 30 June 2013
A. CASH FLOWS FROM BANKING OPERATIONS		
I.1 Operating profit before changes in operating assets and liabilities	1,348,281	1,597,821
1.1.1 Interests received	4,993,868	4,183,234
1.1.2 Interests paid	(3,384,425)	(1,813,186)
1.1.3 Dividends received	43,023	26,245
1.1.4 Fee and commissions received	531,282	524,654
1.1.5 Other income	74,472	74,789
1.1.6 Collections from previously written-off loans and other receivables	382,450	254,494
1.1.7 Payments to personnel and service suppliers	(1,218,804)	(1,246,087)
1.1.8 Taxes paid	(168,145)	(302,750)
1.1.9 Others	94,560	(103,572)
1.2 Changes in operating assets and liabilities	(4,109,069)	(2,464,961)
1.2.1 Net (increase) decrease in financial assets held for trading purpose	-	2,377
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	27,918	(2,853,716)
1.2.4 Net (increase) decrease in loans	(5,759,236)	(10,044,687)
1.2.5 Net (increase) decrease in other assets	589,613	(554,746)
1.2.6 Net increase (decrease) in bank deposits	284,011	(720,576)
1.2.7 Net increase (decrease) in other deposits	2,322,280	5,173,108
1.2.8 Net increase (decrease) in funds borrowed	(834,378)	858,765
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(739,277)	5,674,514
I. Net cash flow from banking operations	(2,760,788)	(867,140)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	548,276	(2,007,064)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(169,747)	(60,371)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	(68,623)	(64,870)
2.4 Proceeds from disposal of tangible assets	231,884	180,508
2.5 Cash paid for purchase of available-for-sale financial assets	(2,975,508)	(5,138,696)
2.6 Proceeds from disposal of available-for-sale financial assets	4,174,190	2,108,836
2.7 Cash paid for purchase of held-to-maturity investments	(1,923,299)	(74,100)
2.8 Proceeds from disposal of held-to-maturity investments	1,301,290	1,061,687
2.9 Others	(21,911)	(20,058)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	1,207,456	1,567,062
3.1 Cash obtained from funds borrowed and securities issued	4,082,249	3,507,418
3.2 Cash used for repayment of funds borrowed and securities issued	(2,774,793)	(1,840,356)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(100,000)	(100,000)
3.5 Repayments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	10,546	(2,516)
V. Net increase in cash and cash equivalents	(994,510)	(1,309,658)
VI. Cash and cash equivalents at the beginning of the period	5,677,984	4,999,872
VII. Cash and cash equivalents at the end of the period	4,683,474	3,690,214

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which are effective from 1 November 2005, the Turkish Commercial Code ("TCC") and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA ("Banking Regulation and Supervision Agency") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority, and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as "BRSA Principles"). The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012.

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, available-for-sale financial assets and unconsolidated investments in associates and subsidiaries whose fair value can be reliably measured and assets available for sale, which are presented on a fair value basis.

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 XXII. 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 unconsolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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.

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

Strategy for the use of financial instruments

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

The most important fund sources of the Bank other than the deposits are its equity 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 shareholders' equity.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

(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 (Continued)

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank’s operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management but earn lower return. The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations. The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities.

Within the legal limitations and the regulations of the bank’s internal control, the foreign currency position is being followed, the foreign currency position is established according to the basket equilibrium that is determined by taking into account current market conditions.

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 Bank. Foreign currency transactions are recorded using the foreign exchange rates effective at the transaction date. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

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.

III. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

Derivatives are initially recorded at their purchase costs including the transaction 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 are recognized in the statement of income.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON INTEREST INCOME AND EXPENSES

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 expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. 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 discounts and premiums, fees and commissions paid or received and transaction costs. 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.

V. INFORMATION ON FEES AND COMMISSIONS

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

VI. INFORMATION ON FINANCIAL ASSETS

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

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

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

Financial assets at fair value through profit or loss

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 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 statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the 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. Held-to-maturity investments are measured at amortized cost using effective interest method after deducting impairments, if any.

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. Interest earned on held-to-maturity investments is recognized as interest income.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

ACCOUNTING POLICIES (Continued)

VI. INFORMATION ON FINANCIAL ASSETS (Continued)

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, 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 derived from the difference between their fair values and the discounted values are recorded in “valuation differences of the marketable securities” under the shareholders’ equity. In case of disposal of such assets, the realized gain or losses are recognized directly in the 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.

Loans 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, recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

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.

VII. 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 Bank estimates the amount of impairment.

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

ACCOUNTING POLICIES (Continued)

VIII. 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 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.

IX. 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.

X. 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 Bank has no discontinued operations.

XI. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

The Bank’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 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.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

ACCOUNTING POLICIES (Continued)

XII. 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 are recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price 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 Bank 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.

XIII. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessee

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the financial statements. In the determination of the related assets and liabilities, 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 financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Operational leases

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

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ACCOUNTING POLICIES (Continued)

XIV. 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 financial statements, a provision is made 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 Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the 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 financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the 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 financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XV. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 30 June 2014 is TL 3,438 (full TL) (31 December 2013: TL 3,254 (full TL)).

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

As at 30 June 2014 and 31 December 2013, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	9.70%	9.70%
Future Change in Salaries	6.40%	6.40%
Turnover Rate of Employees	7.40%	7.40%

Other benefits to employees

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 after the account periods starting from 31 December 2012 by “The communique (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. The actuarial gain/loss for account period 1 January-30 June 2014 has not been found.

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ACCOUNTING POLICIES (Continued)

XV. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS (Continued)

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with *TAS 19* in the accompanying unconsolidated financial statements.

Pension fund

The employees of the Bank are the members of “Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı” (“the Fund”) established on 15 May 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

The first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law no.5411, issued in the 1 November 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court’s 22 March 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on 15 December 2007 in the Official Gazette no. 26731. The reason for the cancellation decision by Constitutional Court was stated as possible future losses on acquired rights of Fund members.

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

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

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

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

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

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 2014 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

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ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAXATION

Corporate tax

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

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

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.

The deferred tax assets and liabilities are reported as net in the financial statements only if the Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

In case valuation differences resulting from the subsequent measurement of the items are recognized in the statement of income, then the related current and or deferred tax effects are also recognized in the statement of income. On the other hand, if valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

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

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.

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ACCOUNTING POLICIES (Continued)

XVII. ADDITIONAL INFORMATION ON BORROWINGS

The Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Bank has started to obtain funds through domestic and international bonds.

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

XVIII. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

The shares of the 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.

XIX. 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.

XX. INFORMATION ON GOVERNMENT INCENTIVES

As at 30 June 2014 and 31 December 2013, the Bank does not have any government incentives.

XXI. INFORMATION ON SEGMENT REPORTING

Operational segments are determined based the structure of the Bank’s risks and benefits and presented in Section 4 Note VII.

XXII. OTHER DISCLOSURES

Earnings per shares

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

As at and for the six-month period ended 30 June 2014, earnings per 100 shares are full TL 0.2891 (30 June 2013: full TL 0.3619).

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. 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 5 Note V.

Cash and cash equivalents

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

Classifications

There might be certain reclassifications in the financial statements as of 31 December 2013 and 30 June 2013 in order to maintain consistency with the financial statement presentation as of 30 June 2014 Audit report. Accordingly the assets to be disposed classified under “Fixed Assets” has been reclassified to “Assets Held for Sale and “Provision for Short-Term Employee Benefits” classified under the “Provision for Losses on Loans and Other Receivables” in statement of Income has been reclassified to “Other Operating Expense”.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. CAPITAL ADEQUACY RATIO

The Bank's unconsolidated capital adequacy ratio is 14.30% (31 December 2013: 13.70%).

Risk measurement methods in calculation of capital adequacy ratio

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 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 Bank 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 BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

Current Period	30 June 2014 Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	47,686,521	-	7,604,257	32,634,285	21,490,605	49,364,250	2,849,796	8,470,873	52,242	-
Risk classifications:										
Claims on sovereigns and Central Banks	41,469,685	-	65	3,558,336	-	-	-	-	-	-
Claims on regional governments or local authorities	11,684	-	1,793,214	403,883	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	27,660	-	16,827	-	-	628,845	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,761,099	-	4,884,198	1,337,045	-	3,867	-	-	-	-
Claims on corporate	184,895	-	809,736	813,390	-	40,378,488	-	-	-	-
Claims included in the regulatory retail portfolios	99,186	-	49,098	-	21,490,605	1,119,170	-	-	-	-
Claims secured by residential property	-	-	-	26,521,631	-	2,952,909	-	-	-	-
Past due loans	-	-	-	-	-	258,736	-	-	-	-
Higher risk categories decided by the Agency	9,887	-	1,708	-	-	-	2,849,796	8,470,873	52,242	-
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	1,122,425	-	49,411	-	-	4,022,235	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

Prior Period	31 December 2013									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	49,625,046	-	7,404,139	29,328,116	22,187,404	46,462,916	2,837,152	9,393,300	11,741	-
Risk classifications:										
Claims on sovereigns and Central Banks	41,333,609	-	-	3,872,745	-	-	-	-	-	-
Claims on regional governments or local authorities	15,021	-	1,620,366	195,923	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29,436	-	-	-	-	368,455	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	6,664,562	-	5,764,189	1,784,983	-	1,486	-	-	-	-
Claims on corporate	329,916	-	-	1,416,370	-	36,980,737	-	-	-	-
Claims included in the regulatory retail portfolios	97,240	-	-	-	22,187,404	1,490,513	-	-	-	-
Claims secured by residential property	-	-	-	22,058,095	-	3,132,085	-	-	-	-
Past due loans	-	-	-	-	-	255,994	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,837,152	9,393,300	11,741	-
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	1,155,262	-	19,584	-	-	4,233,646	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Summary information related to capital adequacy ratio

	Bank
	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	8,373,379
Capital Requirement for Market Risk (MRCR)	38,046
Capital Requirement for Operational Risk (ORCR)	777,799
Shareholders' Equity	16,423,410
Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)	14.30
Core Capital/((CRCR+MRCR+ORCR) *12,5*100)	11.56
Tier I Capital/((CRCR+MRCR+ORCR) *12,5*100)	11.65
	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	8,185,603
Capital Requirement for Market Risk (MRCR)	26,097
Capital Requirement for Operational Risk (ORCR) ^(*)	655,046
shareholders' Equity	15,179,536
shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)	13.70%

^(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2013 was measured by taking value at operational risk calculated based on gross incomes for the years ended 2012, 2011 and 2010 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 BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on equity items

	Current Period
TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000
Share Premium	723,918
Share Cancellation Profits	-
Reserves	8,493,619
Other Comprehensive Income according to TAS	986,577
Profit	722,807
Current Period Profit	722,807
Current Period Profit	-
General Reserves for Possible Losses	-
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period's Profit	69,222
Tier I Capital Before Deductions	13,496,143
Deductions from Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	-
Leasehold Improvements on Operational Leases(-)	89,610
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	24,776
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 Tier I Capital	114,386
Total Tier I Capital	13,381,757
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)	-
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 (-)	-
Deductions from Additional Core Capital in cases where are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Total Additional Core Capital	-
Deductions from Core Capital	99,104
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 (-)	99,104
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	13,282,653
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums 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)	1,931,861
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	1,308,341
Tier II Capital before Deductions	3,240,202
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	3,240,202
Total Tier II Capital	16,522,855
CAPITAL	-
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 (-)	98,858
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 (-)	587
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	16,423,410
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	36,931

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

	Prior Period
CORE CAPITAL	
Paid-in Capital	2,500,000
Nominal Capital	2,500,000
Capital Commitments (-)	-
Adjustments to Paid-in Capital	-
Share Premium	723,918
Share repeal	-
Legal Reserves	7,009,581
Adjustments to Legal Reserves	-
Profit	1,585,539
Net current period profit	1,585,539
Prior period profit	-
Provision for possible losses up to 25% of core capital	70,915
Profit on sale of associates, subsidiaries and buildings	44,136
Primary subordinated loans (up to 15% of Core Capital)	-
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Development cost of operating lease (-)	83,935
Intangible Assets (-)	108,608
Deferred-assets for tax which exceeds of 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3rd Paragraph) (-)	-
Total Core Capital	11,741,546
SUPPLEMENTARY CAPITAL	
General Provisions	1,190,739
45% of increase in revaluation fund on movables	-
45% of increase in revaluation fund of fixed assets	-
Free shares from investment in associates, subsidiaries and joint-ventures that is not recognized in profit	71,821
Primary subordinated loans which are ignored in the calculation of core capital	-
Secondary subordinated loan	1,955,295
45% of value increase fund of financial assets available for sale and associates and subsidiaries	306,597
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Total Supplementary Capital	3,524,452
CAPITAL	15,265,998
DEDUCTIONS FROM CAPITAL	86,462
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	85,083
Securitisation positions that is deducted -preferably- from the shareholders' equity	-
Others	1,379
TOTAL EQUITY	15,179,536

Components of items of shareholders' equity subject to temporary applications

	Bank Only	
	Amount Included in Equity Calculation	Total Amount
Minorities' share in Tier I capital	-	-
Third Parties' share in additional core capital	-	-
Third Parties' share in supplementary capital	-	-
Debt Instruments and Related Issuance Premiums Defined by the BRSA (Issued before 01.01.2014)	1,931,861	1,931,861

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Issuer	T.Vakıflar Bankası T.A.O.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91
Governing law(s) of the instrument	TURKEY
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	Yes
Eligible at solo/group/group&solo	Available
Instrument type	Borrowing Instrument
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1,932
Par value of instrument	1,926
Accounting classification	347011
Original date of issuance	1-Nov-12
Perpetual or dated	Time
Original maturity date	1-Nov-22
Issuer call subject to prior supervisory approval	Available
Subsequent call dates, if applicable	-
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	6.00%
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)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed (**)	Not Possess

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. MARKET RISK

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

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

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

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

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

Value at market risk

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	7,521	9,862
(II) Capital Obligation against Specific Risks - Standard Method	-	22
Capital to be employed for specific risk in securitisation positions- Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	19,248	9,399
(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	3,257	-
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	8,020	6,814
(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)	38,046	26,097
(X) Value-At-Market Risk (12.5xVIII) or (12.5xIX)	475,575	326,213

III. OPERATIONAL RISK

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. FOREIGN CURRENCY EXCHANGE RISK

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

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

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

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

As at 30 June 2014 and 31 December 2013 the Bank does not have derivate financial instruments held for risk management.

Foreign exchange risk management policy

Risk policy of the 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 Bank has established a foreign currency risk management policy that enables the Bank to take position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Bank.

The Bank’s effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet	2.1150	2.8933
Foreign currency purchase rates for the days before balance sheet		
Day 1	2.0700	2.8204
Day 2	2.1200	2.8832
Day 3	2.0900	2.8441
Day 4	2.0900	2.8407
Day 5	2.0900	2.8441
	US Dollar	Euro
Last 30-days arithmetical average rate	2.0662	2.8129

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	5,847,465	6,741,513	3,894,765	16,483,743
Banks	134,199	779,747	48,809	962,755
Financial assets at fair value through profit or loss ⁽¹⁾	-	20,403	-	20,403
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	815,332	2,618,205	-	3,433,537
Loans and receivables ⁽²⁾	7,112,676	17,218,269	44,016	24,374,961
Associates, subsidiaries and joint-ventures	270,577	-	-	270,577
Held-to-maturity investments	-	84,628	-	84,628
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	1,431	-	1,431
Intangible assets	-	127	-	127
Other assets ⁽³⁾	23,842	115,518	2	139,362
Total assests	14,204,091	27,579,841	3,987,592	45,771,524
Liabilities:				
Bank deposits	518,151	724,727	24,755	1,267,633
Foreign currency deposits	10,049,173	9,312,197	995,694	20,357,064
Interbank money market takings	312,207	4,555,290	-	4,867,497
Other funding	4,625,607	5,827,883	15,170	10,468,660
Securities issued	1,469,214	4,602,771	-	6,071,985
Miscellaneous payables	180,922	78,241	969	260,132
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ^{(1) (4)}	42,298	2,861,115	686	2,904,099
Total liabilities	17,197,572	27,962,224	1,037,274	46,197,070
Net 'on balance sheet' position	(2,993,481)	(382,383)	2,950,318	(425,546)
Net 'off-balance sheet' position	3,157,354	732,167	(2,949,915)	939,606
Derivative assets ⁽⁶⁾	4,337,888	6,753,344	407,857	11,499,089
Derivative liabilities ⁽⁶⁾	1,180,534	6,021,177	3,357,772	10,559,483
Non-cash loans ⁽⁵⁾	1,776,101	7,555,256	286,521	9,617,878
Prior Period				
Total assets	14,677,498	30,249,768	3,880,770	48,808,036
Total liabilities	15,140,121	31,301,957	1,189,554	47,631,632
Net 'on balance sheet' position	(462,623)	(1,052,189)	2,691,216	1,176,404
Net 'off-balance sheet' position	570,050	1,099,915	(2,701,033)	(1,031,068)
Derivative assets ⁽⁶⁾	1,787,998	8,258,319	1,437,036	11,483,353
Derivative liabilities ⁽⁶⁾	1,217,948	7,158,404	4,138,069	12,514,421
Non-cash loans ⁽⁵⁾	1,526,332	7,179,775	347,230	9,053,337

⁽¹⁾ Derivative financial assets amounting to TL 11,555 (31 December 2013: TL 56,541) and liabilities amounting to TL 123,684 (31 December 2013: TL 38,006) resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 2,326,116 (31 December 2013: TL 2,548,480) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 35,329 (31 December 2013: TL 33,487) and equities amounting to TL 317,697 (31 December 2013: TL 203,640) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 38,924 (31 December 2013: TL 30,782) are not included.

⁽⁵⁾ Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

⁽⁶⁾ Asset purchase commitments amounting to TL 789,570 (31 December 2013: TL 1,716,686) and asset sales commitments amounting to TL 885,051 (31 December 2013: TL 1,919,728) are included.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the six-month period ended 30 June 2014 and 2013 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

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

	30 June 2014		30 June 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	33,748	33,748	32,929	32,929
EUR	(10,670)	(10,670)	(15,346)	(15,346)
Other currencies	40	40	(809)	(809)
Total, net	23,118	23,118	16,774	16,774

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

10 percent appreciation of the TL against the following currencies as at and for the six-month period ended 30 June 2014 and 2013 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	30 June 2014		30 June 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(32,530)	(32,530)	(31,293)	(31,293)
Euro	11,339	11,339	15,346	15,346
Other currencies	(40)	(40)	1,563	1,563
Total, net	(21,231)	(21,231)	(14,384)	(14,384)

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. 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.

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
Assets:							
Cash and balances with CBT	-	-	-	-	-	18,637,785	18,637,785
Banks	524,431	32,076	4,151	-	-	425,419	986,077
Financial assets at fair value through profit/loss	73,214	136,616	79,388	23,464	8,348	-	321,030
Interbank money market placements	300,079	-	-	-	-	-	300,079
Available-for-sale financial assets	4,112,706	1,906,823	4,155,300	3,359,121	2,344,518	10,765	15,889,233
Loans and receivables	29,526,150	8,920,406	27,330,937	15,701,459	10,061,964	258,736	91,799,652
Held-to-maturity investments	63,455	1,388,976	2,849,755	290,676	1,547,357	-	6,140,219
Other assets ^(*)	11,779	1,179	8,153	58,216	571	4,385,172	4,465,070
Total assets	34,611,814	12,386,076	34,427,684	19,432,936	13,962,758	23,717,877	138,539,145
Liabilities:							
Bank deposits	3,909,728	384,061	100,862	-	-	53,302	4,447,953
Other deposits	36,958,477	21,513,736	4,540,989	25,478	-	16,719,273	79,757,953
Interbank money market takings	11,791,596	355,378	745,224	-	-	-	12,892,198
Miscellaneous payables	-	-	-	-	-	2,890,291	2,890,291
Securities issued	137,608	1,292,632	2,116,050	4,659,221	-	-	8,205,511
Funds borrowed	2,792,022	4,106,166	2,965,518	-	709,709	-	10,573,415
Other liabilities ^(**)	142,515	10,695	157,694	414,079	1,500,442	17,546,399	19,771,824
Total liabilities	55,731,946	27,662,668	10,626,337	5,098,778	2,210,151	37,209,265	138,539,145
On balance sheet long position	-	-	23,801,347	14,334,158	11,752,607	-	49,888,112
On balance sheet short position	(21,120,132)	(15,276,592)	-	-	-	(13,491,388)	(49,888,112)
Off-balance sheet long position	518,606	1,403,600	752,500	432,067	221,408	-	3,328,181
Off-balance sheet short position	(17,766)	(77,250)	(728,225)	(1,431,048)	(908,783)	-	(3,163,072)
Position, Net	(20,619,292)	(13,950,242)	23,825,622	13,335,177	11,065,232	(13,491,388)	165,109

^(*) 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 BANK (Continued)

V. 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
Assets:							
Cash and balances with CBT	-	-	-	-	-	18,968,081	18,968,081
Banks	2,010,259	100,755	2,070	-	-	526,053	2,639,137
Financial assets at fair value through profit/loss	167,159	220,696	34,116	11,685	2,034	-	435,690
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	5,314,189	2,386,603	2,692,024	3,207,601	2,677,005	10,765	16,288,187
Loans and receivables	26,066,086	18,855,961	16,370,316	15,638,026	9,565,834	255,994	86,752,217
Held-to-maturity investments	914,868	418,308	2,022,196	495,822	1,552,621	-	5,403,815
Other assets ^(*)	13,462	85	10,506	72,469	425	4,911,969	5,008,916
Total assets	34,486,023	21,982,408	21,131,228	19,425,603	13,797,919	24,672,862	135,496,043
Liabilities:							
Bank deposits	3,170,922	869,432	103,153	-	-	18,821	4,162,328
Other deposits	39,030,456	19,270,048	5,371,683	40,261	-	13,658,038	77,370,486
Interbank money market takings	12,424,832	237,295	1,005,685	809,269	-	-	14,477,081
Miscellaneous payables	-	-	-	-	-	2,696,105	2,696,105
Securities issued	406,641	1,432,595	1,769,861	3,275,729	-	-	6,884,826
Fund borrowed	553,136	4,525,154	5,516,612	89,542	720,368	-	11,404,812
Other liabilities ^(**)	125,881	17,423	141,525	410,940	1,502,582	16,302,054	18,500,405
Total liabilities	55,711,868	26,351,947	13,908,519	4,625,741	2,222,950	32,675,018	135,496,043
On balance sheet long position	-	-	7,222,709	14,799,862	11,574,969	-	33,597,540
On balance sheet short position	(21,225,845)	(4,369,539)	-	-	-	(8,002,156)	(33,597,540)
Off-balance sheet long position	572,957	1,733,400	581,537	415,289	166,248	-	3,469,431
Off-balance sheet short position	(26,964)	(250,998)	(658,787)	(1,395,220)	(861,748)	-	(3,193,717)
Position, Net	(20,679,852)	(2,887,137)	7,145,459	13,819,931	10,879,469	(8,002,156)	275,714

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

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

Average interest rates applied to monetary financial instruments:

Current Period	Euro %	US Dollar %	Japanese Yen %	TL %
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.54	0.71	-	11.25
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	11.25
Available-for-sale financial assets	5.25	6.95	-	7.18
Loans and receivables	4.70	5.70	-	12.77
Held-to-maturity investments	-	3.69	-	17.94
Liabilities:				
Bank deposits	1.02	1.06	-	10.70
Other deposits	2.47	2.16	-	10.43
Interbank money market takings	0.37	0.82	-	9.07
Miscellaneous payables	-	-	-	-
Securities issued	3.48	3.96	-	9.75
Funds borrowed	1.03	1.50	-	6.29

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. INTEREST RATE RISK (Continued)

Prior Period	Euro %	US Dollar %	Japanese Yen %	TL %
<i>Assets:</i>				
Cash and balance with CBT	-	-	-	-
Banks	0.01	0.35	-	10.35
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.63	7.11	-	7.58
Loans and receivables	5.52	6.92	-	13.50
Held-to-maturity investments	-	3.31	-	14.64
<i>Liabilities:</i>				
Bank deposits	1.00	0.71	-	8.21
Other deposits	2.82	2.51	-	8.16
Interbank money market takings	0.39	1.19	-	7.61
Miscellaneous payables	-	-	-	-
Securities issued	1.53	4.06	-	8.74
Funds borrowed	1.03	1.55	-	5.57

The interest rate risk of the banking book items:

Measurement Rate 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)	(2,522,266) / 2,546,537	(15.35%) / 15.51%
2. EURO	200 / (200)	135,435 / (12,863)	0.82% / (0.08%)
3. USD	200 / (200)	424,532 / (361,017)	2.58% / (2.20%)
Total (For Negative Shocks)	-	2,172,657	13.23%
Total (For Positive Shocks)	-	(1,962,299)	(11.95%)
Currency Unit-Prior Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,412,990) / 2,441,246	(15.89%) / 16.08%
2. EURO	200 / (200)	34,736 / 10,115	0.23% / 0.07%
3. USD	200 / (200)	457,473 / (383,076)	3.01% / (2.52%)
Total (For Negative Shocks)	-	2,068,285	13.63%
Total (For Positive Shocks)	-	(1,920,781)	(12.65%)

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. 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 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^(*)	621,097	621,097	621,097
1.Stocks Investments Group A	621,097	621,097	621,097
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	927,609	865,213	-

(*) 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^(*)	675,754	675,754	675,754
1.Stocks Investments Group A	675,754	675,754	675,754
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	946,004	886,839	-

(*) 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.

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
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	191,025	191,025
3. Other Stocks	-	392,413	392,413	-	-
4. Total	-	392,413	392,413	191,025	191,025

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. INTEREST RATE RISK (Continued)

Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Supplement ary Capital	Total (*)	Included in Core Capital	Included in Supplement ary Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	419,600	-	188,820
3. Other Stocks	-	412,957	185,830	-	-	-
4. Total	-	412,957	185,830	419,600	-	188,820

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

VI. LIQUIDITY RISK

In order to avoid the liquidity risk, the 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 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 CBT	18,637,785	-	-	-	-	-	-	18,637,785
Banks	451,943	497,907	32,076	4,151	-	-	-	986,077
Financial assets at fair value through profit/loss	-	18,874	49,372	97,116	145,902	9,766	-	321,030
Interbank money market placements	-	300,079	-	-	-	-	-	300,079
Available-for-sale financial assets	-	820,037	40,127	1,922,999	6,734,648	6,360,657	10,765	15,889,233
Loans and receivables	-	9,335,102	2,793,120	18,407,393	40,707,176	20,298,125	258,736	91,799,652
Held-to-maturity investments	-	63,455	21,173	203,588	1,204,417	4,647,586	-	6,140,219
Other assets	-	564,359	1,179	8,153	95,147	571	3,795,661	4,465,070
Total assets	19,089,728	11,599,813	2,937,047	20,643,400	48,887,290	31,316,705	4,065,162	138,539,145
Liabilities:								
Bank deposits	53,302	3,909,728	384,061	100,862	-	-	-	4,447,953
Other deposits	16,719,273	36,958,477	21,513,736	4,540,989	25,478	-	-	79,757,953
Funds borrowed	-	368,143	2,380,491	3,980,682	1,340,828	2,503,271	-	10,573,415
Interbank money market takings	-	11,791,596	355,378	745,224	-	-	-	12,892,198
Securities issued	-	137,608	1,292,632	2,116,050	4,659,221	-	-	8,205,511
Miscellaneous payables	-	2,434,955	51,753	-	-	-	403,583	2,890,291
Other liabilities	-	717,787	281,405	160,595	415,245	1,519,177	16,677,615	19,771,824
Total liabilities	16,772,575	56,318,294	26,259,456	11,644,402	6,440,772	4,022,448	17,081,198	138,539,145
Liquidity gap	2,317,153	(44,718,481)	(23,322,409)	8,998,998	42,446,518	27,294,257	(13,016,036)	-
Prior Period								
Total assets	21,337,007	11,043,432	4,548,822	17,799,419	47,642,546	28,597,769	4,527,048	135,496,043
Total liabilities	13,676,859	58,102,416	22,682,545	14,571,517	6,425,170	3,914,314	16,123,222	135,496,043
Liquidity gap	7,660,148	(47,058,984)	(18,133,723)	3,227,902	41,217,376	24,683,455	(11,596,174)	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. LIQUIDITY RISK (Continued)

Residual contractual maturities of the 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	4,447,953	4,459,795	53,302	3,917,602	386,436	102,455	-	-
Other deposits	79,757,953	80,167,324	16,719,273	37,043,287	21,722,357	4,655,919	26,488	-
Funds borrowed	10,573,415	11,195,616	-	369,171	2,393,961	4,044,550	1,462,646	2,925,288
Money market takings	12,892,198	12,905,964	-	11,798,539	355,589	751,836	-	-
Issued Securities (Net)	8,205,511	9,025,796	-	137,264	1,306,318	2,120,512	5,461,702	-
Miscellaneous payables	2,890,291	2,890,291	403,583	2,434,955	51,753	-	-	-
Other liabilities	3,553,766	4,477,598	890,453	525,286	43,010	164,326	488,083	2,366,440
Total	122,321,087	125,122,384	18,066,611	56,226,104	26,259,424	11,839,598	7,438,919	5,291,728
Non-Cash Loans	24,693,721	24,693,721	182,722	591,611	13,762,861	6,669,706	2,848,480	638,341

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	4,162,328	4,173,074	18,821	3,172,488	876,802	104,963	-	-
Other deposits	77,370,486	77,780,892	13,658,038	39,125,612	19,449,353	5,505,354	42,535	-
Funds borrowed	11,404,812	12,044,724	-	219,476	740,950	6,244,484	2,037,282	2,802,532
Money market takings	14,477,081	14,503,549	-	12,428,032	237,537	1,011,566	826,414	-
Issued Securities (Net)	6,884,826	7,626,518	-	406,116	1,441,546	1,818,518	3,960,338	-
Miscellaneous payables	2,696,105	2,696,105	243,022	2,402,513	50,570	-	-	-
Other liabilities	3,394,530	4,386,428	992,300	289,786	24,299	148,355	496,656	2,435,032
Total	120,390,168	123,211,290	14,912,181	58,044,023	22,821,057	14,833,240	7,363,225	5,237,564
Non-Cash Loans	23,341,379	23,341,379	264,268	370,339	13,664,337	5,657,505	2,729,612	655,318

This table shows the undiscounted cash flows on the Bank’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 financial statements.

Securitisation Positions

None.

Credit risk mitigation techniques

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

Applications on guarantees’ valuation and method

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

Types of main guarantees received

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

Main guarantors, credit derivatives’ counterparties and their credit worthiness

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. LIQUIDITY RISK (Continued)

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	45,028,086	5,456,943	-	-
Claims on regional governments or local authorities	2,208,781	13,773	-	-
Claims on administrative bodies and other non-commercial undertakings	673,332	56,073	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	10,986,209	5,061,986	-	-
Claims on corporate	42,186,509	440,625	-	-
Claims included in the regulatory retail portfolios	22,758,059	180,078	-	-
Claims secured by residential property	29,474,540	-	-	-
Past due loans	258,736	-	-	-
Higher risk categories decided by the Agency	11,384,506	11,595	-	-
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	5,194,071	-	-	-
Total	170,152,829	11,221,073	-	-

Risk Classification-Prior Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantee s and credit derivatives
Claims on sovereigns and Central Banks	45,206,354	4,179,918	-	-
Claims on regional governments or local authorities	1,831,310	18,209	-	-
Claims on administrative bodies and other non-commercial undertakings	397,891	48,355	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	14,215,220	6,664,579	-	-
Claims on corporate	38,727,023	376,873	-	-
Claims included in the regulatory retail portfolios	23,775,157	112,261	-	-
Claims secured by residential property	25,190,180	-	-	-
Past due loans	255,994	-	-	-
Higher risk categories decided by the Agency	12,242,193	-	-	-
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	5,408,492	-	-	-
Total	167,249,814	11,400,195	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. LIQUIDITY RISK (Continued)

Risk management strategies and policies

Risk management strategies are determined so as to support the Bank’s objectives and goals and maintain 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 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.

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

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

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

VII. SEGMENT REPORTING

The 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 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 was built in order to serve customers’ needs effectively and efficiently.

Additionally, the 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 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 BANK (Continued)

VII. 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	1,629,230	2,812,290	1,094,821	1,374	5,537,715
<i>Interest income from loans</i>	<i>1,629,230</i>	<i>2,812,290</i>	-	-	<i>4,441,520</i>
<i>Interest income from securities portfolio</i>	-	-	<i>1,091,197</i>	-	<i>1,091,197</i>
<i>Interest income from banks</i>	-	-	<i>3,390</i>	-	<i>3,390</i>
<i>Interest income from money market transactions</i>	-	-	<i>234</i>	-	<i>234</i>
<i>Other interest income</i>	-	-	-	<i>1,374</i>	<i>1,374</i>
Interest Expense	1,047,706	1,443,464	925,465	15,639	3,432,274
<i>Interest expense on deposits</i>	<i>1,047,706</i>	<i>1,443,464</i>	<i>78,669</i>	-	<i>2,569,839</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>75,313</i>	-	<i>75,313</i>
<i>Interest expense on money market transactions</i>	-	-	<i>513,975</i>	-	<i>513,975</i>
<i>Interest expense on securities issued</i>	-	-	<i>199,507</i>	-	<i>199,507</i>
<i>Other interest expenses</i>	-	-	<i>58,001</i>	<i>15,639</i>	<i>73,640</i>
Net Interest Income	581,524	1,368,826	169,356	(14,265)	2,105,441
Net Fees and Commissions Income	232,326	84,141	-	-	316,467
Trading Income/ Losses (Net)	-	-	152,422	-	152,422
Dividend Income	-	-	65,608	-	65,608
Other Income	-	-	-	610,672	610,672
Provision For Losses on Loans and Other Receivables	258,250	393,919	26,155	128,430	806,754
Other Expenses	-	-	-	1,525,981	1,525,981
Profit Before Taxes	555,600	1,059,048	361,231	(1,058,004)	917,875
Provision for taxes	-	-	-	(195,068)	(195,068)
Net Profit/ Loss	555,600	1,059,048	361,231	(1,253,072)	722,807
SEGMENT ASSETS					
Securities Portfolio	-	-	22,029,452	-	22,029,452
Derivative financial assets held for trading purpose	-	-	321,030	-	321,030
Banks and Receivables From Money Markets	-	-	1,286,156	-	1,286,156
Investments in Associates and Subsidiaries	-	-	1,537,941	-	1,537,941
Loans	31,118,912	60,680,740	-	-	91,799,652
Other Assets	-	-	17,644,315	3,920,599	21,564,914
TOTAL ASSETS	31,118,912	60,680,740	42,818,894	3,920,599	138,539,145
SEGMENT LIABILITIES					
Deposits	34,171,270	45,595,124	4,439,512	-	84,205,906
Derivative Financial Liabilities Held for Trading Purpose	-	-	253,617	-	253,617
Interbank Money Market	-	-	12,892,198	-	12,892,198
Funds Borrowed	-	-	10,573,415	-	10,573,415
Securities Issued	-	-	8,205,511	-	8,205,511
Other Liabilities	-	-	2,136,306	4,315,170	6,451,476
Provisions and Tax Liabilities	-	-	-	2,460,879	2,460,879
Equity	-	-	-	13,496,143	13,496,143
TOTAL LIABILITIES AND EQUITY	34,171,270	45,595,124	38,500,559	20,272,192	138,539,145

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. SEGMENT REPORTING (Continued)

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	1,566,945	2,129,581	786,661	7,564	4,490,751
<i>Interest income from loans</i>	<i>1,566,945</i>	<i>2,129,581</i>	-	-	<i>3,696,526</i>
<i>Interest income from securities portfolio</i>	-	-	<i>784,342</i>	-	<i>784,342</i>
<i>Interest income from banks</i>	-	-	<i>1,827</i>	-	<i>1,827</i>
<i>Interest income from money market transactions</i>	-	-	<i>492</i>	-	<i>492</i>
<i>Other interest income</i>	-	-	-	<i>7,564</i>	<i>7,564</i>
Interest Expense	632,897	829,060	391,375	37,164	1,890,496
<i>Interest expense on deposits</i>	<i>632,897</i>	<i>829,060</i>	<i>46,322</i>	-	<i>1,508,279</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>59,707</i>	-	<i>59,707</i>
<i>Interest expense on money market transactions</i>	-	-	<i>132,933</i>	-	<i>132,933</i>
<i>Other interest expenses</i>	-	-	<i>46,978</i>	<i>37,164</i>	<i>84,142</i>
Net Interest Income	934,048	1,300,521	395,286	(29,600)	2,600,255
Net Fees and Commissions Income	182,134	198,989	-	-	381,123
Trading Income/ Losses (Net)	-	-	186,847	-	186,847
Dividend Income	-	-	53,961	-	53,961
Other Income	-	-	-	347,783	347,783
Provision For Losses on Loans and Other Receivables	186,057	561,470	141,362	294,715	1,183,604
Other Expenses	-	-	-	1,231,383	1,231,383
Profit Before Taxes	930,125	938,040	494,732	(1,207,915)	1,154,982
Provision for taxes	-	-	-	250,241	250,241
Net Profit/ Loss	930,125	938,040	494,732	(1,458,156)	904,741
SEGMENT ASSETS					
Securities Portfolio	-	-	21,692,002	-	21,692,002
Derivative financial assets held for trading purpose	-	-	435,690	-	435,690
Banks and Receivables From Money Markets	-	-	2,639,137	-	2,639,137
Investments in Associates and Subsidiaries	-	-	1,610,993	-	1,610,993
Loans	30,564,326	56,187,891	-	-	86,752,217
Other Assets	-	-	18,228,699	4,137,305	22,366,004
TOTAL ASSETS	30,564,326	56,187,891	44,606,521	4,137,305	135,496,043
SEGMENT LIABILITIES					
Deposits	31,318,886	46,783,107	3,430,821	-	81,532,814
Derivative Financial Liabilities Held for Trading Purpose	-	-	200,778	-	200,778
Interbank Money Market	-	-	14,477,081	-	14,477,081
Funds Borrowed	-	-	11,404,812	-	11,404,812
Securities Issued	-	-	6,884,826	-	6,884,826
Other Liabilities	-	-	286,353	5,860,799	6,147,152
Provisions and Tax Liabilities	-	-	-	2,232,259	2,232,259
Equity	-	-	-	12,616,321	12,616,321
TOTAL LIABILITIES AND EQUITY	31,318,886	46,783,107	36,684,671	20,709,379	135,496,043

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	885,964	230,444	860,452	288,899
Central Bank of Turkey ^(*)	1,218,667	16,247,282	922,802	16,870,433
Others	49,411	6,017	19,584	5,911
Total	2,154,042	16,483,743	1,802,838	17,165,243

^(*) TL 15,082,909 (31 December 2013: TL 14,542,489) of the foreign currency deposit at Central Bank of Turkey consists of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2013: 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer). For foreign currency liabilities, all banks shall provide a reserve rate of 13% in US Dollar or Euro for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer (31 December 2013: 13% for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer).

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,218,665	1,073,081	922,799	1,043,944
Unrestricted Time Deposits	2	-	-	-
Restricted Time Deposits	-	91,292	3	1,284,000
Reserve Deposits	-	15,082,909	-	14,542,489
Total	1,218,667	16,247,282	922,802	16,870,433

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

None.

Trading securities subject to repurchase agreements

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	13,193	190	28,203	375
Swap Transactions	274,334	27,554	327,932	77,115
Futures	-	-	-	-
Options	1,545	4,214	15	2,050
Others	-	-	-	-
Total	289,072	31,958	356,150	79,540

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	23,322	962,755	40,177	2,598,960
Domestic	23,322	566,015	40,177	92,664
Foreign	-	396,740	-	2,506,296
Foreign Head Offices and Branches	-	-	-	-
Total	23,322	962,755	40,177	2,598,960

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
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,266,888	262,689	241,746	261,615
Others	32,700	-	-	-
Total	1,299,588	262,689	241,746	261,615

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	6,712,262	-	8,312,947	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	2,922,738	-	2,988,480
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	6,712,262	2,922,738	8,312,947	2,988,480

Information on available-for-sale financial assets

	Current Period	Prior Period
Debt securities	15,951,459	16,626,284
Quoted	15,951,459	16,626,284
Unquoted	-	-
Equity securities	10,765	10,765
Quoted	-	-
Unquoted	10,765	10,765
Provision for impairment on available-for-sale financial assets (-)	72,991	348,862
Total	15,889,233	16,288,187

5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	6,677	-	27,065
Legal entities	-	6,677	-	27,065
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	83,878	-	79,430	-
Total	83,878	6,677	79,430	27,065

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	87,017,243	226,766	-	3,620,289	671,665	-
Loans given to enterprises	23,511,763	66,428	-	1,122,301	383,708	-
Export loans	3,710,875	19,856	-	67,196	8,146	-
Import loans	-	-	-	-	-	-
Loans given to financial	2,417,984	-	-	-	-	-
Consumer loans	26,254,376	139,894	-	1,369,374	232,932	-
Credit cards	3,839,892	-	-	274,087	6,819	-
Other	27,282,353	588	-	787,331	40,060	-
Specialized lending	4,953	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	87,022,196	226,766	-	3,620,289	671,665	-

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

	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
Number of modifications to extend payment plans		
Extended for 1 or 2 times	226,766	130,191
Extended for 3,4 or 5 times	-	-
Extended for more than 5	-	-
Extended period of time		
0-6 Months	103	1
6 - 12 Months	442	74
1-2 Years	11,365	2,042
2-5 Years	120,235	47,465
5 Years and Over	94,621	80,609

(*) 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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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	309,351	26,358,963	26,668,314
Housing Loans	5,569	13,870,735	13,876,304
Automobile Loans	3,751	493,724	497,475
General Purpose Loans	259,758	10,004,887	10,264,645
Other	40,273	1,989,617	2,029,890
Consumer Loans – FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Retail Credit Cards – TL	2,956,967	30,409	2,987,376
With Installment	1,330,753	24,665	1,355,418
Without Installment	1,626,214	5,744	1,631,958
Retail Credit Cards – FC	2,591	-	2,591
With Installment	-	-	-
Without Installment	2,591	-	2,591
Personnel Loans – TL	2,094	36,443	38,537
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2,078	36,443	38,521
Other	16	-	16
Personnel Loans – FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	45,109	63	45,172
With Installment	19,027	56	19,083
Without Installment	26,082	7	26,089
Personnel Credit Cards – FC	169	-	169
With Installment	-	-	-
Without Installment	169	-	169
Overdraft Checking Accounts – TL (Real persons)	1,289,659	-	1,289,659
Overdraft Checking Accounts – FC (Real persons)	66	-	66
Total	4,606,006	26,425,878	31,031,884

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	921,873	17,272,249	18,194,122
Real Estate Loans	1,462	456,440	457,902
Automobile Loans	25,686	1,515,319	1,541,005
General Purpose Loans	894,725	15,300,490	16,195,215
Other	-	-	-
Installment-based Commercial Loans – FC indexed	34,086	655,738	689,824
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	34,086	655,738	689,824
Other	-	-	-
Installment-based Commercial Loans – FC	-	2,667,231	2,667,231
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	2,667,231	2,667,231
Corporate Credit Cards – TL	1,085,291	74	1,085,365
With Installment	423,359	74	423,433
Without Installment	661,932	-	661,932
Corporate Credit Cards – FC	125	-	125
With Installment	-	-	-
Without Installment	125	-	125
Overdraft Checking Accounts – TL (Corporate)	741,198	-	741,198
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	2,782,573	20,595,292	23,377,865

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	91,374,964	86,333,859
Overseas Loans	165,952	162,364
Total	91,540,916	86,496,223

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	72,095	68,800
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	72,095	68,800

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	64,684	63,999
Loans and Receivables with Doubtful Collectability	664,969	659,768
Uncollectible Loans and Receivables	2,785,892	2,551,666
Total	3,515,545	3,275,433

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	38,612	71,203	79,927
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	38,612	71,203	79,927
Prior period	46,682	72,045	65,263
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	46,682	72,045	65,263

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	319,993	659,768	2,551,666
Additions (+)	637,072	33,614	15,397
Transfers from other categories of loans under follow-up (+) ^(*)	-	566,632	485,412
Transfers to other categories of loans under follow-up (-) ^(*)	566,451	519,129	27,243
Collections (-)	67,194	75,916	239,340
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	-
Balance at the end of the period	323,420	664,969	2,785,892
Specific provision (-)	64,684	664,969	2,785,892
Balance, net	258,736	-	-

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balance at the end of the period	1,754	45,934	264,578
Specific provision (-)	351	45,934	264,578
Net balance on balance sheet	1,403	-	-
Prior Period			
Balance at the end of the period	33,864	1,980	301,479
Specific provision (-)	6,773	1,980	301,479
Net balance on balance sheet	27,091	-	-

Non-performing foreign currency denominated loans are followed in TL accounts.

Loan customer concentration 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)	258,736	-	-
Consumer and Commercial Loans (Gross)	320,052	657,693	2,730,004
Specific Provision (-)	64,010	657,693	2,730,004
Consumer and Commercial Loans (Net)	256,042	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	3,368	7,276	54,337
Specific Provision (-)	674	7,276	54,337
Other Loans and Receivables (Net)	2,694	-	-
Prior Period (Net)	255,994	-	-
Consumer and Commercial Loans (Gross)	317,165	653,115	2,499,959
Specific Provision (-)	63,433	653,115	2,499,959
Consumer and Commercial Loans (Net)	253,732	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,828	6,653	50,156
Specific Provision (-)	566	6,653	50,156
Other Loans and Receivables (Net)	2,262	-	-

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO 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	6,055,591	-	5,358,742	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	-	-	2,234
Total	6,055,591	-	5,358,742	2,234

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	6,166,598	5,461,175
Quoted at Stock Exchanges	6,081,970	5,418,336
Unquoted at Stock Exchanges	84,628	42,839
Impairment Losses (-)	26,379	57,360
Total	6,140,219	5,403,815

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	5,403,815	4,253,606
Foreign currency differences on monetary assets	(18,728)	52,537
Purchases during the period	1,923,299	2,530,205
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(1,301,290)	(1,507,738)
Impairment losses	30,981	13,979
Change in amortized costs of the securities (*)	102,142	61,226
Balances at the end of the period	6,140,219	5,403,815

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

Information on held-to-maturity investments

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period				
Collateralized/blocked investment securities	308,468	84,600	312,775	84,628
Investments subject to repurchase agreements	4,247,087	-	4,455,543	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	1,259,821	-	1,287,273	-
Total	5,815,376	84,600	6,055,591	84,628

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Prior Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	287,360	42,800	281,131	42,839
Investments subject to repurchase agreements	4,716,595	-	4,831,384	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	247,800	2,140	246,227	2,234
Total	5,251,755	44,940	5,358,742	45,073

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

7. Information on investments in associates

Information on investments in associates

Associate	Address (City/ Country)	Bank’s Share – If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkosa/NCTR	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ (**)	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ	İstanbul/Turkey	9.70	9.70
5 Kredi Kayıt Bürosu AŞ (*)	İstanbul/Turkey	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/Turkey	0.07	0.07
7 İzmir Enternasyonal Otelcilik AŞ (*)	İstanbul/Turkey	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/Turkey	4.37	4.37
9 Kredi Garanti Fonu AŞ	Ankara/Turkey	1.75	1.75
10 World Vakıf UBB Ltd. in Liquidation	Lefkosa/NCTR	82.00	85.24

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value
1	811,245	67,817	9,832	32,186	4,234	876	1,170	-
2	14,432,844	2,232,363	277,114	253,411	146,521	214,399	173,421	2,579,225
3	2,331,518	448,827	404,779	6,559	-	36,103	11,213	-
4	52,068	26,332	32,553	411	-	3,980	1,116	-
5	104,072	79,180	51,627	1,111	1	9,275	5,365	-
6	129,149	(7,971)	87,979	110	-	(1,933)	(1,259)	-
7	99,323	21,031	93,948	-	-	(3,086)	(1,743)	-
8	6,011,558	619,447	19,876	40,524	5,967	32,815	15,338	-
9	282,171	278,200	2,786	6,716	-	6,055	5,292	-
10	1,287	(48,522)	-	-	-	(2,712)	(1,950)	-

(*) The financial statements for these associates as at and for the period ended 31 March 2014 are presented.

(**) Figures are obtained from audited financial statements as at and for the period ended 30 June 2014 disclosed in Public Disclosure Platform.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	245,523	398,063
Movements during the period	22,247	(152,540)
Transfers	-	(155,712)
Acquisitions and capital increases	-	8,745
Bonus shares received	19,985	25,500
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	2,262	(31,073)
Impairment losses	-	-
Balance at the end of the period	267,770	245,523
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the current period, subsequent to the approval of the decision of the capital of İstanbul Takas ve Saklama Bankası in the Ordinary Meeting of General Assembly of the Company dated 28 March 2014, an associate of the Bank, has been increased from TL 420,000 to TL 600,000, TL 120,000 is paid from bonus shares and TL 60,000 is paid in cash amounting to TL 180,000 in total. The share of the Bank amounting to TL 3,230 is presented as bonus shares received in the movement table of investments in associates. The stock right in cash capital commitment has been removed related to the capital increase, Banks’ share has been decreased from 4.86% to %4.37.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ 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.

In the prior period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total. The share of the Bank amounting to TL 8,745 is presented as bonus shares received and TL 8,745 is presented as acquisitions and capital increases in the movement table of investments in associates.

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, from TL 1,100,000 to TL 1,300,000, by the General Assembly of the Company, the share of the Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

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

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 “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. Thus, the company’s title has been changed as “World Vakıf UBB Ltd in Liquidation”.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period	Prior Period
Banks	252,159	229,912
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	4,211	4,211
Total	256,370	234,123

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	216,139	197,122
Quoted at international stock exchanges	-	-
Total	216,139	197,122

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

There is not any associate acquired in the current period.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Finans Factoring Hizm. AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf Portföy Yönetimi AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf B Tipi Menkul Kıymetler Yat. Ort. AŞ
Paid in Capital	114,483	65,000	35,000	22,400	150,000	26,500	3,000	106,200	15,000
Share Premium	-	-	-	-	-	-	-	9,759	-
Adjustment to paid-in capital		353	137	28,817	1,448	10,424	16	21,599	93
Valuation changes in marketable securities	2,739	2,577	27,707	-	153,257	551	-	-	-
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	17,734	-	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	59	191	-	-	-
Legal Reserves	7,237	3,831	5,455	4,988	17,178	15,921	872	3,440	395
Extraordinary Reserves	-	35,724	3,788	32,280	19,246	33,816	5,999	56,396	-
Other Profit Reserves	130,205	293	2,233	66	(569)	226	19	27	(9)
Profit/Loss	103,828	1,424	2,824	(7,438)	(111,296)	44,020	580	1,042	(2,696)
<i>Prior Years' Profit/Loss</i>	96,215	1,181	884	(8,962)	(124,742)	41,213	-	-	(2,509)
<i>Current Years' Profit/Loss</i>	7,613	243	1,940	1,524	13,446	2,807	580	1,042	(187)
Minority Rights		87							
Total Core Capital	358,492	109,289	77,144	81,113	247,057	131,649	10,486	198,463	12,783
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	358,492	109,289	77,144	81,113	247,057	131,649	10,486	198,463	12,783
NET AVAILABLE EQUITY	358,492	109,289	77,144	81,113	247,057	131,649	10,486	198,463	12,783

(*) The financial statements as at and for the period ended 31 March 2014 are presented

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Bank, calculates capital adequacy in accordance with "Comminique on Capital and Capital Adequacy of Intermediary Firms" of CMB every six months. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with "Comminique on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms" published by Undersecretariat of Treasury every six month. According to the calculations at 30 June 2014, there is no capital requirement for the subsidiaries mentioned.

Information on investments in subsidiaries

Subsidiary	Address (City / Country)	Bank's Share - If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta AŞ (**)	İstanbul/TURKEY	36.35	36.35
2 Vakıf Emeklilik AŞ	İstanbul/ TURKEY	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ	İstanbul/ TURKEY	78.39	86.97
4 Vakıf Finansal Kiralama AŞ (**)	İstanbul/ TURKEY	58.71	64.40
5 Vakıf Yatırım Menkul Değerler AŞ (*)	İstanbul/ TURKEY	99.00	99.44
6 Vakıfbank International AG	Vienna/AUSTRIA	90.00	90.00
7 Vakıf Portföy Yönetimi AŞ (*)	İstanbul/ TURKEY	99.99	99.99
8 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (***)	İstanbul/ TURKEY	11.75	21.77
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (***)	İstanbul/ TURKEY	27.63	29.47
10 Vakıf Enerji ve Madencilik AŞ (****)	Ankara/ TURKEY	65.50	84.92
11 Taksim Otelcilik AŞ	İstanbul/ TURKEY	51.00	51.52
12 Vakıf Pazarlama Sanayi ve Ticaret AŞ	İstanbul/ TURKEY	69.33	74.98
13 Vakıf Gayrimenkul Değerleme AŞ	Ankara/ TURKEY	54.29	58.54

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	1,264,091	341,665	349,588	4,565	318	10,054	(15,275)	322,356
2	2,690,478	171,232	83,308	18,320	378	11,593	14,926	412,309
3	360,049	85,124	2,435	17,896	-	3,830	1,078	111,245
4	1,165,885	109,286	5,522	19,074	5	243	(1,056)	79,762
5	282,741	74,934	333	2,257	169	1,893	4,963	56,904
6	2,706,486	366,706	818	37,829	7,053	15,566	2,030	300,641
7	10,888	10,492	154,839	257	3	580	451	29,006
8	13,238	12,871	46	259	521	(91)	(1,243)	15,651
9	537,617	533,870	143,281	6,543	251	5,430	2,066	865,416
10	17,001	8,615	1,063	476	-	(32)	(210)	12,500
11	295,311	281,045	175,248	5,447	-	189	866	288,432
12	49,340	40,543	516	1,259	124	3,265	1,609	41,626
13	29,026	24,195	632	1,268	73	3,089	4,337	28,940

(*) The financial statements for these subsidiaries as at and for the period ended 31 March 2014 are presented.

(**) Figures are obtained from financial statements as at and for the period ended 31 March 2014 disclosed in Public Disclosure Platform.

(***) Figures are obtained from audited financial statements as at and for the period ended 30 June 2014 disclosed in Public Disclosure Platform.

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	1,365,470	912,209
Movements during the period	(95,299)	453,261
Transfers	-	155,712
Acquisitions and capital increases ^(*)	169,747	82,227
Bonus shares received	-	60,443
Dividends from current year profit	(34,017)	(16,155)
Sales and liquidations	-	-
Fair value changes	(233,327)	217,617
Impairment losses	2,298	(46,583)
Balance at the end of the period	1,270,171	1,365,470
Capital commitments	33,151	-
Share percentage at the end of the period (%)	-	-

(*) The amount consists of the capital advance payment to Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.'s for capital increase.

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	1,270,171	1,365,470
Equity method of accounting	-	-
Total	1,270,171	1,365,470

Sectoral distribution of investments in financial subsidiaries

	Current Period	Prior Period
Insurance companies	339,411	341,750
Banks	270,577	270,577
Factoring companies	87,205	87,205
Leasing companies	46,829	36,636
Finance companies	-	-
Other financial subsidiaries	326,291	427,815
Total	1,070,313	1,163,983

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	404,958	478,632
Quoted at international stock exchanges	-	-
Total	404,958	478,632

Investments in subsidiaries disposed during the period

There is no disposal in subsidiaries in the current period.

Investments in subsidiaries acquired during the period

There is no subsidiary acquired in the current period.

In the current period, at the Extraordinary General Assembly of Taksim Otelcilik AŞ 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 proportion of the Bank is remained the same (51.001%). The capital cash commitment of the Bank has been TL 33,151.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current 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.

In the current period, related to the capital increase of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ 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 proportion has been increased from 27.63% to 38.70%. The capital advance 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, subsequent to the approval of the decision to increase the paid capital of Taksim Otelcilik AŞ, a subsidiary of the Bank, from TL 97,150 to TL 269,257, by the Extraordinary General Assembly of the company on 27 August 2013, the share of the Bank is increased from TL 49,547 to TL 137,324 (TL 57,176 from retained earnings and TL 30,601 from cash, in total TL 87,777) and the share proportion of the Bank is remained the same. TL 7,650 is paid on 13 September 2013 and TL 22,950 is paid on 2 December 2013 from TL 30,601 which is Bank's share of cash capital commitment. The share of the Bank amounting to TL 57,176 is presented in the bonus shares received and TL 30,601 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, from TL 60,000 to TL 65,000, by the General Assembly of the company, the share of the Bank amounting to TL 2,936 is presented as bonus shares received in the movement table of investments in subsidiaries.

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

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

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

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

None.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

13. Information on deferred tax assets

As at 30 June 2014 and 31 December 2013, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
<i>Deferred tax assets:</i>	154,306	161,089
Provision for employee termination benefits and unused vacations	75,501	69,685
Other provisions	22,582	42,708
Valuation differences of associates and subsidiaries	23,456	23,456
Valuation differences of financial assets and liabilities	19,264	14,557
BRSA - Tax Code depreciation differences	11,471	8,789
Others	2,032	1,894
<i>Deferred tax liabilities:</i>	(117,375)	(109,483)
Valuation differences of financial assets and liabilities	(85,211)	(63,656)
Valuation differences of associates and subsidiaries	(32,164)	(45,827)
Deferred tax assets, net	36,931	51,606

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

As at 30 June 2014 assets held for sale and assets related to the discontinued operations amount to TL 676,646 (31 December 2013: TL 564,744)

15. Information on other assets

As at 30 June 2014 and 31 December 2013 other assets are as follows:

	Current period	Prior Period
Prepaid expenses	620,675	516,014
Receivables from credit card payments	545,726	596,284
Guarantees given for derivative financial instruments	98,468	61,219
Receivables from term sale of assets	79,898	96,948
Guarantees given for repurchase agreements	5,283	392,641
Others	71,057	351,068
Total	1,421,107	2,014,174

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	3,432,028	-	341,817	16,821,883	1,531,397	275,900	175,769	-	22,578,794
Foreign Currency Deposits	3,557,400	-	1,566,477	8,774,174	2,018,794	862,448	2,701,041	-	19,480,334
Residents in Turkey	3,392,078	-	1,564,348	8,601,859	1,841,377	669,892	945,708	-	17,015,262
Residents in Abroad	165,322	-	2,129	172,315	177,417	192,556	1,755,333	-	2,465,072
Public Sector Deposits	4,207,983	-	1,748,806	4,532,853	948,711	1,591,551	180,393	-	13,210,297
Commercial Deposits	1,604,182	-	3,753,463	9,744,573	940,733	41,750	3,081	-	16,087,782
Others	3,040,950	-	984,050	2,648,067	371,220	452,057	27,672	-	7,524,016
Precious Metal Deposits	876,730	-	-	-	-	-	-	-	876,730
Bank Deposits	53,302	-	3,349,145	654,746	273,128	24,818	92,814	-	4,447,953
Central Bank	162	-	-	-	-	-	-	-	162
Domestic Banks	673	-	3,029,147	121,218	188,525	24,818	-	-	3,364,381
Foreign Banks	45,028	-	319,998	533,528	84,603	-	92,814	-	1,075,971
Participation Banks	7,439	-	-	-	-	-	-	-	7,439
Others	-	-	-	-	-	-	-	-	-
Total	16,772,575	-	11,743,758	43,176,296	6,083,983	3,248,524	3,180,770	-	84,205,906

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	2,981,927	-	303,254	15,576,713	1,449,324	403,340	180,434	-	20,894,992
Foreign Currency Deposits	1,992,924	-	2,002,090	9,024,414	1,264,688	1,363,669	2,613,593	-	18,261,378
Residents in Turkey	1,664,304	-	1,997,406	8,786,795	1,124,231	1,183,491	981,537	-	15,737,764
Residents in Abroad	328,620	-	4,684	237,619	140,457	180,178	1,632,056	-	2,523,614
Public Sector Deposits	3,132,866	-	1,811,779	5,896,887	595,073	330,113	173,382	-	11,940,100
Commercial Deposits	1,759,439	-	2,931,949	10,834,940	1,312,786	418,441	114,238	-	17,371,793
Others	2,732,077	-	908,535	2,707,201	526,608	949,011	19,986	-	7,843,418
Precious Metal Deposits	1,058,805	-	-	-	-	-	-	-	1,058,805
Bank Deposits	18,821	-	2,178,793	1,282,805	375,303	213,701	92,905	-	4,162,328
Central Bank	297	-	-	-	-	-	-	-	297
Domestic Banks	637	-	2,012,419	323,664	281,629	30,992	-	-	2,649,341
Foreign Banks	11,351	-	166,374	959,141	93,674	182,709	92,905	-	1,506,154
Participation Banks	6,536	-	-	-	-	-	-	-	6,536
Others	-	-	-	-	-	-	-	-	-
Total	13,676,859	-	10,136,400	45,322,960	5,523,782	3,678,275	3,194,538	-	81,532,814

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	12,155,213	10,798,600	10,423,581	10,096,392
Foreign Currency Saving Deposits	3,604,233	3,422,906	7,988,243	7,000,952
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	15,759,446	14,221,506	18,411,824	17,097,344

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	17,013	16,584
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	2,916	2,354
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	-	-

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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
Forward Transactions	12,682	156	27,806	362
Swap Transactions	55,007	179,761	83,783	86,762
Futures	-	-	-	-
Options	306	5,705	15	2,050
Others	-	-	-	-
Total	67,995	185,622	111,604	89,174

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	104,755	142,842	122,174	160,072
Foreign Banks, Institutions and Funds	-	10,325,818	-	11,122,566
Total	104,755	10,468,660	122,174	11,282,638

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	74,262	6,175,688	82,786	6,746,799
Medium and Long term (*)	30,493	4,292,972	39,388	4,535,839
Total	104,755	10,468,660	122,174	11,282,638

(*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.46% (31 December 2013: 9.28%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 20 September 2013, the Bank has obtained syndicated loan at the amount of US Dollar 166 million and Euro 471 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year, with the participation of 27 banks with the coordination and agency of ING Bank N.V. London.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

On 11 April 2013, the Bank obtained syndicated loan amounting to US Dollar 251.5 million and Euro 555.17 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 38 banks, Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent bank under the coordination of Bank of America Merrill Lynch. On 16 April 2014, the loan has been renewed with a new syndicated loan amounting to US Dollar 270,5 million and Euro 525 million with interest rates of US Libor + 0.90% and Euribor + 0.9% at a maturity of one year, with the participation of 35 banks, Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent bank under the coordination of Wells Fargo.

On 13 May 2011, the Bank has realized securitization transaction amounting to US Dollar 346.5 million. The transaction has been realized in three segments. The segments of 2011-A and 2011-B, amounting to US Dollar 215 million of new finance at a maturity of twelve years provided by European Bank for Reconstruction and Development Bank (EBRD, WellsFargo and Portigon AG (old title: West LB) has been realized. 2011-C segment amounting to US Dollar 131.5 million that was realized in 2007, has been reconstructed by removing the insurance. The coordinator banks of the segments of 2011-A and 2011-B amounting to US Dollar 215 million have become Portigon AG and WellsFargo. The coordinator bank of the segment of 2011-C amounting to US Dollar 131.5 has become ING. As at 30 June 2014, total securitization loan amounts to US Dollar 505.2 billion.

Information on securities issued

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

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,193,086	6,064,465	2,412,839	4,514,167
Cost	2,099,046	6,028,837	2,309,056	4,487,936
Net Book Value	2,133,526	6,071,985	2,355,180	4,529,646

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Current Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
XS0916347759	Sabit	3.75	USD	15.04.2013	15.04.2018	1,826	1,269,000	1,261,792	1,273,600
XS0987355939	Sabit	5.00	USD	31.10.2013	31.10.2018	1,826	1,057,500	1,050,626	1,060,545
TRQVKFB81427	İskontolu	-	TL	28.02.2014	22.08.2014	175	561,529	533,701	553,015
TRQVKFB81419	İskontolu	-	TL	20.05.2014	22.08.2014	94	33,930	31,370	33,464
XS1048506775	Sabit	2.00	USD	25.03.2014	25.09.2014	184	24,746	24,746	24,879
TRQVKFB41512	İskontolu	-	TL	06.05.2014	17.04.2015	346	12,342	11,257	11,427
TRQVKFB51511	İskontolu	-	TL	09.06.2014	29.05.2015	354	36,377	33,344	33,548
XS1059446754	Sabit	1.75	USD	17.04.2014	17.07.2014	91	48,645	48,645	48,820
XS1061450240	Sabit	1.75	USD	22.04.2014	24.07.2014	93	48,645	48,645	48,686
TRQVKFBK1413	İskontolu	-	TL	09.06.2014	21.11.2014	165	545,625	523,645	526,846
XS1061703127	Sabit	1.75	USD	25.04.2014	24.07.2014	90	39,974	39,974	40,102
XS1061703473	Sabit	2.00	USD	25.04.2014	22.10.2014	180	57,951	57,951	58,164
XS1062027534	Sabit	1.65	USD	29.04.2014	31.07.2014	93	37,647	37,647	37,674
TRQVKFBE1411	İskontolu	-	TL	06.05.2014	24.10.2014	171	552,414	527,512	535,869
TRQVKFB91418	İskontolu	-	TL	23.06.2014	19.09.2014	88	295,284	289,011	289,759
TRQVKFBA1415	İskontolu	-	TL	30.06.2014	12.12.2014	165	155,585	149,205	149,598
XS1062027617	Sabit	1.90	USD	29.04.2014	30.10.2014	184	55,836	55,836	55,928
XS1062128134	Sabit	1.65	USD	29.04.2014	04.08.2014	97	50,760	50,760	50,796
XS1063395971	Sabit	1.88	USD	02.05.2014	28.10.2014	179	14,594	14,592	14,638
XS1063444001	Değişken	³ ME+2,15%	EUR	06.05.2014	06.05.2016	731	30,380	30,228	30,297
XS1063841347	Sabit	1.65	USD	06.05.2014	04.08.2014	90	57,105	57,105	57,250
XS1064875021	Sabit	1.55	USD	07.05.2014	07.08.2014	92	40,185	40,185	40,279
XS1064875294	Sabit	1.80	USD	07.05.2014	06.11.2014	183	88,830	88,830	89,072
XS1065182542	Sabit	1.54	USD	07.05.2014	07.08.2014	92	49,068	49,067	49,182
XS1065183276	Sabit	1.79	USD	07.05.2014	06.11.2014	183	126,900	126,894	127,239
XS1066883627	Sabit	1.50	USD	14.05.2014	14.08.2014	92	42,723	42,723	42,808
XS1066884278	Sabit	1.75	USD	14.05.2014	13.11.2014	183	103,633	103,633	103,871
XS1067328416	Sabit	1.48	USD	14.05.2014	11.08.2014	89	44,415	44,413	44,501
XS1067930930	Sabit	1.75	USD	15.05.2014	10.11.2014	179	57,105	57,105	57,234
XS1069868351	Sabit	1.30	USD	21.05.2014	20.08.2014	91	19,035	19,035	19,063
XS1069999610	Sabit	1.75	USD	21.05.2014	20.05.2015	364	10,575	10,575	10,789
XS1070371445	Sabit	1.30	USD	22.05.2014	20.08.2014	90	49,703	49,703	49,774
XS1070666836	Sabit	1.50	USD	22.05.2014	20.11.2014	182	135,360	135,360	135,583
XS1077629225	Sabit	3.50	USD	17.06.2014	17.06.2019	1,826	1,446,650	1,436,900	1,438,916
US90015NAA19	Sabit	5.75	USD	24.04.2012	24.04.2017	1,826	1,057,500	1,045,868	1,062,295
Total							8,257,551	8,127,883	8,205,511

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Prior Period										
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,284,000	1,276,706	1,288,123	
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,070,000	1,058,230	1,073,882	
TRQVKFB51438	Discounted	-	TL	08.11.2013	02.05.2014	175	626,276	602,694	609,857	
TRQVKFB61411	Discounted	-	TL	20.12.2013	06.06.2014	168	648,497	623,153	624,930	
TRQVKFB21415	Discounted	-	TL	06.09.2013	28.02.2014	175	655,558	627,236	645,975	
TRQVKFB21423	Discounted	-	TL	06.09.2013	28.02.2014	175	187,216	179,130	184,485	
TRQVKFB11416	Discounted	-	TL	18.01.2013	17.01.2014	364	145,464	136,844	144,999	
XS0957643801	Fixed	1.9	USD	06.08.2013	06.02.2014	184	154,508	154,462	155,705	
XS0960939857	Fixed	1.97	USD	15.08.2013	13.02.2014	182	118,984	118,966	119,884	
XS0963672950	Fixed	1.95	USD	20.08.2013	13.02.2014	177	117,700	117,688	118,550	
XS0977254621	Fixed	1.66	USD	02.10.2013	09.01.2014	99	43,442	43,437	43,624	
XS0976659234	Fixed	1.73	USD	03.10.2013	03.04.2014	182	64,200	64,161	64,458	
XS0979045886	Fixed	1.67	USD	07.10.2013	06.01.2014	91	51,360	51,356	51,565	
XS0982276528	Fixed	1.67	USD	11.10.2013	16.01.2014	97	64,200	64,192	64,443	
XS0986042439	Fixed	1.62	USD	28.10.2013	21.01.2014	85	63,344	63,340	63,528	
TRQVKFB51412	Discounted	-	TL	17.05.2013	16.05.2014	364	63,635	60,211	62,280	
TRQVKFB51420	Discounted	-	TL	05.07.2013	16.05.2014	315	53,415	49,922	51,859	
XS0987355939	Fixed	5	USD	31.10.2013	31.10.2018	1,826	1,070,000	1,063,045	1,072,420	
XS0993260933	Fixed	1.25	USD	12.11.2013	10.02.2014	90	47,080	47,080	47,162	
XS0973201444	Fixed	1.83	USD	20.09.2013	24.03.2014	185	41,516	41,512	41,731	
XS0997543896	Fixed	1.49	USD	22.11.2013	28.05.2014	187	23,540	23,534	23,574	
XS0974147695	Fixed	1.66	USD	23.09.2013	06.01.2014	105	38,306	38,302	38,482	
TRQVKFB81419	Discounted	-	TL	06.09.2013	22.08.2014	350	32,778	29,866	30,795	
XS0943035328	Floating	1.53	EUR	14.06.2013	16.06.2014	367	29,489	29,445	29,720	
XS0942820803	Fixed	1	CHF	12.06.2013	13.06.2014	366	27,914	27,900	28,065	
XSI000211968	Fixed	1.3	USD	04.12.2013	06.03.2014	92	118,984	118,984	119,104	
XSI008673540	Fixed	1.59	USD	24.12.2013	23.06.2014	181	85,600	85,596	85,626	
Total							6,927,006	6,796,992	6,884,826	

4. Components of “other external resources payable” in the 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 financials does not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under finance leases

None.

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

Negative fair values of hedging purpose derivatives

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	1,087,367	1,004,336
-Additional provision for loans with extended payment plans	11,968	13,327
Provisions for loans and receivables in Group II	146,676	105,037
-Additional provision for loans with extended payment plans	2,772	3,297
Provisions for non-cash loans	79,264	76,647
Others	4,495	4,719
Total	1,317,802	1,190,739

Provision for currency exchange loss on foreign currency indexed loans

	Current Period	Prior Period
Provision for currency exchange gain/loss on foreign currency indexed loans	37,754	90

The Bank has recorded provision amounting to TL 37,754 (31 December 2013: TL 90) for foreign exchange losses on principal amounts of foreign currency indexed loans and reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans.

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

As of 30 June 2014, Bank has recorded TL 65,960 (31 December 2013: TL 54,771) as provisions for non-cash loans that are not indemnified or converted into cash.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on other provisions

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provision for loans under follow-up	-	70,915
Specific provisions for non-cash loans	65,960	54,771
Provision for World Vakıf UBB Ltd with regard to its negative equity	-	38,047
Provisions for lawsuits against the Bank	14,673	14,673
Provision for cheques	31,594	26,363
Provisions for credit card promotions	10,162	9,469
Other provisions	74,072	65,960
Total	196,461	280,198

8. Taxation

Current taxes

Tax provision

As at and for the year ended 30 June 2014, the tax provision was amounted to TL 270,292 (31 December 2013: TL 254,525). As at 30 June 2014, corporate tax liabilities of the Bank was amounted to TL 238,395 (31 December 2013: TL 59,926), after deducting prepaid taxes paid during temporary tax periods amounted to TL 31,897 (31 December 2013: TL 194,599).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	238,395	59,926
Taxation on securities	113,320	89,264
Capital gains tax on property	2,106	1,891
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	57,007	44,809
Value added tax payable	1,723	2,198
Others	16,414	18,151
Total	428,965	216,239

Information on premiums payable

	Current Year	Prior Year
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions-employee share	-	-
Pension fund membership fees and provisions-employer share	3	-
Unemployment insurance- employee share	643	579
Unemployment insurance- employer share	1,285	1,157
Other	-	-
Total	1,931	1,736

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on deferred tax liabilities

As of 30 June 2014, the Bank has netted-off the calculated deferred tax liability and has recorded a net deferred tax asset of TL 36,931(31 December 2013: TL 51.606) in the financial statements.

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

None.

10. Information on subordinated loans

The Bank has issued bond having the secondary subordinated loan quality to be sold non-resident natural and legal persons. The bond has been issued at the nominal value of USD 500 million and in addition to the issuance of this bond, on 3 December 2012 the Bank has realized second tranche at nominal value of USD 400 million, has the maturity of 10 years and 6.0% coupon rate, USD 900 million nominal value in total.

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

11. Information on equity

Paid-in capital

	Current Period	Prior Period
Common Stock	2,500,000	2,500,000
Preferred Stock	-	-

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

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

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

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

There is no share capital increase in the current and prior period.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	504,091	79,347	753,211	79,346
Fair value differences of available-for-sale securities	69,719	238,350	(324,958)	124,294
Foreign exchange differences	49,433	-	49,433	-
Total	623,243	317,697	477,686	203,640

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO 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	6,964,066	6,261,117
Loan granting commitments	7,240,862	6,730,503
Commitments for cheque payments	1,474,188	1,320,438
Asset purchase sale commitments	1,901,219	4,175,776
Other	331,652	261,822
Total	17,911,987	18,749,656

Type and amount of possible losses from off-balance sheet items including those referred to below

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

The Bank provided specific provision amounting to TL 65,960 (31 December 2013: TL 54,771) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 132,611 (31 December 2013: TL 114,834).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final letters of guarantee	6,593,599	6,262,616
Letters of guarantee for advances	2,556,687	2,617,441
Provisional letters of guarantee	826,790	780,782
Letters of guarantee given to custom offices	772,862	650,221
Other letters of guarantee	7,997,501	7,584,524
Total	18,747,439	17,895,584

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	2,600,663	1,424,617
<i>With original maturity of 1 year or less</i>	1,916,242	915,858
<i>With original maturity of more than 1 year</i>	684,421	508,759
Other non-cash loans	22,093,058	21,916,762
Total	24,693,721	23,341,379

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	79,803	0.53	137,195	1.43	82,111	0.58	102,147	1.13
Farming and Cattle	71,133	0.47	128,891	1.35	73,609	0.52	88,829	0.98
Forestry	7,357	0.05	5,983	0.06	6,919	0.05	11,003	0.12
Fishing	1,313	0.01	2,321	0.02	1,583	0.01	2,315	0.03
Manufacturing	6,849,274	45.43	4,641,852	48.26	6,294,048	44.05	4,055,439	44.79
Mining	160,161	1.06	23,445	0.24	157,070	1.10	65,192	0.72
Production	4,150,449	27.53	4,458,450	46.36	3,598,968	25.19	3,836,908	42.38
Electric, gas and	2,538,664	16.84	159,957	1.66	2,538,010	17.76	153,339	1.69
Construction	2,571,487	17.06	2,138,118	22.23	2,676,835	18.73	2,194,165	24.24
Services	5,293,601	35.11	2,569,985	26.72	4,954,666	34.68	2,661,023	29.39
Wholesale and retail	2,180,100	14.46	1,454,601	15.11	1,995,623	13.97	1,149,683	12.70
Hotel, food and	115,507	0.77	9,406	0.10	100,888	0.71	19,908	0.22
Transportation and	874,625	5.80	1,033,555	10.75	833,163	5.83	1,405,343	15.52
Financial institutions	1,402,436	9.30	9,777	0.10	1,344,214	9.41	33,321	0.37
Real estate and	196,391	1.30	23,900	0.25	185,000	1.29	14,871	0.16
Self-employment	419,197	2.78	25,519	0.27	373,920	2.62	24,229	0.27
Education services	20,121	0.13	1,759	0.02	15,556	0.11	1,644	0.02
Health and social	85,224	0.57	11,468	0.12	106,302	0.74	12,024	0.13
Others	281,678	1.87	130,728	1.36	280,382	1.96	40,563	0.45
Total	15,075,843	100.00	9,617,878	100.00	14,288,042	100.00	9,053,337	100.00

5. Information on the first and second group of non-cash loans

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	14,858,633	3,639,680	118,285	10,977
Confirmed Bills of Exchange and	15,823	1,937,107	-	97
Letters of Credit	11,431	3,966,783	-	211
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,083	-	-
Non-Cash Loans	14,885,887	9,545,653	118,285	11,285

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	14,118,035	3,573,362	85,579	5,476
Confirmed Bills of Exchange and	12,129	1,039,635	-	514
Letters of Credit	7,866	4,381,798	-	232
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	1,919	-	-
Non-Cash Loans	14,138,030	8,996,714	85,579	6,222

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information on credit derivatives and related imposed risks

None.

7. Contingent assets and liabilities

Bank allocates TL 14,673 as provision for lawsuits against Bank (31 December 2013: TL 14,673).

8. Services rendered on behalf of third parties

The 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 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 STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term Loans	1,327,650	74,008	1,011,724	75,335
Medium and Long-Term Loans	2,511,674	429,184	2,181,817	348,556
Loans Under Follow-Up	99,004	-	79,094	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	3,938,328	503,192	3,272,635	423,891

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	976	439	1,081	373
Foreign Banks	-	1,975	8	365
Foreign Head Office and Branches	-	-	-	-
Total	976	2,414	1,089	738

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	-	-	-	-
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	717,922	99,982	469,231	120,043
Investments held to maturity	273,104	189	194,782	286
Total	991,026	100,171	664,013	120,329

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1,604	2,413

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3,472	62,420	3,228	52,571
Central Bank of Turkey	-	-	-	-
Domestic Banks	3,472	1,452	3,228	1,800
Foreign Banks	-	60,968	-	50,771
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	9,421	-	3,908
Total	3,472	71,841	3,228	56,479

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	25,475	9,338

Interest expense on securities issued

Interest paid to securities issued as at for the six-month period ended 30 June 2014 is TL 199,507 (30 June 2013: 105,435).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	68,636	-	-	-	-	-	68,636
Saving deposits	22	10,335	796,986	66,911	15,467	6,941	-	896,662
Public sector	2,228	81,649	237,084	38,359	38,190	7,257	-	404,767
Commercial	163	120,984	576,160	26,200	11,773	3,806	-	739,086
Other deposits	-	18,026	158,122	17,697	15,721	733	-	210,299
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	2,413	299,630	1,768,352	149,167	81,151	18,737	-	2,319,450
<i>FC</i>								
Foreign Currency Deposits	13,703	11,417	137,327	19,389	16,858	41,662	-	240,356
Interbank deposits	-	10,033	-	-	-	-	-	10,033
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	13,703	21,450	137,327	19,389	16,858	41,662	-	250,389
Total	16,116	321,080	1,905,679	168,556	98,009	60,399	-	2,569,839

Prior Period	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	30,331	-	-	-	-	-	30,331
Saving deposits	9	6,742	452,460	78,421	12,173	5,020	-	554,825
Public sector	6	45,039	202,862	24,764	9,422	661	-	282,754
Commercial	-	70,769	176,929	61,998	26,315	731	-	336,742
Other deposits	-	14,807	64,220	27,677	13,149	496	-	120,349
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	15	167,688	896,471	192,860	61,059	6,908	-	1,325,001
<i>FC</i>								
Foreign Currency Deposits	47	7,413	95,540	22,987	9,851	31,449	-	167,287
Interbank deposits	-	15,991	-	-	-	-	-	15,991
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	47	23,404	95,540	22,987	9,851	31,449	-	183,278
Total	62	191,092	992,011	215,847	70,910	38,357	-	1,508,279

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on trading income/losses

	Current Period	Prior Period
Income	2,709,036	2,677,109
Income from capital market transactions	125,474	107,242
Income from derivative financial instruments	1,143,091	699,046
Foreign exchange gains	1,440,471	1,870,821
Losses	(2,556,614)	(2,490,262)
Losses from capital market transactions	(16,176)	(875)
Losses from derivative financial instruments	(1,173,354)	(624,092)
Foreign exchange losses	(1,367,084)	(1,865,295)
Trading income/losses, net	152,422	186,847

Net loss arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments is amounting to TL 8,302 as at and for the six-month period ended 30 June 2014 (30 June 2013: TL 28,595 net gain).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of specific provisions for loans	387,484	211,778
Communication income	42,303	42,977
Gain on sale of assets	37,944	35,568
Rent income	610	492
Other income	142,331	56,968
Total	610,672	347,783

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	620,526	704,332
<i>Loans and receivables in Group III</i>	<i>117,634</i>	<i>142,132</i>
<i>Loans and receivables in Group IV</i>	<i>481,576</i>	<i>557,852</i>
<i>Loans and receivables in Group V</i>	<i>21,316</i>	<i>4,348</i>
Non-performing commissions and other receivables	-	-
General provision expenses	128,430	167,685
Provision for possible losses	-	-
Impairment losses on securities:	12,841	98,478
<i>Trading securities</i>	<i>-</i>	<i>-</i>
<i>Investment securities available-for-sale</i>	<i>12,841</i>	<i>98,478</i>
Other impairment losses:	13,314	41,245
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint ventures</i>	<i>-</i>	<i>-</i>
<i>Investment securities held-to-maturity</i>	<i>13,314</i>	<i>41,245</i>
Others ^(*)	31,643	106,464
Total	806,754	1,118,204

(*) Other provision expenses amounting to TL 31,643 (30 June 2013: TL 106,464) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 23,532 (30 June 2013: TL 18,935) and other provision expenses related to loans and receivables amounting to TL 8,111 (30 June 2013: free provision expenses: TL 24,260, provision expenses for Competition Authority penalty: TL 61,630 and other provision expenses: TL 1,639).

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	620,709	530,102
Reserve for Employee Termination Benefits	24,024	11,363
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	55,067	51,962
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	5,993	5,296
Impairment Losses on Assets to be Disposed	1,301	2,037
Depreciation Expenses on Assets to be Disposed	6,255	5,482
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	574,387	507,417
<i>Operational lease expenses</i>	89,389	74,165
<i>Repair and maintenance expenses</i>	11,275	10,859
<i>Advertisement expenses</i>	31,780	42,306
<i>Other expenses</i>	441,943	380,087
Loss on sale of assets	1,634	203
Others	236,611	182,921
Total	1,525,981	1,296,783

(*) Other operating expenses amounting to TL 236,611 (30 June 2013: TL 182,921) is comprised of provision expenses for dividends to the personnel amounting to TL 64,512 (30 June 2013: TL 57,761), tax, fees and funds expenses amounting to TL 54,684 (30 June 2013: TL 42,975), “Saving Deposits Insurance Fund” expenses amounting to TL 43,611 (30 June 2013: TL 44,210) and other operating expenses amounting to TL 73,804 (30 June 2013: TL 37,975).

7. Provision for taxes on income

Current period taxation benefit or charge and deferred tax benefit or charge

In the current period, the Bank has recorded a tax charge of TL 270,292 (30 June 2013: TL 190,070) from the net taxable profit calculated in accordance the laws and regulations in effect.

Deferred tax benefit of the Bank is detailed in the below table.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	4,946	(3,306)
Arising from (Origination)/ Reversal of Taxable Temporary Differences	70,278	(56,865)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	75,224	(60,171)

8. Information on net profit and loss

Any further explanation on operating results needed for a proper understanding of the Bank's performance

The Bank has earned TL 5,537,715 interest income, TL 316,467 net fees and commissions income and incurred TL 3,432,274 interest expenses, from ordinary banking transactions (30 June 2013: TL 4,490,751 interest income, TL 381,123 net fees and commissions income TL 1,890,496 interest expenses).

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

None.

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

Banks' other commissions income mainly consists of credit card fee and commissions, transfer commissions and intelligence commissions.

Banks' other commissions expense mainly consists of credit card fee and commissions and commissions given for foreign banks credits.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE BANK'S RISK GROUP

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

Current Period	Associates, 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 period	68,800	692,352	-	27,065	26,101	24,502
Balance at the end of the period	72,095	694,970	-	6,677	24,515	16,394
Interest and commission income	1,604	738	-	16	260	25

Prior Period	Associates, 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 period	111,074	579,546	-	37,919	9,372	16,538
Balance at the end of the period	68,800	692,352	-	27,065	26,101	24,502
Interest and commission income	2,413	427	-	12	342	26

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates, 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 period	1,014,201	1,033,752	968,601	443,105	46,810	84,276
Balance at the end of the period	969,951	1,014,201	707,185	968,601	84,425	46,810
Interest on deposits	25,475	9,338	33,036	13,028	1,161	141

Information on forwards, options and other derivative transactions held by the Bank's risk group

Bank's Risk Group	Associates, 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
Transactions held for trading purpose:						
Purchase balance at the beginning of the period	43,792	-	-	-	-	-
Sales balance at the beginning of the period	42,800	-	-	-	-	-
Purchase balance at the end of the period	-	43,792	-	-	-	-
Sales balance at the end of the period	-	42,800	-	-	-	-
Total Profit/ (Loss)	-	-	-	-	-	-

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE BANK'S RISK GROUP (Continued)

2. Disclosures of transactions with the Bank's risk group

Relations with entities in the risk group of/ or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

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

Pricing policy and other conditions of transactions with the risk group of the Bank, are determined and applied on arm's length basis. The ratio of cash and non-cash loans given to the Bank's risk group to total cash and non-cash loans are 0.11 % (31 December 2013: 0.11%) and 2.91% (31 December 2013: 3.19%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	96,610	0.11
Non-cash loans	718,041	2.91
Deposits	1,761,561	2.09
Forward and option agreements	-	-

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	94,901	0.11
Non-cash loans	743,919	3.19
Deposits	2,029,612	2.49
Forward and option agreements	86,592	0.33

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

As per the resolution of 60th Annual General Assembly held on 28 March 2014, the net profit of year 2013 has been decided to be distributed as follows:

Profit Distribution Table of Year 2013	
Bank’s unconsolidated profit in its statutory financial statements	1,585,539
Deferred tax income	-
Net profit of the year subject to distribution	1,585,539
Legal reserves	158,556
<i>First Legal Reserves</i>	79,278
<i>Reserves allocated according to banking law and articles of association.</i>	79,278
Net profit of the year subject to distribution	1,426,983
Gain on sale of immovables and shares of associates and subsidiaries	1,501
Extraordinary reserves	1,325,482
Dividends to shareholders	100,000

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

February 2014^(*)	Standard & Poors
Foreign Currency Credit Rating	BB+ / Negative / B
Foreign Currency Deposit Rating	BB+ / Negative / B
National	trAA+ / -- / trA-1
Continuance Rating	NR

June 2014^(*)	Moody’s Investors’ Service
Financial Strength Rating	D+(ba1)
Local Currency Deposit Rating	Baa3 / P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3 / P-3
Foreign Currency Outlook	Negative

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

March 2013^(*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Outlook	Stable

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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OTHER DISCLOSURES (Continued)

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

None.

IV. SIGNIFICANT FOREIGN CURRENCY EXCHANGE RATE FLUCTUATIONS THAT ARE SUBSEQUENT TO REPORTING DATE

None.

SECTION SEVEN

I. INDEPENDENT AUDITORS’ REVIEW REPORT

1. Information on the independent auditors’ review report

The Bank’s unconsolidated interim financial statements and footnotes as at and for the six-month period ended 30 June 2014 have been reviewed Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of PricewaterhouseCoopers). It was noted in their review report dated 11 August 2014 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank’s financial position and results of its operations.

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