

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE PERIOD ENDED 31 MARCH 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 31 March 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 31 March 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 the text of the firm's name.

Zeynep Uras, SMMM
Partner

Istanbul, 7 May 2014

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

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The unconsolidated interim financial report as at and for the three-month period ended 31 March 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.

7 May 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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UNCONSOLIDATED INTERIM FINANCIAL REPORT AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Currency: Thousands of Turkish lira (“tl”))

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 31 March 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 1 Kuruş.

The Bank’s shareholders structure as at 31 March 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)	1,536,104	1,536	0.06
Publicly traded (Group D)	630,077,979	630,078	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 THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Currency: Thousands of Turkish lira (“tl”))

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 ECESÖY	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	Univrsiy	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 THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Currency: Thousands of Turkish lira (“tl”))

GENERAL INFORMATION (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 31 March 2014, the Bank has 860 domestic, 3 foreign, in total 863 branches (31 December 2013: 856 domestic, 3 foreign, in total 859 branches). As at 31 March 2014, the Bank has 14,869 employees (31 December 2013: 14,943 employees).

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2014

(Thousands of Turkish Lira (TL))

ASSETS	Notes	Reviewed Current Period 31 March 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,077,614	17,724,682	19,802,296	1,802,838	17,165,243	18,968,081
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	411,082	113,436	524,518	356,150	79,540	435,690
2.1 Financial assets held for trading purpose		411,082	113,436	524,518	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	411,082	113,436	524,518	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 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	12,255	2,539,852	2,552,107	40,177	2,598,960	2,639,137
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	13,677,863	3,472,872	17,150,735	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		13,677,848	3,462,122	17,139,970	12,551,950	3,725,472	16,277,422
5.3 Other securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	V-I-5	68,011,932	21,581,025	89,592,957	65,082,512	21,669,705	86,752,217
6.1 Performing loans and receivables		67,727,210	21,581,025	89,308,235	64,826,518	21,669,705	86,496,223
6.1.1 Loans provided to risk group	V-V-1	22,506	83,193	105,699	11,233	83,668	94,901
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		67,704,704	21,497,832	89,202,536	64,815,285	21,586,037	86,401,322
6.2 Loans under follow-up		3,672,566	-	3,672,566	3,531,427	-	3,531,427
6.3 Specific provisions (-)		3,387,844	-	3,387,844	3,275,433	-	3,275,433
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	5,170,207	85,639	5,255,846	5,358,742	45,073	5,403,815
8.1 Debt securities issued by the governments		5,170,207	-	5,170,207	5,358,742	2,234	5,360,976
8.2 Other securities		-	85,639	85,639	-	42,839	42,839
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	250,362	-	250,362	245,523	-	245,523
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		250,362	-	250,362	245,523	-	245,523
9.2.1 Financial associates		238,962	-	238,962	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	996,879	270,577	1,267,456	1,094,893	270,577	1,365,470
10.1 Unconsolidated financial subsidiaries		797,021	270,577	1,067,598	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)		668,654	1,617	670,271	656,989	1,802	658,791
XV. INTANGIBLE ASSETS (Net)		112,581	128	112,709	108,480	128	108,608
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		112,581	128	112,709	108,480	128	108,608
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII. TAX ASSETS		36,503	-	36,503	51,606	-	51,606
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-13	36,503	-	36,503	51,606	-	51,606
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	533,721	-	533,721	564,744	-	564,744
18.1 Assets held for sale		533,721	-	533,721	564,744	-	564,744
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	1,209,612	193,492	1,403,104	1,231,840	782,334	2,014,174
TOTAL ASSETS		93,169,265	45,983,320	139,152,585	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 31 MARCH 2014

(Thousands of Turkish Lira (TL))

LIABILITIES AND EQUITY	Notes	Reviewed Current Period 31 March 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	58,305,390	24,813,448	83,118,838	59,441,198	22,091,616	81,532,814
1.1 Deposits of the risk group	V-V-1	1,529,754	281,251	1,811,005	1,790,723	238,889	2,029,612
1.2 Other deposits		56,775,636	24,532,197	81,307,833	57,650,475	21,852,727	79,503,202
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	128,306	78,438	206,744	111,604	89,174	200,778
III. FUNDS BORROWED	V-II-3	123,126	11,014,654	11,137,780	122,174	11,282,638	11,404,812
IV. INTERBANK MONEY MARKET		12,356,846	4,540,836	16,897,682	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		12,356,846	4,540,836	16,897,682	8,014,659	6,462,422	14,477,081
V. SECURITIES ISSUED (Net)		2,289,949	4,054,012	6,343,961	2,355,180	4,529,646	6,884,826
5.1 Bills		2,289,949	-	2,289,949	2,355,180	-	2,355,180
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	4,054,012	4,054,012	-	4,529,646	4,529,646
VI. FUNDS		22,758	-	22,758	23,431	-	23,431
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Others		22,758	-	22,758	23,431	-	23,431
VII. MISCELLANEOUS PAYABLES		2,568,056	372,036	2,940,092	2,506,535	189,570	2,696,105
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	564,532	898,011	1,462,543	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	1,916,789	50,777	1,967,566	1,964,510	49,774	2,014,284
12.1 General provisions	V-II-7	1,199,927	11,707	1,211,634	1,179,012	11,727	1,190,739
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		444,679	-	444,679	543,347	-	543,347
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions	V-II-7	272,183	39,070	311,253	242,151	38,047	280,198
XIII. TAX LIABILITIES	V-II-8	252,217	1,144	253,361	216,864	1,111	217,975
13.1 Current tax liabilities		252,217	1,144	253,361	216,864	1,111	217,975
13.2 Deferred tax liabilities	V-I-13	-	-	-	-	-	-
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	-	2,002,353	2,002,353	-	1,974,142	1,974,142
XVI. EQUITY		12,539,307	259,600	12,798,907	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		1,172,074	259,600	1,431,674	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	333,297	259,600	592,897	477,686	203,640	681,326
16.2.4 Revaluation surplus on tangible assets		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		373,614	-	373,614	1,585,539	-	1,585,539
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current period's profit/loss		373,614	-	373,614	1,585,539	-	1,585,539
TOTAL LIABILITIES AND EQUITY		91,067,276	48,085,309	139,152,585	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 31 MARCH 2014

(Thousands Of Turkish Lira (TL))

	Notes	Reviewed Current Period 31 March 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		42,409,710	38,212,992	80,622,702	65,514,791	55,746,467	121,261,258
I. GUARANTEES AND SURETIES	V-III-2	14,774,659	9,450,234	24,224,893	14,288,042	9,053,337	23,341,379
1.1 Letters of guarantee	V-III-1	14,748,974	3,624,837	18,373,811	14,268,047	3,627,537	17,895,584
1.1.1 Guarantees subject to State Tender Law		1,827,063	2,018,215	3,845,278	1,905,899	1,952,543	3,858,442
1.1.2 Guarantees given for foreign trade operations		701,682	-	701,682	650,221	-	650,221
1.1.3 Other letters of guarantee		12,220,229	1,606,622	13,826,851	11,711,927	1,674,994	13,386,921
1.2 Bank acceptances		14,254	1,792,413	1,806,667	12,129	1,040,149	1,052,278
1.2.1 Import letter of acceptance		2,250	81,551	83,801	1,500	77,393	78,893
1.2.2 Other bank acceptances		12,004	1,710,862	1,722,866	10,629	962,756	973,385
1.3 Letters of credit		11,431	4,028,764	4,040,195	7,866	4,382,030	4,389,896
1.3.1 Documentary letters of credit		11,431	4,028,764	4,040,195	7,866	4,382,030	4,389,896
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,702	1,702	-	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		-	1,759	1,759	-	1,759	1,759
1.9 Other sureties		-	759	759	-	160	160
II. COMMITMENTS		16,803,651	4,471,958	21,275,609	45,270,192	26,331,770	71,601,962
2.1 Irrevocable commitments		15,530,978	1,602,074	17,133,052	15,109,055	3,640,601	18,749,656
2.1.1 Asset purchase commitments	V-III-1	337,283	1,602,074	1,939,357	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	-	-	-	-	-	-
2.1.4 Loan granting commitments	V-III-1	7,050,010	-	7,050,010	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	1,343,232	-	1,343,232	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	6,555,275	-	6,555,275	6,261,117	-	6,261,117
2.1.10 Commitments for credit card and banking operations promotions		226,534	-	226,534	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		18,644	-	18,644	18,644	4,187	22,831
2.2 Revocable commitments		1,272,673	2,869,884	4,142,557	30,161,137	22,691,169	52,852,306
2.2.1 Revocable loan granting commitments		1,272,673	2,869,884	4,142,557	30,161,137	22,691,169	52,852,306
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		10,831,400	24,290,800	35,122,200	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		10,831,400	24,290,800	35,122,200	5,956,557	20,361,360	26,317,917
3.2.1 Forward foreign currency purchases/sales		560,910	635,936	1,196,846	602,810	731,325	1,334,135
3.2.1.1 Forward foreign currency purchases		280,724	317,977	598,701	301,607	365,671	667,278
3.2.2.2 Forward foreign currency sales		280,186	317,959	598,145	301,203	365,654	666,857
3.2.2 Currency and interest rate swaps		9,255,228	19,831,128	29,086,356	5,180,109	15,499,236	20,679,345
3.2.2.1 Currency swaps-purchases		4,948,998	9,140,963	14,089,961	3,148,532	7,243,811	10,392,343
3.2.2.2 Currency swaps-sales		4,306,230	6,545,017	10,851,247	2,031,577	4,110,277	6,141,854
3.2.2.3 Interest rate swaps-purchases		-	2,072,574	2,072,574	-	2,072,574	2,072,574
3.2.2.4 Interest rate swaps-sales		-	2,072,574	2,072,574	-	2,072,574	2,072,574
3.2.3 Currency, interest rate and security options		1,015,262	970,624	1,985,886	173,638	169,222	342,860
3.2.3.1 Currency call options		507,631	485,312	992,943	85,819	84,611	170,430
3.2.3.2 Currency put options		507,631	485,312	992,943	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		-	2,853,112	2,853,112	-	3,961,577	3,961,577
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		842,794,507	231,560,222	1,074,354,729	839,788,953	225,942,092	1,065,731,045
IV. ITEMS HELD IN CUSTODY		357,423,605	1,667,644	359,091,249	351,509,096	1,564,619	353,073,715
4.1 Customers' securities held		-	20,816	20,816	-	20,816	20,816
4.2 Investment securities held in custody		348,985,214	95,315	349,080,529	343,290,604	-	343,290,604
4.3 Checks received for collection		7,162,005	1,001,978	8,163,983	6,699,221	895,708	7,594,929
4.4 Commercial notes received for collection		1,029,397	221,363	1,250,760	974,141	210,113	1,184,254
4.5 Other assets received for collection		2,152	86	2,238	2,152	86	2,238
4.6 Assets received through public offering		-	6,289	6,289	-	6,289	6,289
4.7 Other items under custody		309	93,934	94,243	6,749	138,169	144,918
4.8 Custodians		244,528	227,863	472,391	536,229	293,438	829,667
V. PLEDGED ITEMS		151,209,727	51,886,895	203,096,622	174,883,810	50,574,396	225,458,206
5.1 Securities		304,855	27,921	332,776	334,952	27,434	362,386
5.2 Guarantee notes		1,476,606	184,232	1,660,838	701,927	239,873	941,800
5.3 Commodities		23,833,046	737,914	24,570,960	23,434,930	990,995	24,425,925
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		116,778,468	40,785,137	157,563,605	112,475,408	39,831,978	152,307,386
5.6 Other pledged items		8,214,637	10,003,836	18,218,473	8,342,047	9,350,018	17,692,065
5.7 Pledged items-depository		602,115	147,855	749,970	29,594,546	134,098	29,728,644
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		334,161,175	178,005,683	512,166,858	313,396,047	173,803,077	487,199,124
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		885,204,217	269,773,214	1,154,977,431	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 THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Thousands Of Turkish Lira (TL))

	Notes	Reviewed Current Period 31 March 2014	Reviewed Prior Period 31 March 2013
I. INTEREST INCOME		2,710,023	2,291,534
1.1 Interest income from loans	V-IV-1	2,156,561	1,848,909
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	2,022	668
1.4 Interest income from money market transactions		91	396
1.5 Interest income from securities portfolio	V-IV-1	550,391	430,070
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		412,719	298,261
1.5.4 Held-to-maturity investments		137,672	131,809
1.6 Finance lease income		-	-
1.7 Other interest income		958	11,491
II. INTEREST EXPENSE		1,650,875	946,439
2.1 Interest expense on deposits	V-IV-2	1,247,559	755,474
2.2 Interest expense on funds borrowed	V-IV-2	38,776	29,664
2.3 Interest expense on money market transactions		227,581	59,185
2.4 Interest expense on securities issued	V-IV-2	98,177	45,518
2.5 Other interest expenses		38,782	56,598
III. NET INTEREST INCOME (I – II)		1,059,148	1,345,095
IV. NET FEES AND COMMISSIONS INCOME		145,105	177,111
4.1 Fees and commissions received		241,454	242,810
4.1.1 Non-cash loans		39,400	29,802
4.1.2 Others		202,054	213,008
4.2 Fees and commissions paid		96,349	65,699
4.2.1 Non-cash loans		57	39
4.2.2 Others		96,292	65,660
V. DIVIDEND INCOME		64,956	46,395
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	72,326	79,778
6.1 Trading account income/losses	V-IV-3	4,728	50,356
6.2 Income/losses from derivative financial instruments	V-IV-3	32,697	16,588
6.3 Foreign exchange gains/losses	V-IV-3	34,901	12,834
VII. OTHER OPERATING INCOME	V-IV-4	224,003	184,500
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1,565,538	1,832,879
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	375,944	552,891
X. OTHER OPERATING EXPENSES (-)	V-IV-6	733,642	624,522
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		455,952	655,466
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)		455,952	655,466
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(82,338)	(132,784)
16.1 Current tax charges		(70,838)	(142,099)
16.2 Deferred tax credits		(11,500)	9,315
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	373,614	522,682
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 AFTER TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-8	373,614	522,682
Profit/Loss per 100 shares (full TL)		0.1494	0.2091

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 THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of Turkish Lira (TL))

GAINS AND LOSSES RECOGNIZED IN EQUITY	Reviewed Current Period 31 March 2014	Reviewed Prior Period 31 March 2013
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	23,675	(146,500)
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	(127,773)	(20,962)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	3,461	5,181
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(100,637)	(162,281)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	373,614	522,682
11.1 Change in fair value of securities (transfers to the statement of income)	44,722	72,387
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	328,892	450,295
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	272,977	360,401

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 THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of Turkish Lira (TL))

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 – 31 March 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		-	-	-	-	-	-	-	-	-	-	(162,281)	-	-	-	-	(162,281)	-	(162,281)
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	522,682	-	-	-	-	-	-	522,682	-	522,682
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	-	-	-	-	-	-
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period			2,500,000	-	723,918	-	854,240	-	5,889,226	289,343	522,682	-	1,287,692	44,136	67,318	-	-	12,178,555	-	12,178,555
CURRENT PERIOD – 31 March 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		-	-	-	-	-	-	-	-	-	-	(88,429)	-	-	-	-	(88,429)	-	(88,429)
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		-	-	-	-	-	-	-	-	373,614	-	-	-	-	-	-	373,614	-	373,614
XVIII.	Profit distribution		-	-	-	-	158,556	-	1,325,482	-	(1,585,539)	-	-	1,501	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	VI-1	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	VI-1	-	-	-	158,556	-	1,325,482	-	(1,485,539)	-	-	-	1,501	-	-	-	-	-	-
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period			2,500,000	-	723,918	-	1,012,796	-	7,214,708	266,115	373,614	-	592,897	45,637	69,222	-	-	12,798,907	-	12,798,907

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 THREE-MONTH PERIOD ENDED 31MARCH 2013

(Thousands of Turkish Lira (TL))

	Reviewed Current Period 31 March 2014	Reviewed Prior Period 31 March 2013
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	195,579	993,764
1.1.1 Interests received	2,238,301	2,366,678
1.1.2 Interests paid	(1,491,785)	(914,273)
1.1.3 Dividends received	42,371	-
1.1.4 Fee and commissions received	241,454	242,810
1.1.5 Other income	58,274	42,192
1.1.6 Collections from previously written-off loans and other receivables	150,677	119,005
1.1.7 Payments to personnel and service suppliers	(849,131)	(661,101)
1.1.8 Taxes paid	(82,185)	(162,190)
1.1.9 Others	(112,397)	(39,357)
1.2 Changes in operating assets and liabilities	971,507	(2,614,525)
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	(628,669)	(1,659,433)
1.2.4 Net (increase) decrease in loans	(2,904,699)	(2,175,344)
1.2.5 Net (increase) decrease in other assets	607,616	(51,529)
1.2.6 Net increase (decrease) in bank deposits	(766,218)	(592,854)
1.2.7 Net increase (decrease) in other deposits	2,270,092	(1,175,627)
1.2.8 Net increase (decrease) in funds borrowed	(279,966)	364,106
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	2,673,351	2,678,533
I. Net cash flow from banking operations	1,167,086	(1,620,761)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(481,186)	(254,068)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	(40,382)	(23,095)
2.4 Proceeds from disposal of tangible assets	179,477	67,806
2.5 Cash paid for purchase of available-for-sale financial assets	(2,610,468)	(1,073,984)
2.6 Proceeds from disposal of available-for-sale financial assets	1,835,403	781,817
2.7 Cash paid for purchase of held-to-maturity investments	(478,800)	(35,600)
2.8 Proceeds from disposal of held-to-maturity investments	640,590	35,600
2.9 Others	(7,006)	(6,612)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	(585,642)	561,810
3.1 Cash obtained from funds borrowed and securities issued	236,109	1,467,981
3.2 Cash used for repayment of funds borrowed and securities issued	(821,751)	(906,171)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Repayments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	20,152	(2,745)
V. Net increase in cash and cash equivalents	120,410	(1,315,764)
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	5,798,394	3,684,108

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT AS AT AND
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Thousands of Turkish Lira (TL))

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. Judgements 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
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(Thousands of Turkish Lira (TL))

ACCOUNTING POLICIES (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.

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(Thousands of Turkish Lira (TL))

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.

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ACCOUNTING POLICIES (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.

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.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
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ACCOUNTING POLICIES (Continued)

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.

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.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT AS AT AND
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(Thousands of Turkish Lira (TL))

ACCOUNTING POLICIES (Continued)

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.

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.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
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(Thousands of Turkish Lira (TL))

ACCOUNTING POLICIES (Continued)

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 31 March 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 31 March 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%
Inflation Rate	6.40%	6.40%
Increase in Real Wage Rate	7.40%	7.40%

Other benefits to employees

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:

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

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

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ACCOUNTING POLICIES (Continued)

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

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

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.

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ACCOUNTING POLICIES (Continued)

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.

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 obtained 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 31 March 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

Earning 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 three-month period ended 31 March 2014, earnings per 100 shares are full TL 0.1494 (31 March 2013: full TL 0.2091).

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ACCOUNTING POLICIES (Continued)

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 31 March 2013 in order to maintain consistency with the financial statement presentation as of 31 March 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”.

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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 13.99% (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)

Information on unconsolidated capital adequacy ratio

Current Period	31 March 2014									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	54,604,970	-	8,134,646	31,672,727	21,060,113	48,455,235	2,655,312	8,312,599	51,056	-
Risk classifications:										
Claims on sovereigns and Central Banks	43,887,088	-	3	3,606,682	-	-	-	-	-	-
Claims on regional governments or local authorities	11,470	-	1,774,145	401,983	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	84,311	-	16,998	-	-	394,130	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	8,932,168	-	5,313,319	1,451,496	-	1,951	-	-	-	-
Claims on corporate	510,574	-	927,915	866,925	-	39,847,046	-	-	-	-
Claims included in the regulatory retail portfolios	90,885	-	52,281	-	21,060,113	1,163,564	-	-	-	-
Claims secured by residential property	-	-	-	25,345,641	-	2,944,420	-	-	-	-
Past due loans	-	-	-	-	-	284,722	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,655,312	8,312,599	51,056	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,088,474	-	49,985	-	-	3,819,402	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (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	-	-	-	-	-	-	-	-	-	-
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)

Summary information related to capital adequacy ratio

	Bank
	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	8,195,953
Capital Requirement for Market Risk (MRCR)	49,158
Capital Requirement for Operational Risk (ORCR)	777,799
Shareholders' Equity	15,778,537
Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)	13.99%
Core Capital/((CRCR+MRCR+ORCR) *12,5*100)	11.25%
Tier I Capital/((CRCR+MRCR+ORCR) *12,5*100)	11.33%

	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)

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	638,534
Profit	373,614
Current Period Profit	373,614
Current Period Profit	-
General Reserves for Possible Losses	91,001
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period's Profit	69,222
Tier I Capital Before Deductions	12,889,908
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(-)	87,280
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	22,542
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	109,822
Total Tier I Capital	12,780,086
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 (-)	-

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Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	90,167
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	12,689,919
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)	1,955,295
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	1,211,634
Tier II Capital before Deductions	3,166,929
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	3,166,929
CAPITAL	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movable and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	77,679
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 (-)	632
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	15,778,537
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	36,503

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (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)	1,955,295	1,955,295

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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)	1,955
Par value of instrument	1926
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	Not Possess
According to article 7 and 8 of Banks' shareholders equity law that are not possessed (**)	Article 8

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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	8,866	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	28,495	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	2,654	-
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	9,143	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)	49,158	26,097
(X) Value-At-Market Risk (12.5xVIII) or (12.5xIX)	614,475	326,213

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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.

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 31 March 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 date	2.1400	2.9532
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	2.1300	2.9275
Day 2	2.1350	2.9435
Day 3	2.1700	2.9959
Day 4	2.1950	3.0366
Day 5	2.1800	3.0075
	US Dollar	Euro
Last 30-days arithmetical average rate	2.1662	2.9898

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	6,147,774	8,020,706	3,556,202	17,724,682
Banks	277,363	2,187,869	74,620	2,539,852
Financial assets at fair value through profit or loss ⁽¹⁾	-	20,722	-	20,722
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	790,547	2,682,325	-	3,472,872
Loans and receivables ⁽²⁾	7,501,168	16,593,680	56,424	24,151,272
Associates, subsidiaries and joint-ventures	270,577	-	-	270,577
Held-to-maturity investments	-	85,639	-	85,639
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	1,617	-	1,617
Intangible assets	-	128	-	128
Other assets ⁽³⁾	6,355	156,662	1,946	164,963
Total assests	14,993,784	29,749,348	3,689,192	48,432,324
Liabilities:				
Bank deposits	1,049,959	1,229,706	6,044	2,285,709
Foreign currency deposits	11,255,237	10,450,876	821,626	22,527,739
Interbank money market takings	419,975	4,120,861	-	4,540,836
Other funding	4,917,306	6,081,773	15,575	11,014,654
Securities issued	29,881	3,995,815	28,316	4,054,012
Miscellaneous payables	280,744	91,191	101	372,036
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ^{(1) (4)}	57,113	2,928,207	1,891	2,987,211
Total liabilities	18,010,215	28,898,429	873,553	47,782,197
Net 'on balance sheet' position	(3,016,431)	850,919	2,815,639	650,127
Net 'off-balance sheet' position	3,178,966	(648,985)	(2,808,169)	(278,188)
Derivative assets ⁽⁶⁾	5,352,494	7,125,380	329,469	12,807,343
Derivative liabilities ⁽⁶⁾	2,173,528	7,774,365	3,137,638	13,085,531
Non-cash loans ⁽⁵⁾	1,633,021	7,524,398	292,815	9,450,234
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 and liabilities resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 2,570,247 (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 28,529 (31 December 2013: TL 33,487) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 29,272 (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 790,517 (31 December 2013: TL 1,716,686) and asset sales commitments amounting to TL 811,557 (31 December 2013: TL 1,919,728) are included.

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Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the three-month period ended 31 March 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.

	31 March 2014		31 March 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	18,944	18,944	29,967	29,967
EUR	(10,804)	(10,804)	(218)	(218)
Other currencies	747	747	(627)	(627)
Total, net	8,887	8,887	29,122	29,122

(*) 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 three-month period ended 31 March 2014 and 2013 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 March 2014		31 March 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(17,308)	(17,308)	(28,331)	(28,331)
Euro	10,804	10,804	218	218
Other currencies	(496)	(496)	1,381	1,381
Total, net	(7,000)	(7,000)	(26,732)	(26,732)

(*) 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	-	-	-	-	-	19,802,296	19,802,296
Banks	2,120,653	95,573	6,145	-	-	329,736	2,552,107
Financial assets at fair value through profit/loss	279,756	166,794	59,466	13,233	5,269	-	524,518
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	4,321,569	1,802,185	4,234,927	3,754,511	3,026,778	10,765	17,150,735
Loans and receivables	29,640,286	21,705,491	12,807,714	15,288,638	9,866,106	284,722	89,592,957
Held-to-maturity investments	426,989	2,501,955	318,848	493,632	1,514,422	-	5,255,846
Other assets (*)	12,481	136	11,411	65,847	625	4,183,626	4,274,126
Total assets	36,801,734	26,272,134	17,438,511	19,615,861	14,413,200	24,611,145	139,152,585
Liabilities:							
Bank deposits	2,706,707	455,218	187,391	-	-	50,539	3,399,855
Other deposits	45,374,655	14,400,089	4,889,070	34,642	-	15,020,527	79,718,983
Interbank money market takings	16,438,692	29,235	429,755	-	-	-	16,897,682
Miscellaneous payables	-	-	-	-	-	2,940,092	2,940,092
Securities issued	377,694	1,978,233	672,774	3,315,260	-	-	6,343,961
Funds borrowed	2,728,049	2,949,617	4,677,712	60,077	722,325	-	11,137,780
Other liabilities (**)	126,587	38,272	113,301	418,242	1,535,453	16,482,377	18,714,232
Total liabilities	67,752,384	19,850,664	10,970,003	3,828,221	2,257,778	34,493,535	139,152,585
On balance sheet long position	-	6,421,470	6,468,508	15,787,640	12,155,422	-	40,833,040
On balance sheet short position	(30,950,650)	-	-	-	-	(9,882,390)	(40,833,040)
Off-balance sheet long position	878,681	1,389,678	260,884	415,289	166,248	-	3,110,780
Off-balance sheet short position	(279,481)	(105,678)	(366,354)	(1,320,470)	(861,748)	-	(2,933,731)
Position, Net	(30,351,450)	7,705,470	6,363,038	14,882,459	11,459,922	(9,882,390)	177,049

(*) 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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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	1.55	0.81	-	10.92
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.35	6.90	-	7.28
Loans and receivables	5.39	5.13	-	15.49
Held-to-maturity investments	-	1.82	-	14.80
Liabilities:				
Bank deposits	1.49	1.07	-	11.22
Other deposits	2.73	2.46	-	10.74
Interbank money market takings	0.40	1.13	-	11.06
Miscellaneous payables	-	-	-	-
Securities issued	1.53	4.34	-	9.23
Funds borrowed	1.07	1.54	-	5.73

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Prior Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
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
Liabilities:				
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 Standart 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 Standart Shock Technique” are presented in the below table:

Currency Unit-Current Period	Applied Shock	Gain/	Gain/
	(+/- x base point)	Loss	Equity-Loss/
			Equity
1. TRY	500 / (400)	(2,491,089) / 2,500,248	(15.79%) / 15.85%
2. EURO	200 / (200)	17,779 / 727	0.11% / 0.01%
3. USD	200 / (200)	477,924 / (430,843)	3.03% / (2.73%)
Total (For Negative Shocks)	-	2,070,132	13.12%
Total (For Positive Shocks)	-	(1,995,385)	(12.65%)
Currency Unit-Prior Period	Applied Shock	Gain/	Gain/
	(+/- x base point)	Loss	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)

Stock position risks arising from banking book items:

Information on separations of risks according to objectives including their relation with gains presented in equity and strategical reasons, accounting 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^(*)	600,973	600,973	600,973
1.Stocks Investments Group A	600,973	600,973	600,973
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	-	-	-	332,776	332,776
3. Other Stocks	-	392,414	392,414	-	-
4. Total	-	392,414	392,414	332,776	332,776

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

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Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Core Capital	Included in Supplementary 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.

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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. 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	19,802,296	-	-	-	-	-	-	19,802,296
Banks	1,509,935	940,454	95,573	6,145	-	-	-	2,552,107
Financial assets at fair value through profit/loss	-	181,474	54,326	106,032	174,445	8,241	-	524,518
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	557,381	452,305	1,844,551	8,149,155	6,136,578	10,765	17,150,735
Loans and receivables	-	5,985,439	807,912	14,168,367	28,594,074	39,752,443	284,722	89,592,957
Held-to-maturity investments	-	384,819	265,433	-	493,632	4,111,962	-	5,255,846
Other assets	-	472,435	21,364	12,609	102,350	625	3,664,743	4,274,126
Total assets	21,312,231	8,522,002	1,696,913	16,137,704	37,513,656	50,009,849	3,960,230	139,152,585
Liabilities:								
Bank deposits	50,539	2,706,707	455,218	187,391	-	-	-	3,399,855
Other deposits	15,020,527	45,374,655	14,400,089	4,889,070	34,642	-	-	79,718,983
Funds borrowed	-	2,323,415	695,820	3,806,068	1,750,940	2,561,537	-	11,137,780
Interbank money market takings	-	16,438,692	29,235	429,755	-	-	-	16,897,682
Securities issued	-	377,694	1,978,233	672,774	3,315,260	-	-	6,343,961
Miscellaneous payables	-	2,296,623	48,650	-	-	-	594,819	2,940,092
Other liabilities	-	687,626	89,171	103,045	419,635	1,554,460	15,860,295	18,714,232
Total liabilities	15,071,066	70,205,412	17,696,416	10,088,103	5,520,477	4,115,997	16,455,114	139,152,585
Liquidity gap	6,241,165	(61,683,410)	(15,999,503)	6,049,601	31,993,179	45,893,852	(12,494,884)	-
Prior Period								
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
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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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	3,399,855	3,408,642	50,539	2,709,573	459,692	188,838	-	-
Other deposits	79,718,983	80,153,218	15,020,527	45,519,578	14,567,570	5,008,991	36,552	-
Funds borrowed	11,137,780	11,790,730	-	2,335,067	707,033	3,850,834	1,903,577	2,994,219
Money market takings	16,897,682	16,911,847	-	16,445,799	29,264	436,784	-	-
Issued Securities (Net)	6,343,961	7,061,346	-	379,680	2,000,029	702,358	3,979,279	-
Miscellaneous payables	2,940,092	2,940,092	594,819	2,296,623	48,650	-	-	-
Other liabilities	3,432,348	4,396,035	831,772	477,842	45,866	104,955	488,139	2,447,461
Total	123,870,701	126,661,910	16,497,657	70,164,162	17,858,104	10,292,760	6,407,547	5,441,680

Non-Cash Loans	24,224,893	24,224,893	268,208	344,105	14,233,668	5,926,720	2,766,645	685,547
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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
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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 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	47,493,773	5,458,272	-	-
Claims on regional governments or local authorities	2,187,598	13,535	-	-
Claims on administrative bodies and other non-commercial undertakings	495,439	116,816	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	15,698,934	8,932,714	-	-
Claims on corporate	42,152,460	808,830	-	-
Claims included in the regulatory retail portfolios	22,366,843	166,565	-	-
Claims secured by residential property	28,290,061	-	-	-
Past due loans	284,722	-	-	-
Higher risk categories decided by the Agency	11,018,967	-	-	-
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	4,957,861	-	-	-
Total	174,946,658	15,496,732	-	-

Risk Classification-Prior Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees 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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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.

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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)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	801,686	1,354,875	552,504	958	2,710,023
<i>Interest income from loans</i>	<i>801,686</i>	<i>1,354,875</i>	-	-	<i>2,156,561</i>
<i>Interest income from securities portfolio</i>	-	-	<i>550,391</i>	-	<i>550,391</i>
<i>Interest income from banks</i>	-	-	<i>2,022</i>	-	<i>2,022</i>
<i>Interest income from money market transactions</i>	-	-	<i>91</i>	-	<i>91</i>
<i>Other interest income</i>	-	-	-	<i>958</i>	<i>958</i>
Interest Expense	489,397	758,162	364,534	38,782	1,650,875
<i>Interest expense on deposits</i>	<i>489,397</i>	<i>758,162</i>	-	-	<i>1,247,559</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>38,776</i>	-	<i>38,776</i>
<i>Interest expense on money market transactions</i>	-	-	<i>227,581</i>	-	<i>227,581</i>
<i>Interest expense on securities issued</i>	-	-	<i>98,177</i>	-	<i>98,177</i>
<i>Other interest expenses</i>	-	-	-	<i>38,782</i>	<i>38,782</i>
Net Interest Income	312,289	596,713	187,970	(37,824)	1,059,148
Net Fees and Commissions Income	103,776	41,329	-	-	145,105
Trading Income/ Losses (Net)	-	-	72,326	-	72,326
Dividend Income	-	-	64,956	-	64,956
Other Income	-	-	-	224,003	224,003
Provision For Losses on Loans and Other Receivables	72,853	211,864	49,272	41,955	375,944
Other Expenses	-	-	-	733,642	733,642
Profit Before Taxes	343,212	426,178	275,980	(589,418)	455,952
Provision for taxes	-	-	-	(82,338)	(82,338)
Net Profit/ Loss	343,212	426,178	275,980	(671,756)	373,614
SEGMENT ASSETS					
Securities Portfolio	-	-	22,406,581	-	22,406,581
Derivative financial assets held for trading purpose	-	-	524,518	-	524,518
Banks and Receivables From Money Markets	-	-	2,552,107	-	2,552,107
Investments in Associates and Subsidiaries	-	-	1,517,818	-	1,517,818
Loans	30,374,788	59,218,169	-	-	89,592,957
Other Assets	-	-	18,791,862	3,766,742	22,558,604
TOTAL ASSETS	30,374,788	59,218,169	45,792,886	3,766,742	139,152,585
SEGMENT LIABILITIES					
Deposits	33,287,997	49,830,841	-	-	83,118,838
Derivative Financial Liabilities Held for Trading Purpose	-	-	206,744	-	206,744
Interbank Money Market	-	-	16,897,682	-	16,897,682
Funds Borrowed	-	-	11,137,780	-	11,137,780
Securities Issued	-	-	6,343,961	-	6,343,961
Other Liabilities	-	-	2,351,517	4,076,229	6,427,746
Provisions and Tax Liabilities	-	-	-	2,220,927	2,220,927
Equity	-	-	-	12,798,907	12,798,907
TOTAL LIABILITIES AND EQUITY	33,287,997	49,830,841	36,937,684	19,096,063	139,152,585

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Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	783,965	1,064,944	431,134	11,491	2,291,534
<i>Interest income from loans</i>	783,965	1,064,944	-	-	1,848,909
<i>Interest income from securities portfolio</i>	-	-	430,070	-	430,070
<i>Interest income from banks</i>	-	-	668	-	668
<i>Interest income from money market transactions</i>	-	-	396	-	396
<i>Other interest income</i>	-	-	-	11,491	11,491
Interest Expense	323,844	431,630	134,367	56,598	946,439
<i>Interest expense on deposits</i>	323,844	431,630	-	-	755,474
<i>Interest expense on funds borrowed</i>	-	-	29,664	-	29,664
<i>Interest expense on money market transactions</i>	-	-	59,185	-	59,185
<i>Interest expense on securities issued</i>	-	-	45,518	-	45,518
<i>Other interest expenses</i>	-	-	-	56,598	56,598
Net Interest Income	460,121	633,314	296,767	(45,107)	1,345,095
Net Fees and Commissions Income	89,209	87,902	-	-	177,111
Trading Income/ Losses (Net)	-	-	79,778	-	79,778
Dividend Income	-	-	46,395	-	46,395
Other Income	-	-	-	184,500	184,500
Provision For Losses on Loans and Other Receivables	86,364	299,093	106,812	60,622	552,891
Other Expenses	-	-	-	624,522	624,522
Profit Before Taxes	462,966	422,123	316,128	(545,751)	655,466
Provision for taxes	-	-	-	(132,784)	(132,784)
Net Profit/ Loss	462,966	422,123	316,128	(678,535)	522,682
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	30,419,715	56,332,502	-	-	86,752,217
Other Assets	-	-	17,951,402	4,414,602	22,366,004
TOTAL ASSETS	30,419,715	56,332,502	44,329,224	4,414,602	135,496,043
SEGMENT LIABILITIES					
Deposits	31,318,886	50,213,928	-	-	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	-	-	2,158,084	3,989,068	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	50,213,928	35,125,581	18,837,648	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	856,497	208,246	860,452	288,899
Central Bank of Turkey ^(*)	1,171,132	17,492,705	922,802	16,870,433
Others	49,985	23,731	19,584	5,911
Total	2,077,614	17,724,682	1,802,838	17,165,243

(*) TL 14,742,271 (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	1,171,132	1,038,434	922,799	1,043,944
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits ^(*)	-	1,712,000	3	1,284,000
Reserve Deposits	-	14,742,271	-	14,542,489
Total	1,171,132	17,492,705	922,802	16,870,433

(*) The Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Bank. Subsequent to the decision, CBT required the Bank to provide reserve requirement for loans obtained by foreign branches, the Bank filed a claim in Ankara 15th Administrative Court for the suspension of execution and cancellation of the decision. As at 15 June 2011, the court decided on refusal of the claim with the right to appeal on State Council. CBT requested the Bank to provide additional reserves amounting to USD 384 million in average for 3.5 years period with the 4 May 2011 dated communique. In this context, the Bank has begun to provide additional reserve requirements at 27 May 2011.

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)

Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	13,469	222	28,203	375
Swap Transactions	395,475	102,940	327,932	77,115
Futures	-	-	-	-
Options	2,138	10,274	15	2,050
Others	-	-	-	-
Total	411,082	113,436	356,150	79,540

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	12,255	2,539,852	40,177	2,598,960
Domestic	12,255	541,446	40,177	92,664
Foreign	-	1,998,406	-	2,506,296
Foreign Head Offices and Branches	-	-	-	-
Total	12,255	2,539,852	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	970,890	269,227	241,746	261,615
Others	32,700	-	-	-
Total	1,003,590	269,227	241,746	261,615

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	11,094,254	-	8,312,947	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	2,839,982	-	2,988,480
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	11,094,254	2,839,982	8,312,947	2,988,480

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		17,431,283		16,626,284
Quoted		17,431,283		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 (-)		291,313		348,862
Total		17,150,735		16,288,187

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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	-	27,277	-	27,065
Legal entities	-	27,277	-	27,065
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	80,787	-	79,430	-
Total	80,787	27,277	79,430	27,065

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	
Non-specialized loans	84,819,179	226,766	-	3,595,585	660,350	-
Loans given to enterprises	22,656,914	66,428	-	1,146,924	355,450	-
Export loans	3,992,909	19,856	-	72,343	8,625	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2,131,417	-	-	64	-	-
Consumer loans	25,570,797	139,894	-	1,264,300	246,260	-
Credit cards	3,851,294	-	-	261,481	6,831	-
Other	26,615,848	588	-	850,473	43,184	-
Specialized lending	6,355	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	84,825,534	226,766	-	3,595,585	660,350	-

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

Number of modifications to extend payment plans	Standard Loans and Other Receivables (*)		Loans and other receivables under close monitoring (*)	
	Extended period of time			
Extended for 1 or 2 times		226,766		442,463
Extended for 3,4 or 5 times		-		-
Extended for more than 5 times		-		-
	Extended period of time	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)	
0-6 Months		34		4
6 - 12 Months		1,402		1,329
1-2 Years		22,470		10,520
2-5 Years		171,748		137,152
5 Years and Over		31,112		293,458

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	291,007	25,732,908	26,023,915
Housing Loans	4,194	13,602,504	13,606,698
Automobile Loans	4,739	535,947	540,686
General Purpose Loans	230,898	9,445,761	9,676,659
Other	51,176	2,148,696	2,199,872
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	2,992,081	19,399	3,011,480
With Installment	1,475,271	16,822	1,492,093
Without Installment	1,516,810	2,577	1,519,387
Retail Credit Cards – FC	1,247	-	1,247
With Installment	-	-	-
Without Installment	1,247	-	1,247
Personnel Loans – TL	2,199	37,387	39,586
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2,181	37,387	39,568
Other	18	-	18
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	41,052	54	41,106
With Installment	19,109	47	19,156
Without Installment	21,943	7	21,950
Personnel Credit Cards – FC	95	-	95
With Installment	-	-	-
Without Installment	95	-	95
Overdraft Checking Accounts – TL (Real persons)	1,157,677	-	1,157,677
Overdraft Checking Accounts – FC (Real persons)	73	-	73
Total	4,485,431	25,789,748	30,275,179

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	854,629	16,477,011	17,331,640
Real Estate Loans	1,040	364,038	365,078
Automobile Loans	20,202	1,484,529	1,504,731
General Purpose Loans	833,387	14,628,444	15,461,831
Other	-	-	-
Installment-based Commercial Loans – FC indexed	33,042	625,992	659,034
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	33,042	625,992	659,034
Other	-	-	-
Installment-based Commercial Loans – FC	24	2,699,297	2,699,321
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	24	2,699,297	2,699,321
Corporate Credit Cards – TL	1,065,441	42	1,065,483
With Installment	451,803	42	451,845
Without Installment	613,638	-	613,638
Corporate Credit Cards – FC	195	-	195
With Installment	-	-	-
Without Installment	195	-	195
Overdraft Checking Accounts – TL (Corporate)	567,737	-	567,737
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	2,521,068	19,802,342	22,323,410

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	89,141,053	86,333,859
Overseas Loans	167,182	162,364
Total	89,308,235	86,496,223

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	78,343	68,800
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	78,343	68,800

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	71,181	63,999
Loans and Receivables with Doubtful Collectibility	578,828	659,768
Uncollectible Loans and Receivables	2,737,835	2,551,666
Total	3,387,844	3,275,433

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Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	51,131	61,023	64,917
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	51,131	61,023	64,917
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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the period	319,993	659,768	2,551,666
Additions (+)	303,364	13,620	7,530
Transfers from other categories of loans under follow-up (+) ^(*)	-	235,400	271,291
Transfers to other categories of loans under follow-up (-) ^(*)	235,148	289,902	14,339
Collections (-)	32,306	40,058	78,313
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	355,903	578,828	2,737,835
Specific provision (-)	71,181	578,828	2,737,835
Balance, net	284,722	-	-

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

Uncollectible loans and 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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the end of the period	13,471	33,742	298,845
Specific provision (-)	2,694	33,742	298,845
Net balance on balance sheet	10,777	-	-
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.

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Loan customer concentration of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)	284,722	-	-
Consumer and Commercial Loans (Gross)	351,084	572,701	2,684,885
Specific Provision (-)	70,217	572,701	2,684,885
Consumer and Commercial Loans (Net)	280,867	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	4,819	6,127	51,399
Specific Provision (-)	964	6,127	51,399
Other Loans and Receivables (Net)	3,855	-	-
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	-	-

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	5,170,207	-	5,358,742	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	-	-	2,234
Total	5,170,207	-	5,358,742	2,234

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	5,308,951	5,461,175
Quoted at Stock Exchanges	5,223,312	5,418,336
Unquoted at Stock Exchanges	85,639	42,839
Impairment Losses (-)	53,105	57,360
Total	5,255,846	5,403,815

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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	(379)	52,537
Purchases during the period	478,800	2,530,205
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(640,590)	(1,507,738)
Impairment losses	4,255	13,979
Change in amortized costs of the securities (*)	9,945	61,226
Balances at the end of the period	5,255,846	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	441,386	85,600	445,518	85,639
Investments subject to repurchase agreements	4,537,109	-	4,653,557	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	70,431	-	71,132	-
Total	5,048,926	85,600	5,170,207	85,639

	Cost		Carrying Value	
	TL	FC	TL	FC
Prior Period				
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.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 Enternasyonel Otelcilik AŞ (*)	İstanbul/Turkey	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/Turkey	4.86	5.28
9 Kredi Garanti Fonu AŞ (*)	Ankara/Turkey	1.75	1.75
10 World Vakıf UBB Ltd. in Liquiditaion	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	870,524	66,183	10,002	60,988	5,692	758	5,788	-
2	13,439,216	2,017,534	264,137	428,339	233,542	295,154	325,151	2,371,484
3	1,682,123	395,905	144,183	29,445	-	129,899	123,167	-
4	35,583	22,332	19,380	511	14	2,644	1,247	-
5	100,413	83,442	52,127	2,546	-	32,665	33,184	-
6	128,925	(5,972)	88,081	401	-	(14,139)	(3,706)	-
7	100,699	24,117	94,982	8	-	(12,745)	1,833	-
8	5,596,026	590,396	20,122	116,776	6,894	81,809	55,168	-
9	269,466	244,774	1,298	11,248	-	9,509	3,675	-
10	1,503	(47,645)	-	-	-	(1,282)	(898)	-

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

(**) Figures are obtained from audited financial statements as at and for the period ended 31 December 2013 disclosed in Public Disclosure Platform.

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	4,839	(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	(15,146)	(31,073)
Impairment losses	-	-
Balance at the end of the period	250,362	245,523
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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In the current period, subsequent to the approval of the decision to change the paid-in capital of İstanbul Takas ve Saklama Bankası A.Ş in the Ordinary Meeting of General Assembly of the Company dated 28 March 2014, the share of the Bank amounting to TL 3,230 is presented in the movement table of investments in associates as bonus shares received.

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 name of World Vakıf Off Shore Banking Ltd, a subsidiary of the Bank, was changed as World Vakıf UBB. Ltd. on 4 February 2009. Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., operating in NCTR, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. According to 24 May 2010 dated decision of the Nicosia Local Court, World Vakıf UBB Ltd. will be liquidated and NCTR Company Registrar is appointed to carry out liquidation process. 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 name has been changed as "World Vakıf UBB Ltd in Liquidation".

Sectoral distribution of investments in financial associates

	Current Period	Prior Period
Banks	234,751	229,912
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	4,211	4,211
Total	238,962	234,123

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	198,730	197,122
Quoted at international stock exchanges	-	-
Total	198,730	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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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	-	28,831	17,794	42,932	16	21,599	93
Valuation changes in marketable securities	(3,051)	2,931	27,707	-	34,245	443	-	-	8
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	-	-	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business)	-	-	-	-	-	-	-	-	-
Legal Reserves	5,958	3,814	4,814	4,987	9,764	13,013	770	3,440	-
Extraordinary Reserves	-	35,609	3,788	32,280	12,146	32,827	4,064	52,037	-
Other Profit Reserves	143,150	-	2,345	52	97,838	417	14	(3)	395
Profit/Loss	97,495	1,313	12,910	(7,247)	(81,792)	50,256	2,044	4,359	(2,509)
<i>Prior Years' Profit/Loss</i>	83,548	-	835	-	(30,467)	18,859	-	-	(1,064)
<i>Current Years' Profit/Loss</i>	13,947	1,313	5,979	(7,247)	(51,325)	31,397	2,044	4,359	(1,445)
Minority Rights	-	94	-	-	-	-	-	-	-
Total Core Capital	358,035	109,114	80,468	81,303	239,995	166,388	9,908	197,391	12,987
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	358,035	109,114	80,468	81,303	239,995	166,388	9,908	197,391	12,987
NET AVAILABLE EQUITY	358,035	109,114	80,468	81,303	239,995	166,388	9,908	197,391	12,987

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

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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 31 March 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 B Tipi Menkul Kıymetler 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)	256,500
2	2,459,154	143,136	60,816	11,933	58	4,140	6,041	412,309
3	393,134	81,112	2,463	6,476	-	(192)	1,643	111,245
4	1,066,607	109,114	5,935	66,130	18	1,313	5,402	66,300
5	280,039	80,468	263	15,452	327	5,979	1,946	56,904
6	2,706,604	358,493	1,948	19,084	3,531	7,612	4,457	300,641
7	10,280	9,908	165	683	14	2,044	2,135	29,006
8	13,265	12,783	53	102	160	(187)	(1,445)	13,800
9	200,537	198,462	143,298	508	622	1,041	1,136	970,668
10	17,001	8,615	1,063	476	-	(32)	(210)	12,500
11	286,299	280,561	155,233	2,960	-	673	828	288,432
12	59,346	47,483	547	598	49	945	1,299	41,626
13	31,070	23,534	675	632	32	2,428	775	28,940

(*) The financial statements for these subsidiaries as at and for the period ended 31 December 2013 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 31 December 2013 disclosed in Public Disclosure Platform.

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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	(98,014)	453,261
Transfers	-	155,712
Acquisitions and capital increases	-	82,227
Bonus shares received	-	60,443
Dividends from current year profit	(33,611)	(16,155)
Sales and liquidations	-	-
Fair value changes	(66,553)	217,617
Impairment losses	2,150	(46,583)
Balance at the end of the period	1,267,456	1,365,470
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	1,267,456	1,365,470
Equity method of accounting	-	-
Total	1,267,456	1,365,470

Sectoral distribution of investments in financial subsidiaries

	Current Period	Prior Period
Banks	270,577	270,577
Insurance companies	315,492	341,750
Factoring companies	87,205	87,205
Leasing companies	39,180	36,636
Finance companies	-	-
Other financial subsidiaries	355,144	427,815
Total	1,067,598	1,163,983

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	402,242	478,632
Quoted at international stock exchanges	-	-
Total	402,242	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 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 portion 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.

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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.

13. Information on deferred tax assets

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

	Current period	Prior Period
<i>Deferred tax assets:</i>	170,404	161,089
Provision for employee termination benefits and unused vacations	71,832	69,685
Other provisions	47,217	42,708
Valuation differences of associates and subsidiaries	23,456	23,456
Valuation differences of financial assets and liabilities	16,785	14,557
BRSA - Tax Code depreciation differences	9,157	8,789
Others	1,957	1,894
<i>Deferred tax liabilities:</i>	(133,901)	(109,483)
Valuation differences of financial assets and liabilities	(93,866)	(63,656)
Valuation differences of associates and subsidiaries	(40,035)	(45,827)
Deferred tax assets, net	36,503	51,606

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

None.

15. Information on other assets

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

	Current period	Prior Period
Receivables from credit card payments	448,273	596,284
Prepaid expenses	614,507	516,014
Guarantees given for repurchase agreements	113,178	392,641
Receivables from term sale of assets	90,500	96,948
Guarantees given for derivative financial instruments	37,525	61,219
Others	99,121	351,068
Total	1,403,104	2,014,174

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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	3,212,659	-	324,758	15,847,893	1,181,197	393,511	176,000	-	21,136,018
Foreign Currency Deposits	3,693,724	-	1,863,680	10,945,945	1,312,942	1,273,054	2,689,370	-	21,778,715
Residents in Turkey	3,501,546	-	1,860,857	10,739,635	1,154,034	1,079,534	985,614	-	19,321,220
Residents in Abroad	192,178	-	2,823	206,310	158,908	193,520	1,703,756	-	2,457,495
Public Sector Deposits	3,112,624	-	1,305,939	4,877,069	891,280	899,961	176,887	-	11,263,760
Commercial Deposits	1,350,468	-	2,822,393	11,911,004	448,765	271,314	114,388	-	16,918,332
Others	2,902,027	-	891,365	3,660,217	299,452	91,947	28,125	-	7,873,133
Precious Metal Deposits	749,025	-	-	-	-	-	-	-	749,025
Bank Deposits	50,539	-	1,454,864	1,542,455	248,137	10,456	93,404	-	3,399,855
Central Bank	476	-	-	-	-	-	-	-	476
Domestic Banks	2,596	-	1,198,651	675,440	162,533	10,456	-	-	2,049,676
Foreign Banks	39,254	-	256,213	867,015	85,604	0	93,404	-	1,341,490
Participation Banks	8,213	-	-	-	-	-	-	-	8,213
Others	-	-	-	-	-	-	-	-	-
Total	15,071,066	-	8,662,999	48,784,583	4,381,773	2,940,243	3,278,174	-	83,118,838

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	11,658,475	10,798,600	9,477,543	10,096,392
Foreign Currency Saving Deposits	3,383,474	3,422,906	8,768,505	7,000,952
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	15,041,949	14,221,506	18,246,048	17,097,344

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Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	19,003	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	2,850	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	-	-

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	12,950	208	27,806	362
Swap Transactions	115,144	66,042	83,783	86,762
Futures	-	-	-	-
Options	212	12,188	15	2,050
Others	-	-	-	-
Total	128,306	78,438	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	123,126	162,292	122,174	160,072
Foreign Banks, Institutions and Funds	-	10,852,362	-	11,122,566
Total	123,126	11,014,654	122,174	11,282,638

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	88,703	6,453,087	82,786	6,746,799
Medium and Long term (*)	34,423	4,561,567	39,388	4,535,839
Total	123,126	11,014,654	122,174	11,282,638

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

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Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.81% (31 December 2013: 9.28%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 1 September 2010, the Bank obtained a syndication loan at the amount of US Dollar 135 million with interest rate of Libor + 1.30% and Euro 408 million with interest rate of Euribor + 1.30% at 1 year maturity; and syndication loan at the amount of US Dollar 10 million with interest rate of Libor + 1.75% and Euro 45 million with interest rates of Euribor + 1.75% at 2 years maturity with the participation of 32 banks under the coordination of West LB AG. The Bank has repaid the part of the loan with one year maturity on 6 September 2011. On 6 September 2011, repayment of loan's one year maturity segments was realized. On 31 August 2012, two years maturity segments were paid off.

This loan has been renewed with a syndicated loan at the amount of US Dollar 145 million and Euro 433 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 26 banks under the coordination of ING Bank NV on 7 September 2011. The syndicated loan's repayment was realized on 10 September 2012. This loan has been renewed with a syndicated loan at the amount of US Dollar 151 million and Euro 444.5 million with the interest rate of US Libor + 1.35% and Euribor + 1.35% at a maturity of one year, with the participation of 24 banks with the coordination and agency of ING Bank N.V. on 18 September 2012. The loan's payment was realized on 20 September 2013 and as at the same date the loan has been renewed with a 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.

On 28 March 2011, the Bank has obtained syndication loan of US Dollar 192.5 million and Euro 573.5 million with one year maturity at the cost Libor + 1.10% for US Dollar and Euribor + 1.10% for Euro, with the participation of 34 banks under the coordination of West LB AG, the loan was repaid on 29 March 2012. This loan has been renewed with a syndicated loan at the amount of US Dollar 152 million and Euro 586.7 million with interest rates of US Libor + 1.45 % and Euribor + 1.45 % at a maturity of one year, with the participation of 41 banks under the coordination of Wells Fargo Bank NA on 10 April 2012. Repayment of the loan obtained on 10 April 2012 was realized on 12 April 2013. This loan has been renewed with a syndicated loan amounting to US Dollar 251.5 million and Euro 555.17 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 38 banks, Sumitomo Mitsui Banking Corporation and Brussels Branch acting as agent banks and under the coordination of Bank of America Merrill Lynch on 11 April 2013.

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 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 West LB and WellsFargo. The coordinator bank of the segment of 2011-C amounting to US Dollar 131.5 has become ING. As at 31 March 2014, total securitization loan amounts to 547.9 billion.

Information on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,337,182	3,999,737	2,412,839	4,514,167
Cost	2,237,741	3,973,609	2,309,056	4,487,936
Net Book Value	2,289,949	4,054,012	2,355,180	4,529,646

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Current Period

ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,284,000	1,276,706	1,300,329
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,070,000	1,058,230	1,089,646
TRQVKFB51438	Discounted	-	TL	08.11.2013	02.05.2014	175	600,978	578,500	596,890
TRQVKFB61411	Discounted	-	TL	20.12.2013	06.06.2014	168	608,039	584,394	598,579
XS0976659234	Fixed	1.73	TL	03.10.2013	03.04.2014	182	64,200	64,161	64,749
TRQVKFB51412	Discounted	-	TL	17.05.2013	16.05.2014	364	62,112	58,822	61,666
TRQVKFB51420	Discounted	-	TL	05.07.2013	16.05.2014	315	52,750	49,427	52,225
XS0987355939	Fixed	5	USD	31.10.2013	31.10.2018	1,826	1,070,000	1,063,045	1,085,963
XS0997543896	Fixed	1.49	USD	22.11.2013	28.05.2014	187	23,540	23,534	23,663
TRQVKFB81419	Discounted	-	USD	06.09.2013	22.08.2014	350	30,144	27,569	29,008
XS0943035328	Floating	1.53	USD	14.06.2013	16.06.2014	367	29,532	29,488	29,881
XS0942820803	Fixed	1	USD	12.06.2013	13.06.2014	366	28,094	28,080	28,316
XS1008673540	Fixed	1.59	USD	24.12.2013	23.06.2014	181	85,600	85,596	85,963
TRQVKFB61429	Discounted	-	USD	17.01.2014	20.06.2014	154	420,557	404,692	412,198
TRQVKFB81427	Discounted	-	USD	28.02.2014	22.08.2014	175	562,602	534,337	539,383
XS1012364631	Fixed	1.30	TL	03.01.2014	03.04.2014	90	164,138	164,138	164,654
XS1015131904	Fixed	1.30	TL	15.01.2014	17.04.2014	92	66,768	66,768	66,949
XS1048506775	Fixed	2.00	USD	25.03.2014	25.09.2014	184	25,038	25,038	25,047
XS1048506858	Fixed	1.75	USD	25.03.2014	26.06.2014	93	67,196	67,196	67,218
XS1049207563	Fixed	1.75	USD	27.03.2014	24.06.2014	89	21,631	21,629	21,634
Total							6,336,919	6,211,350	6,343,961
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
XS1000211968	Fixed	1.3	USD	04.12.2013	06.03.2014	92	118,984	118,984	119,104
XS1008673540	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

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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.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	991,540	1,004,336
-Additional provision for loans with extended payment plans	12,168	13,327
Provisions for loans and receivables in Group II	139,664	105,037
-Additional provision for loans with extended payment plans	2,992	3,297
Provisions for non-cash loans	75,365	76,647
Others	5,065	4,719
Total	1,211,634	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	20,401	90

The Bank has recorded provision amounting to TL 20,401 (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 31 March 2014, Bank has recorded TL 58,429 (31 December 2013: TL 54,771) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on other provisions

As of 31 March 2014 the Bank has recorded 5% (31 December 2013: 5%) provision for possible loan losses. Certain amount of this provision has been recognized under general provisions, and remaining TL 91,001 (31 December 2013: TL 70,915) has been recorded as provisions for miscellaneous risks under other provisions in the accompanying financial statements.

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Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provision for loans under follow-up	91,001	70,915
Specific provisions for non-cash loans	58,429	54,771
Provision for World Vakıf UBB Ltd with regard to its negative equity	39,070	38,047
Provisions for lawsuits against the Bank	14,673	14,673
Provision for cheques	30,193	26,363
Provisions for credit card promotions	9,785	9,469
Other provisions	68,102	65,960
Total	311,253	280,198

8. Taxation

Current taxes

Tax provision

As at and for the year ended 31 March 2014, the tax provision was amounted to TL 320,702 (31 December 2013: TL 254,525). As at 31 March 2014, corporate tax liabilities of the Bank was amounted to TL 43,305 (31 December 2013: TL 59,926), after deducting prepaid taxes paid during temporary tax periods amounted to TL 277,397 (31 December 2013: TL 194,599).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	43,305	59,926
Taxation on securities	117,848	89,264
Capital gains tax on property	2,089	1,891
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	45,312	44,809
Value added tax payable	1,881	2,198
Others	40,047	18,151
Total	250,482	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	11	-
Unemployment insurance- employee share	956	579
Unemployment insurance- employer share	1,912	1,157
Other	-	-
Total	2,879	1,736

Information on deferred tax liabilities

Disclosed in Note 13 of information and disclosures related to assets.

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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, with maturity of 10 years and 6.0% coupon rate.

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

The 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.

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.

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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	645,843	79,347	753,211	79,346
Fair value differences of available-for-sale securities	(361,978)	180,253	(324,958)	124,294
Foreign exchange differences	49,432	-	49,433	-
Total	333,297	259,600	477,686	203,640

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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	6,555,275	6,261,117
Loan granting commitments	7,050,010	6,730,503
Commitments for cheque payments	1,343,232	1,320,438
Asset purchase sale commitments	1,939,357	4,175,776
Other	245,178	261,822
Total	17,133,052	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 58,429 (31 December 2013: TL 54,771) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 136,496 (31 December 2013: TL 114,834).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional letters of guarantee	824,235	780,782
Final letters of guarantee	6,248,860	6,262,616
Letters of guarantee for advances	2,618,351	2,617,441
Letters of guarantee given to custom offices	701,682	650,221
Other letters of guarantee	7,980,683	7,584,524
Total	18,373,811	17,895,584

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	2,310,991	1,424,617
<i>With original maturity of 1 year or less</i>	1,741,853	915,858
<i>With original maturity of more than 1 year</i>	569,138	508,759
Other non-cash loans	21,913,902	21,916,762
Total	24,224,893	23,341,379

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3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	77,676	0.53	97,036	1.03	82,111	0.58	102,147	1.13
Farming and Cattle	69,001	0.47	90,760	0.96	73,609	0.52	88,829	0.98
Forestry	7,207	0.05	3,996	0.04	6,919	0.05	11,003	0.12
Fishing	1,468	0.01	2,280	0.03	1,583	0.01	2,315	0.03
Manufacturing	6,555,731	44.37	4,376,199	46.31	6,294,048	44.05	4,055,439	44.79
Mining	122,751	0.83	32,371	0.34	157,070	1.10	65,192	0.72
Production	3,879,903	26.26	4,202,580	44.47	3,598,968	25.19	3,836,908	42.38
Electric, gas and water	2,553,077	17.28	141,248	1.50	2,538,010	17.76	153,339	1.69
Construction	2,834,301	19.18	2,366,741	25.04	2,676,835	18.73	2,194,165	24.24
Services	5,036,624	34.09	2,538,299	26.86	4,954,666	34.68	2,661,023	29.39
Wholesale and retail trade	2,034,630	13.77	1,405,910	14.88	1,995,623	13.97	1,149,683	12.70
Hotel, food and beverage	108,662	0.74	17,504	0.19	100,888	0.71	19,908	0.22
Transportation and	875,108	5.92	1,041,572	11.02	833,163	5.83	1,405,343	15.52
Financial institutions	1,355,979	9.18	12,890	0.14	1,344,214	9.41	33,321	0.37
Real estate and renting	194,142	1.31	25,740	0.27	185,000	1.29	14,871	0.16
Self-employment services	348,469	2.36	21,210	0.22	373,920	2.62	24,229	0.27
Education services	17,596	0.12	1,301	0.01	15,556	0.11	1,644	0.02
Health and social services	102,038	0.69	12,172	0.13	106,302	0.74	12,024	0.13
Others	270,327	1.83	71,959	0.76	280,382	1.96	40,563	0.45
Total	14,774,659	100.00	9,450,234	100.00	14,288,042	100.00	9,053,337	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	14,577,022	3,568,012	97,133	8,046
Confirmed Bills of Exchange and Acceptances	14,254	1,792,315	-	98
Letters of Credit	11,431	4,000,911	-	16,657
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,784	-	-
Non-Cash Loans	14,602,707	9,363,756	97,133	24,801

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 Acceptances	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

5. Information on credit derivatives and related imposed risks

None.

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6. Contingent assets and liabilities

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

7. 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.

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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	625,310	37,924	515,528	37,178
Medium and Long-Term Loans	1,240,509	218,424	1,089,624	166,787
Loans Under Follow-Up	34,394	-	39,792	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1,900,213	256,348	1,644,944	203,965

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	688	242	322	101
Foreign Banks	-	1,092	-	245
Foreign Head Office and Branches	-	-	-	-
Total	688	1,334	322	346

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	358,913	53,806	239,518	58,743
Investments held to maturity	137,567	105	131,655	154
Total	496,480	53,911	371,173	58,897

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	869	1,417

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,748	32,318	1,670	26,117
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,748	747	1,670	981
Foreign Banks	-	31,571	-	25,136
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	4,710	-	1,877
Total	1,748	37,028	1,670	27,994

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Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	11,304	4,047

Interest expense on securities issued

Interest paid to securites issued as at for the three-month period ended 31 March 2014 is TL 98,177 (31 March 2013: 45,518).

Maturity structure of the interest expense on deposits

Account Name	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	35,466	-	-	-	-	-	35,466
Saving deposits	3	4,608	369,517	29,639	8,790	3,404	-	415,961
Public sector deposits	43	40,856	125,152	16,858	10,973	3,574	-	197,456
Commercial deposits	163	57,407	283,126	13,543	6,901	2,073	-	363,213
Other deposits	-	8,569	80,268	9,428	7,413	334	-	106,012
Deposits with 7 days	-	-	-	-	-	-	-	-
Total	209	146,906	858,063	69,468	34,077	9,385	-	1,118,108
FC								
Foreign Currency Deposits	4,682	4,976	74,087	9,416	9,759	20,696	-	123,616
Interbank deposits	-	5,835	-	-	-	-	-	5,835
Deposits with 7 days	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	4,682	10,811	74,087	9,416	9,759	20,696	-	129,451
Total	4,891	157,717	932,150	78,884	43,836	30,081	-	1,247,559

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		
TL								
Interbank deposits	-	13,799	-	-	-	-	-	13,799
Saving deposits	4	3,391	231,537	41,402	2,394	2,693	-	281,421
Public sector deposits	98	22,882	102,508	11,980	4,017	286	-	141,771
Commercial deposits	40	33,719	78,789	39,450	10,895	81	-	162,974
Other deposits	-	8,027	34,860	15,475	4,283	231	-	62,876
Deposits with 7 days	-	-	-	-	-	-	-	-
Total	142	81,818	447,694	108,307	21,589	3,291	-	662,841
FC								
Foreign Currency Deposits	28	3,393	49,536	11,696	4,639	14,346	-	83,638
Interbank deposits	-	8,995	-	-	-	-	-	8,995
Deposits with 7 days	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	28	12,388	49,536	11,696	4,639	14,346	-	92,633
Total	170	94,206	497,230	120,003	26,228	17,637	-	755,474

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3. Information on trading income/losses

	Current Period	Prior Period
Income	2,335,952	419,391
Income from capital market transactions	7,641	50,572
Income from derivative financial instruments	1,078,830	191,578
Foreign exchange gains	1,249,481	177,241
Losses	(2,263,626)	(339,613)
Losses from capital market transactions	(2,913)	(216)
Losses from derivative financial instruments	(1,046,133)	(174,990)
Foreign exchange losses	(1,214,580)	(164,407)
Trading income/losses, net	72,326	79,778

Net gains arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments is amounting to TL 46,390 as at and for the three-month period ended 31 March 2014 (31 March 2013: TL 11,748 net gains).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of specific provisions for loans	162,665	107,413
Communication income	20,630	21,783
Gain on sale of assets	25,020	11,743
Rent income	298	169
Other income	15,390	43,392
Total	224,003	184,500

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	271,208	310,373
<i>Loans and receivables in Group III</i>	57,956	82,049
<i>Loans and receivables in Group IV</i>	203,183	225,390
<i>Loans and receivables in Group V</i>	10,069	2,934
Non-performing commissions and other receivables	-	-
General provision expenses	21,869	60,622
Provision for possible losses	20,086	-
Impairment losses on securities:	31,382	52,420
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	31,382	52,420
Other impairment losses:	16,867	53,647
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	16,867	53,647
Others ^(*)	14,532	75,829
Total	375,944	552,891

(*) Other provision expenses amounting to TL 14,532 (31 March 2013: TL 75,829) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 11,367 (31 March 2013: TL 10,104), free provision expenses amounting to TL 2,142 (31 March 2013: TL 3,350) and other provision expenses amounting to TL 1,023 (31 March 2013: provision expenses for Competition Authority penalty: TL 61,630, other provision expenses: TL 745).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	306,973	255,846
Reserve for Employee Termination Benefits	12,012	7,631
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	27,327	26,392
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	2,902	2,595
Impairment Losses on Assets to be Disposed	378	986
Depreciation Expenses on Assets to be Disposed	3,124	3,549
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	275,695	240,443
<i>Operational lease expenses</i>	43,822	35,510
<i>Repair and maintenance expenses</i>	4,939	4,820
<i>Advertisement expenses</i>	13,580	14,349
<i>Other expenses</i>	213,354	185,764
Loss on sale of assets	1,429	128
Others	103,802	86,952
Total	733,642	624,522

(*) Other operating expenses amounting to TL 103,802 (31 March 2013: TL 86,952) is comprised of provision expenses for dividends to the personnel amounting to TL 30,721 (31 March 2013: TL 26,945), tax, fees and funds expenses amounting to TL 26,852 (31 March 2013: TL 21,199), "Saving Deposits Insurance Fund" expenses amounting to TL 19,972 (31 March 2013: TL 21,610) and other operating expenses amounting to TL 26,257 (31 March 2013: TL 17,198).

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 70,838 (31 March 2013: TL 142,099) 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.

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	4,720	7,384
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(16,220)	1,931
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	(11,500)	9,315

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 2,710,023 interest income, TL 145,105 net fees and commissions income and incurred TL 1,650,875 interest expenses, from ordinary banking transactions (31 March 2013: TL 2,291,534 interest income, TL 177,111 net fees and commissions income TL 946,439 interest expenses).

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

None.

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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.

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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	78,343	696,997	-	27,277	27,356	20,508
Interest and commission income	869	357	-	14	151	16

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	1,417	244	-	9	343	18

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	824,921	1,014,201	939,372	968,601	46,712	46,810
Interest on deposits	11,304	4,047	16,188	6,160	574	108

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	42,888	43,792	-	-	-	-
Sales balance at the end of the period	42,800	42,800	-	-	-	-
Total Profit/ (Loss)	1	-	-	-	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (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 0.12 % (31 December 2013: 0.11%) and 3.07% (31 December 2013: 3.19%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	105,699	0.12
Non-cash loans	744,782	3.07
Deposits	1,811,005	2.18
Forward and option agreements	85,688	0.24

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 2012
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

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

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.

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OTHER DISCLOSURES (Continued)

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

As at 16 April 2014, Bank obtained a syndicated loan at the amounts of US Dollar 270.5 million and 525 million with the interest rates Libor+0.90% and Euribor+0.90% at 1 year maturity with the participation of 35 banks from 16 countries in the coordination of Wells Fargo Bank NA and SMBC Bank (Sumitomo Mitsui Banking Corporation) as agent.

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 three-month period ended 31 March 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 7 May 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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