

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2015**

**(Convenience Translation of Publicly Announced Unconsolidated
Financial Statements and Independent Auditor's Report
Originally Issued in Turkish,
See in Note I. of Section Three)**



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

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

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as at 31 December 2015 and the related unconsolidated statement of income, unconsolidated income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, other regulations on accounting records of Banks published by BRSA, circulars and interpretations published by BRSA, and Turkish Accounting Standards for the matters not regulated by the aforementioned legislations and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and Independent Auditing Standards that are part of Turkish Standards on Auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by bank's management, as well as evaluating the overall presentation of the financial statements.

We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at 31 December 2015 and the results of its operations and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Responsibilities Arising From Regulatory Requirements

In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2015 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying 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

Zeynep Uras, SMMM
Partner

Istanbul, 11 February 2016

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
AS OF 31 DECEMBER 2015**

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The unconsolidated financial report as at and for the year ended 31 December 2015, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes that were independently audited, 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 financial report is presented in thousands of Turkish Lira (TL), and has been independently audited.

11 February 2016

Ramazan GÜNDÜZ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Deputy Chairman of the
Board and Audit
Committee Member

Sabahattin BİRDAL
Board member and
Audit Committee Member

Halil AYDOĞAN
General Manager and
Board Member

Metin Recep ZAFER
Assistant General Manager

Ferkan MERDAN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015**

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

As at 31 December 2015 and 31 December 2014, the Bank’s paid-in capital is TL 2,500,000, divided into 250,000,000,000 shares with each has a nominal value of Kr 1.

The Bank’s shareholders structure as at 31 December 2015 is as 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
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,224,785	386,225	15.45
Other appendant foundations (Group B)	3,091,997	3,092	0.13
Other registered foundations (Group B)	1,448,543	1,448	0.06
Other real persons and legal entities (Group C)	1,532,753	1,533	0.06
Publicly traded (Group D)	630,090,616	630,091	25.20
Total	2,500,000,000	2,500,000	100.00

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015**

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

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	37 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	32 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	38 years
İsmail ALPTEKİN	Member	6 April 2009	University	17 years
Dr.Adnan ERTEM	Member	28 October 2010	PHD	27 years
Sabahattin BİRDAL	Member	31 March 2014	University	38 years
Öztürk ORAN	Member	30 April 2014	University	40 years
Şeref AKSAÇ	Member	30 April 2014	University	33 years
<u>Audit Committee</u>				
Mehmet Emin ÖZCAN	Member	4 April 2014	University	32 years
Sabahattin BİRDAL	Member	4 April 2014	University	38 years
<u>Auditor</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	38 years
Yunus ARINCI	Auditor	19 March 2010	Master	18 years
<u>Assistant Managers</u>				
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant	13 June 2006	PHD	20 years
Hasan ECESOY	Treasury, International Relations and Investor Relations, Coordination of Foreign Branches	18 June 2010	PHD	22 years
Serdar SATOĞLU	Private Banking, Associates	2 July 2010	PHD	20 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	19 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	Master	25 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	20 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations	28 October 2013	University	22 years
Mehmet Emin KARAAĞAÇ	Loans and Follow-up, Legal Affairs	8 November 2013	University	26 years

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015**

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

GENERAL INFORMATION (Continued)

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

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

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

IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS

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

The shareholder holding control over the Bank is the General Directorate of the Foundations and Appendant foundations represented by the General Directorate of the Foundations having 58.45% of the Bank’s outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Bank.

V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE 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 December 2015, the Bank has 917 domestic, 3 foreign, in total 920 branches (31 December 2014: 890 domestic, 3 foreign, in total 893 branches). As at 31 December 2015, the Bank has 15,410 employees (31 December 2014: 14,920 employees).

VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES

None.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**SECTION TWO
UNCONSOLIDATED
FINANCIAL STATEMENTS**

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2015**

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

ASSETS	Notes	Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,133,980	19,350,809	21,484,789	4,126,328	17,758,651	21,884,979
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	739,339	146,128	885,467	343,094	37,101	380,195
2.1 Financial assets held for trading purpose		739,339	146,128	885,467	343,094	37,101	380,195
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	739,339	146,128	885,467	342,475	37,101	379,576
2.1.4 Other securities		-	-	-	619	-	619
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	V-I-3	370,201	4,864,065	5,234,266	14,733	2,555,887	2,570,620
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	12,100,346	4,673,623	16,773,969	12,629,821	3,693,476	16,323,297
5.1 Equity securities		15	79,238	79,253	15	-	15
5.2 Debt securities issued by the governments		12,100,331	4,594,385	16,694,716	12,629,806	3,693,476	16,323,282
5.3 Other securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	V-I-5	88,430,947	35,349,706	123,780,653	76,682,669	27,900,848	104,583,517
6.1 Performing loans and receivables		87,624,772	35,349,706	122,974,478	76,442,594	27,900,848	104,343,442
6.1.1 Loans provided to risk group	V-VII-1	86,394	60,304	146,698	57,996	22,347	80,343
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Other		87,538,378	35,289,402	122,827,780	76,384,598	27,878,501	104,263,099
6.2 Loans under follow-up		4,850,213	-	4,850,213	3,974,372	-	3,974,372
6.3 Specific provisions (-)		4,044,038	-	4,044,038	3,734,297	-	3,734,297
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	7,546,748	130,981	7,677,729	6,761,749	92,844	6,854,593
8.1 Debt securities issued by the governments		7,546,748	-	7,546,748	6,761,749	-	6,761,749
8.2 Other securities		-	130,981	130,981	-	92,844	92,844
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	270,290	-	270,290	305,469	-	305,469
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		270,290	-	270,290	305,469	-	305,469
9.2.1 Financial associates		258,890	-	258,890	294,069	-	294,069
9.2.2 Non-Financial associates		11,400	-	11,400	11,400	-	11,400
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	1,170,175	434,144	1,604,319	1,110,389	321,124	1,431,513
10.1 Unconsolidated financial subsidiaries		916,026	434,144	1,350,170	866,473	321,124	1,187,597
10.2 Unconsolidated non-financial subsidiaries		254,149	-	254,149	243,916	-	243,916
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 Other		-	-	-	-	-	-
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)	V-I-12	1,378,858	4,292	1,383,150	707,628	1,372	709,000
XV. INTANGIBLE ASSETS (Net)	V-I-13	171,277	-	171,277	140,639	111	140,750
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		171,277	-	171,277	140,639	111	140,750
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	-	-	-	-	-	-
XVII. TAX ASSETS		15,421	-	15,421	72,437	-	72,437
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-15	15,421	-	15,421	72,437	-	72,437
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	994,964	-	994,964	745,883	-	745,883
18.1 Assets held for sale		994,964	-	994,964	745,883	-	745,883
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	1,638,950	1,031,880	2,670,830	1,556,242	659,231	2,215,473
TOTAL ASSETS		116,961,496	65,985,628	182,947,124	105,197,081	53,020,645	158,217,726

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2015**

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

LIABILITIES AND EQUITY		Notes	Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	76,470,518	33,452,016	109,922,534	65,703,337	26,053,631	91,756,968
1.1	Deposits of the risk group	V-VII-1	1,625,019	185,477	1,810,496	1,511,586	216,777	1,728,363
1.2	Other deposits		74,845,499	33,266,539	108,112,038	64,191,751	25,836,854	90,028,605
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	139,504	150,085	289,589	54,233	196,019	250,252
III.	FUNDS BORROWED	V-II-3	332,783	18,223,214	18,555,997	887,938	14,039,110	14,927,048
IV.	INTERBANK MONEY MARKET		9,340,604	3,403,437	12,744,041	9,793,634	6,591,668	16,385,302
4.1	Interbank money market takings		1,150,343	-	1,150,343	200,000	-	200,000
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		8,190,261	3,403,437	11,593,698	9,593,634	6,591,668	16,185,302
V.	SECURITIES ISSUED (Net)	V-II-3	3,128,044	7,419,715	10,547,759	2,913,190	7,544,567	10,457,757
5.1	Bills		3,128,044	-	3,128,044	2,913,190	-	2,913,190
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	7,419,715	7,419,715	-	7,544,567	7,544,567
VI.	FUNDS		4,228	-	4,228	20,089	-	20,089
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Other		4,228	-	4,228	20,089	-	20,089
VII.	MISCELLANEOUS PAYABLES		3,539,365	620,852	4,160,217	2,937,216	223,199	3,160,415
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	601,292	1,770,238	2,371,530	517,101	938,558	1,455,659
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	2,906,753	17,019	2,923,772	2,424,177	12,962	2,437,139
12.1	General provisions	V-II-7	1,944,150	13,453	1,957,603	1,591,002	12,240	1,603,242
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		674,894	-	674,894	603,083	-	603,083
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	287,709	3,566	291,275	230,092	722	230,814
XIII.	TAX LIABILITIES	V-II-8	488,757	1,678	490,435	456,288	1,029	457,317
13.1	Current tax liabilities		488,757	1,678	490,435	456,288	1,029	457,317
13.2	Deferred tax liabilities	V-I-15	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	4,169,474	4,169,474	-	2,138,030	2,138,030
XVI.	EQUITY		16,336,411	431,137	16,767,548	14,396,856	374,894	14,771,750
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,972,304	431,137	2,403,441	1,680,852	374,894	2,055,746
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	399,276	431,137	830,413	842,075	374,894	1,216,969
16.2.4	Revaluation surplus on tangible assets		830,149	-	830,149	45,637	-	45,637
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	69,222	-	69,222
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		(50,261)	-	(50,261)	-	-	-
16.3	Profit reserves		9,933,998	-	9,933,998	8,462,731	-	8,462,731
16.3.1	Legal reserves		1,174,010	-	1,174,010	1,012,796	-	1,012,796
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		8,329,529	-	8,329,529	7,214,708	-	7,214,708
16.3.4	Other profit reserves		430,459	-	430,459	235,227	-	235,227
16.4	Profit or loss		1,930,109	-	1,930,109	1,753,273	-	1,753,273
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		1,930,109	-	1,930,109	1,753,273	-	1,753,273
TOTAL LIABILITIES AND EQUITY			113,288,259	69,658,865	182,947,124	100,104,059	58,113,667	158,217,726

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED OFF-BALANCE SHEET ITEMS
AS AT 31 DECEMBER 2015**

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

	Notes	Audited Current Period 31 December 2015			Audited Prior Period 31 December 2014		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		54,047,046	63,505,765	117,552,811	42,543,635	48,918,083	91,461,718
I. GUARANTEES AND SURETIES	V-III-2-4	22,083,837	10,984,524	33,068,361	16,863,185	11,770,738	28,633,923
1.1 Letters of guarantee		21,980,769	4,810,034	26,790,803	16,842,349	4,610,122	21,452,471
1.1.1 Guarantees subject to State Tender Law		2,542,809	2,199,589	4,742,398	1,869,107	2,266,261	4,135,368
1.1.2 Guarantees given for foreign trade operations		1,030,530	-	1,030,530	913,389	-	913,389
1.1.3 Other letters of guarantee		18,407,430	2,610,445	21,017,875	14,059,853	2,343,861	16,403,714
1.2 Bank acceptances		86,762	1,389,251	1,476,013	20,836	1,943,257	1,964,093
1.2.1 Import letter of acceptance		1,590	189,471	191,061	2,190	78,990	81,180
1.2.2 Other bank acceptances		85,172	1,199,780	1,284,952	18,646	1,864,267	1,882,913
1.3 Letters of credit		16,306	4,772,403	4,788,709	-	5,212,911	5,212,911
1.3.1 Documentary letters of credit		16,306	4,772,403	4,788,709	-	5,212,911	5,212,911
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	2,314	2,314	-	1,845	1,845
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	10,522	10,522	-	2,603	2,603
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		21,439,019	13,120,948	34,559,967	19,162,556	7,458,391	26,620,947
2.1 Irrevocable commitments		19,031,959	3,730,953	22,762,912	17,652,664	2,640,634	20,293,298
2.1.1 Asset purchase commitments	V-III-1	112,420	3,730,953	3,843,373	46,228	2,640,634	2,686,862
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	-	-	-	-	-	-
2.1.4 Loan granting commitments	V-III-1	8,482,816	-	8,482,816	8,053,342	-	8,053,342
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	1,805,569	-	1,805,569	1,638,976	-	1,638,976
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	7,399,361	-	7,399,361	7,641,987	-	7,641,987
2.1.10 Commitments for credit card and banking operations promotions		196,037	-	196,037	247,938	-	247,938
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1,035,756	-	1,035,756	24,193	-	24,193
2.2 Revocable commitments		2,407,060	9,389,995	11,797,055	1,509,892	4,817,757	6,327,649
2.2.1 Revocable loan granting commitments		2,407,060	9,389,995	11,797,055	1,509,892	4,817,757	6,327,649
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	10,524,190	39,400,293	49,924,483	6,517,894	29,688,954	36,206,848
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		10,524,190	39,400,293	49,924,483	6,517,894	29,688,954	36,206,848
3.2.1 Forward foreign currency purchases/sales		211,514	257,246	468,760	242,929	312,275	555,204
3.2.1.1 Forward foreign currency purchases		106,014	128,693	234,707	121,619	156,202	277,821
3.2.2.2 Forward foreign currency sales		105,500	128,553	234,053	121,310	156,073	277,383
3.2.2 Currency and interest rate swaps		9,442,940	30,544,698	39,987,638	5,631,655	22,183,274	27,814,929
3.2.2.1 Currency swaps-purchases		4,382,013	12,050,672	16,432,685	1,659,308	10,977,077	12,636,385
3.2.2.2 Currency swaps-sales		4,160,927	6,080,268	10,241,195	3,772,347	3,927,959	7,700,306
3.2.2.3 Interest rate swaps-purchases		450,000	6,206,879	6,656,879	100,000	3,639,119	3,739,119
3.2.2.4 Interest rate swaps-sales		450,000	6,206,879	6,656,879	100,000	3,639,119	3,739,119
3.2.3 Currency, interest rate and security options		258,134	255,396	513,530	385,290	671,258	1,056,548
3.2.3.1 Currency call options		65,004	185,976	250,980	192,645	335,629	528,274
3.2.3.2 Currency put options		193,130	69,420	262,550	192,645	335,629	528,274
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Other		611,602	8,342,953	8,954,555	258,020	6,522,147	6,780,167
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		899,689,613	421,931,972	1,321,621,585	706,821,902	298,845,575	1,005,667,477
IV. ITEMS HELD IN CUSTODY		74,007,877	3,193,339	77,201,216	58,297,898	2,105,489	60,403,387
4.1 Customers' securities held		-	28,306	28,306	-	22,567	22,567
4.2 Investment securities held in custody		63,189,794	118,086	63,307,880	48,295,375	94,082	48,389,457
4.3 Checks received for collection		8,967,543	2,282,378	11,249,921	8,300,087	1,452,398	9,752,485
4.4 Commercial notes received for collection		1,065,285	310,417	1,375,702	1,129,279	182,687	1,311,966
4.5 Other assets received for collection		2,152	116	2,268	2,152	93	2,245
4.6 Assets received through public offering		-	-	-	-	6,818	6,818
4.7 Other items under custody		309	48,883	49,192	309	77,724	78,033
4.8 Custodians		782,794	405,153	1,187,947	570,696	269,120	839,816
V. PLEDGED ITEMS		235,391,497	82,272,386	317,663,883	180,351,054	59,408,743	239,759,797
5.1 Securities		435,193	14,171	449,364	241,614	18,614	260,228
5.2 Guarantee notes		792,339	429,076	1,221,415	943,912	232,965	1,176,877
5.3 Commodities		28,164,121	681,732	28,845,853	25,696,626	590,812	26,287,438
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		191,738,765	67,309,165	259,047,930	142,283,678	47,319,679	189,603,357
5.6 Other pledged items		13,657,901	13,683,601	27,341,502	10,332,202	11,114,594	21,446,796
5.7 Pledged items-depository		603,178	154,641	757,819	853,022	132,079	985,101
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		590,290,239	336,466,247	926,756,486	468,172,950	237,331,343	705,504,293
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		953,736,659	485,437,737	1,439,174,396	749,365,537	347,763,658	1,097,129,195

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

	Notes	Audited Current Period 1 January 2015- 31 December 2015	Audited Prior Period 1 January 2014- 31 December 2014
I. INTEREST INCOME		13,630,050	11,373,587
1.1 Interest income from loans	V-IV-1	11,529,678	9,326,415
1.2 Interest income from reserve deposits		38,684	2,015
1.3 Interest income from banks	V-IV-1	10,622	7,006
1.4 Interest income from money market transactions		-	380
1.5 Interest income from securities portfolio	V-IV-1	2,049,544	2,035,273
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		1,393,700	1,475,012
1.5.4 Held-to-maturity investments		655,844	560,261
1.6 Finance lease income		-	-
1.7 Other interest income		1,522	2,498
II. INTEREST EXPENSE		8,143,569	6,722,109
2.1 Interest expense on deposits	V-IV-2	6,131,010	5,044,633
2.2 Interest expense on funds borrowed	V-IV-2	260,836	167,476
2.3 Interest expense on money market transactions		881,816	912,931
2.4 Interest expense on securities issued	V-IV-2	596,952	450,732
2.5 Other interest expenses		272,955	146,337
III. NET INTEREST INCOME (I – II)		5,486,481	4,651,478
IV. NET FEES AND COMMISSIONS INCOME		921,084	709,334
4.1 Fees and commissions received		1,403,631	1,145,329
4.1.1 Non-cash loans		186,862	162,814
4.1.2 Others		1,216,769	982,515
4.2 Fees and commissions paid		482,547	435,995
4.2.1 Non-cash loans		166	206
4.2.2 Others		482,381	435,789
V. DIVIDEND INCOME	V-IV-3	62,219	66,288
VI. TRADING INCOME/LOSSES (Net)	V-IV-4	99,474	223,119
6.1 Trading account income/losses	V-IV-4	46,127	174,760
6.2 Income/losses from derivative financial instruments	V-IV-4	(13,176)	(51,247)
6.3 Foreign exchange gains/losses	V-IV-4	66,523	99,606
VII. OTHER OPERATING INCOME	V-IV-5	1,048,278	1,345,534
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		7,617,536	6,995,753
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	1,537,060	1,671,867
X. OTHER OPERATING EXPENSES (-)	V-IV-7	3,610,183	3,110,210
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2,470,293	2,213,676
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)		2,470,293	2,213,676
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-11	(540,184)	(460,403)
16.1 Current tax charges		(404,310)	(601,519)
16.2 Deferred tax credits		(135,874)	141,116
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-12	1,930,109	1,753,273
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-12	1,930,109	1,753,273
Profit/Loss per 100 shares (full TL)	III-XXIVI	0.7720	0.7013

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS'
EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2015

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

GAINS AND LOSSES RECOGNIZED IN EQUITY	Audited Current Period 1 January 2015- 31 December 2015	Audited Prior Period 1 January 2014- 31 December 2014
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(567,255)	786,981
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	577,256	-
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	76,831	(140,919)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	78,857	(143,906)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	165,689	502,156
XI. CURRENT PERIOD'S PROFIT/(LOSS)	1,930,109	1,753,273
11.1 Change in fair value of securities (transfers to the statement of income)	35,471	168,110
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	1,894,638	1,585,163
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	2,095,798	2,255,429

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

AUDITED	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellat ion 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 December 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	-	-	-	-	-	-	-	-	-	-	535,643	-	-	-	-	535,643	-	535,643
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.	Other	-	-	-	-	-	-	-	(30,888)	-	-	-	-	-	-	-	(30,888)	-	(30,888)
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	1,753,273	-	-	-	-	-	-	1,753,273	-	1,753,273
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	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	1,012,796	-	7,214,708	235,227	1,753,273	-	1,216,969	45,637	69,222	-	-	14,771,750	-	14,771,750

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

AUDITED	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellat ion 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	Shareholders ' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
CURRENT PERIOD – 31 December 2015																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	1,012,796	-	7,214,708	235,227	-	1,753,273	1,216,969	45,637	69,222	-	-	14,771,750	-	14,771,750
	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(386,556)	-	-	-	-	(386,556)	-	(386,556)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	548,390	-	-	-	548,390	-	548,390
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	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.	Other	-	-	-	-	-	-	-	3,855	-	-	-	-	-	-	-	3,855	-	3,855
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	1,930,109	-	-	-	-	-	-	-	1,930,109	-	1,930,109
XVIII.	Profit distribution	-	-	-	-	161,214	-	1,114,821	141,116	-	(1,753,273)	-	236,122	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	VI-1	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	VI-1	-	-	-	161,214	-	1,114,821	141,116	-	(1,653,273)	-	236,122	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period	2,500,000	-	723,918	-	1,174,010	-	8,329,529	380,198	1,930,109	-	830,413	830,149	69,222	-	-	16,767,548	-	16,767,548

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AT 31 DECEMBER 2015**

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

	Notes	Audited Current Period 31 December 2015	Audited Prior Period 31 December 2014
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,731,346	2,632,569
1.1.1 Interests received		12,803,948	10,469,845
1.1.2 Interests paid		(7,982,534)	(6,661,702)
1.1.3 Dividends received		36,072	43,703
1.1.4 Fee and commissions received		1,403,631	1,145,329
1.1.5 Other income		92,949	438,067
1.1.6 Collections from previously written-off loans and other receivables		1,010,359	705,404
1.1.7 Payments to personnel and service suppliers		(1,567,534)	(1,277,830)
1.1.8 Taxes paid		(675,074)	(540,885)
1.1.9 Other	VI-1	(2,390,471)	(1,689,362)
1.2 Changes in operating assets and liabilities		(3,130,897)	(3,362,318)
1.2.1 Net (increase) decrease in financial assets held for trading purpose		619	(619)
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(2,251,770)	(345,470)
1.2.4 Net (increase) decrease in loans		(20,095,511)	(18,811,158)
1.2.5 Net (increase) decrease in other assets		(195,002)	109,081
1.2.6 Net increase (decrease) in bank deposits		720,842	716,239
1.2.7 Net increase (decrease) in other deposits		17,370,140	9,494,361
1.2.8 Net increase (decrease) in funds borrowed		3,621,335	3,517,964
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	VI-1	(2,301,550)	1,957,284
I. Net cash flow from banking operations		(399,551)	(729,749)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1,544,382)	(195,210)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	(205,714)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(738,506)	(175,892)
2.4 Proceeds from disposal of tangible assets		582,358	312,382
2.5 Cash paid for purchase of available-for-sale financial assets		(4,213,523)	(5,677,045)
2.6 Proceeds from disposal of available-for-sale financial assets		3,355,028	6,819,996
2.7 Cash paid for purchase of held-to-maturity investments		(1,610,704)	(2,698,603)
2.8 Proceeds from disposal of held-to-maturity investments		1,129,187	1,475,540
2.9 Other	VI-1	(48,222)	(45,874)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		1,949,710	3,423,195
3.1 Cash obtained from funds borrowed and securities issued		9,872,371	8,649,309
3.2 Cash used for repayment of funds borrowed and securities issued		(7,822,661)	(5,126,114)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(100,000)	(100,000)
3.5 Repayments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-1	12,178	6,249
V. Net increase in cash and cash equivalents		17,955	2,504,485
VI. Cash and cash equivalents at the beginning of the period	VI-4	8,182,469	5,677,984
VII. Cash and cash equivalents at the end of the period	VI-4	8,200,424	8,182,469

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

	Notes	Current Period 31 December 2015	Prior Period 31 December 2014
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT YEAR'S PROFIT	2,470,293	2,213,676
1.2	TAXES PAYABLE AND LEGAL DUTIES	(540,184)	(460,403)
1.2.1	Corporate tax (income tax)	(404,310)	(601,519)
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties(**)	(135,874)	141,116
A.	NET PROFIT FOR THE YEAR	1,930,109	1,753,273
1.3	DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	-	(141,116)
B.	NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME	1,930,109	1,612,157
1.4	ACCUMULATED LOSSES	-	-
1.5	FIRST LEGAL RESERVES	-	(80,607)
1.6	OTHER STATUTORY RESERVES	-	(80,607)
C.	NET PROFIT AVAILABLE FOR DISTRIBUTION (*)	-	1,450,943
1.7	FIRST DIVIDEND TO SHAREHOLDERS	-	100,000
1.7.1	To owners of ordinary shares	-	100,000
1.7.2	To owners of privileged shares	-	-
1.7.3	To owners of redeemed shares	-	-
1.7.4	To profit sharing bonds	-	-
1.7.5	To holders of profit and loss sharing certificates	-	-
1.8	DIVIDENDS TO PERSONNEL (*)	-	-
1.9	DIVIDENDS TO BOARD OF DIRECTORS	-	-
1.10	SECOND DIVIDEND TO SHAREHOLDERS	-	-
1.10.1	To owners of ordinary shares	-	-
1.10.2	To owners of privileged shares	-	-
1.10.3	To owners of redeemed shares	-	-
1.10.4	To profit sharing bonds	-	-
1.10.5	To holders of profit and loss sharing certificates	-	-
1.11	SECOND LEGAL RESERVES	-	-
1.12	STATUS RESERVES	-	-
1.13	EXTRAORDINARY RESERVES	-	1,114,821
1.14	OTHER RESERVES	-	-
1.15	SPECIAL FUNDS	-	236,122
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTION OF RESERVES	-	-
2.2	SECOND LEGAL RESERVES	-	-
2.3	DIVIDENDS TO SHAREHOLDERS	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (**)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES (Per 100 shares)	0.7720	0.7013
3.2	TO OWNERS OF ORDINARY SHARES (%)	77.20	70.13
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES (Per 100 shares)	-	0.0400
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	4.00
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2015 profit distribution is not taken.

(**) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

The accounting policies and valuation principles applied in the preparation of these financial statements are explained in detail 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

Core operations of the Bank, are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking in accordance with the requirements of its economic development while utilizing foundation resources. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank accepts deposits consisting various maturities as the main source of funding with deposits being in high return as well as carefully utilizing them in high quality financial activities.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

ACCOUNTING POLICIES (Continued)

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

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 gives 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 to liquidity risk, exchange risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the shareholders’ equity.

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 and have lower return. The Bank can take various positions on 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 which is the functional currency of the Bank. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Turkish Lira by using the prevailing exchange. 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, they are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

III. INFORMATION OF ASSOCIATES AND SUBSIDIARIES

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

The derivative transactions mainly consist of currency and interest rate swaps, precious 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. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Subsequent to initial recognition derivative transactions are measured at their fair value and, if the fair value is positive, it is recorded in the balance sheet under “Derivative financial assets held for trading purpose” or if the fair value is negative, it is recorded in the balance sheet under “Derivative financial liabilities held for trading purpose”. As the result of related measurements to fair value changes of derivative transactions are recognized in the statement of income.

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Interest income and expense are recognized according to the effective interest method based on accrual basis. According to the TAS 39 - Financial Instruments: Recognition and Measurement, 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 with transactions costs and is not modified thereafter.

In accordance with Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

VI. INFORMATION ON FEES AND COMMISSIONS

Banking service income is recorded as income when they are collected. Other fee and commission income are transferred to profit/loss accounts according to the principle of periodicity on the basis of accrual using the principle of the effective interest method. Fee and commission expenses are recorded as expense at the time they are paid.

VII. INFORMATION ON FINANCIAL ASSETS AND FOOTNOTES

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.

According to TAS 39 – Financial Instruments: Recognition and Measurement, 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.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS AND FOOTNOTES (Continued)

Financial assets at fair value through profit or loss

The financial assets included in this group are, "Trading financial assets" and "Financial assets at fair value through profit or loss classified as financial assets" as it is divided into two separate titles.

Financial assets held for trading 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.

Financial assets at fair value through profit or loss classified as financial assets are financial assets which are not acquired for trading, however during initial recognition with transaction costs and classified as fair value through profit or loss. Such an asset is not present in our Bank's portfolio.

Both 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.

Available-for-sale financial assets

Available-for-sale financial assets are the financial assets other than loans and receivables, held-to-maturity investments and financial assets at fair value through profit or loss. 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 valuation differences under shareholder's equity are transferred directly to the statement of income.

Held to maturity investments

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.

Financial assets classified as held to maturity investment however sold before its' maturity or reclassified, are not allowed to be classified as held to maturity investment for two years with respect to TAS 39 rules. There are no financial assets in the Bank's portfolio contradictory to the standard.

Held-to-maturity investments, subsequent to initial recognition, are measured at amortized cost using effective interest method after deducting impairments, if any.

Loans and receivables

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, which are not quoted in an active market and not classified as a securities.

Loans and receivables are initially recognized with their purchase and carried at their amortized costs using the internal rate of return at the subsequent recognition.

Foreign currency ("FC") granted loans are recognized in original currency and is subject to evaluation with the buying rate of Turkish Lira. Foreign currency indexed loans, are converted to Turkish Lira (TP) at the rate of the opening date and in the following periods, according to changes in period exchange rate on the income statement in the foreign exchange gains / losses are recorded in the accounts.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

A financial asset or group of financial assets, can be considered as impaired only if one or multiple events (damage/loss event) occur and in the conclusion of the impact to related financial asset or financial assets estimation in a reliable manner to the estimated future cash flows after its initial recognition. In such a situation, the financial asset is exposed to impairment and impairment loss occurs. The matters of determination of impairment and provision must be considered within the scope of TAS 36 - Impairment of Assets.

In circumstances of impairment in financial assets at fair value through profit/loss or in financial assets available for sale, the impairment should be recognized under “Impairment Losses on Securities” account.

In case of impairment losses on investment securities held-to-maturity occurs related loss amount to be discounted at the original effective interest rate of the asset's estimated future cash flows are measured as the difference between the present value and the book value of the asset through to be recognized as loss of the said difference amount book value is reduced.

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

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

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are reported in the balance sheet as net amount in the cases of the Bank’s right and right to sanction to finalize and have the intention to receive/pay related financial asset or liability over the recognized amount or have the right to finalize the related asset and liability simultaneously.

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements (“repo”) are classified under “Held for trading purpose”, “Available for sale” and/or “Held-to-maturity” portfolios according to their holding purposes in the Bank’s portfolio, 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 of balance sheet date.

Securities purchased under resale agreements (“reverse repo”) are classified in balance sheet under “Money Market Takings” separately. The income accrual is calculated for the securities purchased under resale agreements via the difference between buying and selling prices on the balance sheet date.

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ACCOUNTING POLICIES (Continued)

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

The Bank has no discontinued operations.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill on financial statements.

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.

Estimated useful lives of the Bank’s intangible assets are 3-15 years, and amortisation rates are between 6.67% and 33.33%.

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of 31 December 2004 are considered as their historical costs. Tangible assets purchased after 1 January 2005 were recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any. The Bank decided to pursue the properties for use according to their fair values in terms of separating the land and buildings within the context of TAS 16 “Turkish Accounting Standard on Property, Plant and Equipment” after the change in the accounting policy as of 30 September 2015. As a result of the valuation from the independent appraisal company, revaluation difference of TL 548,449 after deferred tax effect is followed under the revaluation surplus on tangible assets under shareholders’ equity (As of 31 December 2015, this difference is TL 548,390).

As of 31 December 2015, the conformity between net book value that was calculated based on the cost of properties for use and revaluated values are as follows;

	31 December 2015
Fair value	909,191
Net book value calculated on cost value	331,935
Before tax revaluation differences	577,256
Calculated deferred tax liability (-)	(28,866)
Revaluation differences-net	548,390

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 costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. Depreciation rates and estimated useful lives are:

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

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

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

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES

Leasing activities

Risks and benefits on leasing activities that belongs to lessee is termed TAS 17- Leasing activities that belongs to financial leasing.

- *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 an 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. Provision for losses is calculated for decrease of the value of the assets that is obtained by this way. Depreciation for assets obtained through financial lease, is calculated in the same manner as tangible assets.

- *Finance leasing transactions as lessor*

The Bank does not perform as a lessor on leasing transactions.

Operational leases

Operational leasing is defined as activities except financial leasing. Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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 unplanned or unexpected 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.

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ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor 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 December 2015 is TL 3,828 (full TL) (31 December 2014: TL 3,438 (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 December 2015 and 31 December 2014, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	%10.20	%8.60
Estimated Inflation Rate	%7.10	%6.50
Increase in Real Wage Rate	%8.10	%7.50

Other benefits to employees

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period (unused vacations, premium and dividend) as per services rendered in compliance with TAS 19 in the accompanying unconsolidated financial statements.

According to TAS 19, actuarial gains and losses have been accounted in “Other Capital Reserves” shown under “Equity” associated with “The Statement of Gains and Losses Recognized in Equity” for the respective reporting periods.

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ACCOUNTING POLICIES (Continued)

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

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.

As part of Social Security Law’s 506 numbered, temporary article no.23, monthly income or salary is eligible for those disabled with fund’s associates, senility and death insurance is subjected according to the first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law no.5411, issued in the 1 November 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court’s 22 March 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on 15 December 2007 in the Official Gazette no. 26731. The reason for the cancellation decision by Constitutional Court was stated as possible future losses on acquired rights of Fund members.

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

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

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

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

Law requires the transfer to be completed in three years beginning from 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated 3 May 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 published in Official Gazette dated 30 April 2014 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335.

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

The technical financial statements of the Fund are audited by the certified actuary according to the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2016 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at 31 December 2015.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

Corporate tax rate is 20% in Turkey according to Article 32 of the Corporate Taxes Law No. 5520. 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.

75% of the associate shares that hold at least 2 years and profits from property sales are exceptional from corporate taxes if there is a capital increase according to Corporate Tax Law or it is hold for a 5 years on special fund account. The Bank follows these profits in “Revaluation surplus on tangible assets” under the equity.

75% revenue of the sales from the firms that follows up for their debts and their guarantors’ and mortgagor’ properties, associate shares, founder shares, redeemed shares and privileges are exceptional from the corporate taxes.

Advance tax that is calculated 20% of the profit from the quarterly period has to be paid on 17th in the two months followed which is declared on 14th of the same month. Advance tax which is paid during the year is to be set off on corporate taxes that calculates on corporate tax return. Taxes paid is to collect in cash or is to set off on other financial debts.

According to tax legislation, financial losses which are not exceed over 5 years can be deducted from profit of the company. Losses can not be set off from retained earnings.

There is no practice about reaching an agreement with laws in Turkey. Corporate taxes are paid on 25th of the fourth month that is followed form the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records and change the amount if there is a wrong transaction.

Corporation tax legislation for the foreign branches

Bahrain (Manama)

Bahrain branch is non taxable because there is no corporate tax practice in that country. Bahrain branch’ income is added to headquarters income and it is taxed in Turkey according to Law No. 5520 on Corporate Tax Laws published in the Official Gazette dated 05.06.2012, numbered B.07.1.GİB.4.99.16.02-KVK-5/1-b-128.

North Iraq (Erbil)

Erbil branch is taxable according to the country’s law legislation. Declaration of financial records and their tax payments are differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

USA (New York)

New York branch is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Turkey.

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XVII. INFORMATION ON TAXATION (Continued)

Banking and Insurance Transaction Tax

Banking and insurance transaction tax is arranged by the Law No. 6802 on Expenditure Taxes Law. Excluding the banks’ and insurance companies’ transactions according to Law No. 3226 on Leasing Law Legislation which is dated 10.6.1985, the collecting money in cash or by approximation is subject to banking and insurance transaction tax. Those amounts are up to 5% banking and insurance transaction tax according to Law No. 6802 on Expenditure Taxes Law’s 33. Notice and Article No. 98/11591.

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, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

According to 8 December 2004 BRSA DZM 2/13/1-a-3 notice;

- There is no deferred tax assets on general provision
- Deferred tax income is not considered on distribution on profit.

Deferred taxes’ book value is revised in every balance sheet date. Deferred tax book value can be reduced if there is improbable to create revenue.

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

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

Transfer Pricing

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

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

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ACCOUNTING POLICIES (Continued)

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XIX. ADDITIONAL INFORMATION ON BORROWINGS

The Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Bank has started to obtain funds through domestic and international bonds since August 2011.

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

The bank is not hedging about debt instruments.

XX. 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.

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at 31 December 2015 and 31 December 2014, the Bank does not have any government incentives.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Reporting according to the operational segment is presented in Note X of Section Four.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS

Earnings per shares

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

As at and for the year ended 31 December 2015, earnings per 100 shares are full TL 0.7720 (31 December 2014: full TL 0.7013).

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.

Classifications

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. CAPITAL ADEQUACY RATIO

The Bank’s unconsolidated capital adequacy ratio is 14.52 % (31 December 2014: 13.96%).

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 Official Gazette no. 28337 dated 28 June 2012 and “Regulation on the Equity of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

The data used in calculation of capital adequacy ratio is organized in accordance with the accounting records prepared in compliance with the current legislation. Besides, the Bank classifies these data as “Trading Book” and “Banking Book”; and takes into account in the calculation of market risk and credit risk accordingly. Operational risks are also included in the calculation of capital adequacy ratio.

In the calculation of risk-based amounts, the Bank classifies its receivables into risk groups described in 6th article of the Regulation and considers the ratings and risk mitigating elements. The amounts are evaluated in the related risk weight group, accordingly. The Bank applies “basic financial guarantee method” in the consideration of risk mitigating elements for banking book accounts.

Trading book accounts and the items deducted from the capital base are not included in the calculation of credit risk. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”, subjected to risk mitigation in accordance with the “Communiqué on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the Regulation.

In the calculation of their risk-based values, Derivative Financial Instruments and Credit Derivative Contracts which are accounted in banking book, the receivable amounts due to counter parties are multiplied by the rates stated in the Appendix 2 of the Regulation, subjected to risk mitigation in accordance with the “Communiqué on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the same Regulation. In compliance with Article 5 of the Regulation, repo transactions, investment securities and commodity lending transactions are accounted for “Counterparty Credit Risk”. The Bank applies “Fair Value Measurement” in the calculation of “Counterparty Credit Risk”.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

Current Period	31 December 2015									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	55,276,308	-	7,773,091	45,591,407	27,561,064	69,352,259	3,660,714	7,561,275	45,093	-
Risk classifications:										
Claims on sovereigns and Central Banks	50,214,290	-	-	5,976,167	-	-	-	-	-	-
Claims on regional governments or local authorities	10,516	-	2,945,710	745,047	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	18,281	-	287	-	-	1,063,828	-	-	-	-
Claims on multilateral development banks	218	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	3,080,047	-	3,615,037	2,716,923	-	1,979	-	-	-	-
Claims on corporate	357,740	-	946,223	993,061	-	56,210,393	-	-	-	-
Claims included in the regulatory retail portfolios	142,049	-	52,558	-	27,561,064	956,724	-	-	-	-
Claims secured by residential property	-	-	-	35,160,209	-	4,481,845	-	-	-	-
Past due loans	-	-	-	-	-	806,175	-	-	-	-
Higher risk categories decided by the Agency	13,291	-	2,709	-	-	-	3,660,714	7,561,275	45,093	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,439,876	-	210,567	-	-	5,831,315	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Summary information related to capital adequacy ratio

	Bank Only	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10,807,979	9,490,415
Capital Requirement for Market Risk (MRCR)	99,515	55,940
Capital Requirement for Operational Risk (ORCR) ^(*)	879,185	777,799
Shareholders' Equity	21,398,645	18,013,163
Shareholders' Equity/((CRCR+MRCR+ORCR) *12.5*100)	14.52	13.96
Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	11.19	11.26
Common Equity Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	11.26	11.35

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000	2,500,000
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Reserves	9,933,998	8,462,731
Other Comprehensive Income according to TAS	1,925,054	1,262,606
Profit	1,930,109	1,753,273
Current Period Profit	1,930,109	1,753,273
Previous Period Profit	-	-
General Reserves for Possible Losses	-	-
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period’s Profit	69,222	69,222
Common Equity Tier I Capital Before Deductions	17,082,301	14,771,750
Deductions from Common Equity Tier I Capital		
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	314,753	-
Leasehold Improvements on Operational Leases(-)	103,893	97,140
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	68,511	28,153
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law(-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital not deducted from Tier I Capital(-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	487,157	125,293
Total Common Equity Tier I Capital	16,595,144	14,646,457
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 01.01.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 01.01.2014)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
The amount to be deducted from Additional Tier I Capital (-)	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

	Current Period	Prior Period
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital	102,766	112,613
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	102,766	112,613
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	16,492,378	14,533,844
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1,450,446	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	1,905,885	2,117,650
Pledged Assets of the Shareholders to be used for the Bank’s Capital Increases	-	-
General Provisions	1,688,747	1,482,877
Tier II Capital before Deductions	5,045,078	3,600,527
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5,045,078	3,600,527
CAPITAL	21,537,456	18,134,371
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	138,557	120,737
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	254	471
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
EQUITY	21,398,645	18,013,163
Amounts lower than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	15,421	72,437

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)	1,905,885	2,652,375

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I. CAPITAL ADEQUACY RATIO (Continued)

Issuer	T.Vakıflar Bankası T.A.O.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91 XS1175854923/ US90015WAC73
Governing law(s) of the instrument	Debt Instrument Communique numbered CMB-II-31.1 BRSA regulation on bank's shareholder equity
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	XS0849728190/ US90015NAB91 is subject to deduction. XS1175854923/ US90015WAC73 is not subject to deduction.
Eligible at solo/group/group&solo	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	3,356
Par value of instrument (in million)	4,074
Accounting classification	347011/Subordinated Liabilities
Original date of issuance	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Perpetual or dated	XS0849728190/ US90015NAB91 Dated (10 years) Maturity Date: 1 November 2022 XS1175854923/ US90015WAC73 Dated (10 years) Maturity Date: 3 February 2025
Issue date	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Issuer call subject to prior supervisory approval	Yes
Call option dates, conditioned call dates and call amount	XS0849728190/ US90015NAB91 Not available XS1175854923/ US90015WAC73 early call date at 3 February 2020 is available.
Subsequent call dates, if applicable	XS0849728190/ US90015NAB91 Not available XS1175854923/ US90015WAC73 only one call option is available.
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed/Interest payment once in six month, principal payment at the maturity date
Coupon rate and any related index	XS0849728190/ US90015NAB91 6% fixed interest rate XS1175854923/ US90015WAC73 6.875% fixed interest rate
Existence of a dividend stopper	Nil
Fully discretionary, partially discretionary or mandatory	Nil
Existence of step up or other incentive to redeem	Nil
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	Nil
If convertible, fully or partially	Nil
If convertible, conversion rate	Nil
If convertible, mandatory or optional conversion	Nil
If convertible, specify instrument type convertible into	Nil
If convertible, specify issuer of instrument it converts into	Nil
Write-down feature	
If write-down, write-down trigger(s)	XS0849728190/ US90015NAB91 Not available. XS1175854923/ US90015WAC73 available Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events
If write-down, full or partial	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has full or partial write down feature.
If write-down, permanent or temporary	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has permanent write down feature.
If temporary write-down, description of write-up mechanism	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments included in Tier II Capital after deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

As a part of internal capital adequacy assessment process in terms of applied approach on inherit capital requirement's current and future activity

Internal capital requirements assessment process and capital adequacy policies in order to define the "Internal Capital Adequacy Assessment Process Document" was established in September 2012 and was approved by the Board of Directors. The document includes planning of capital, procedures and principles of risk reduction procedures of capital for making emergency plans. It is aimed to specify the current and future capital requirements, capital variety to keep up Bank's risk or potential risks with internal capital adequacy assessment process.

In the process, potential changes in market conditions and economic cycle are evaluated for effects on capital, as well as the Bank's strategy and credit growth expectations in line with the objectives, funding sources, liquidity opportunities are kept in into account. The Bank's strategic plans and capital needs assessment performed in accordance with defined growth prospects in 2016 and has taken actions to increase the amount of capital and resources in 2015.

Capital requirements for the internal assessment process, credit risk, market risk, operational risk, interest rate risk arising from the bank accounts, liquidity risk, credit risk, residual risk, concentration risk, counterparty credit risk are taken into consideration country and transfer risk, the measurement of risk and on the management policies and procedures have been developed and approved by the Board of Directors.

II. CREDIT RISK

Credit risk is defined as the counterparty's possibility of failing to fulfil its obligations on the terms set by the agreement. Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. It covers the possible risks arising from futures and option agreements and other agreements alike and the credit risks arising from credit transactions that have been defined by the Banking Law.

In compliance with the articles 51 and 54 set forth in Banking Law and ancillary regulation, credit limits are set by the Bank for the financial position and credit requirements of customers within the authorization limits assigned for branches, regional directorates, lending departments, assistant general manager responsible of lending, general manager, credit committee and board of directors and credits are given regarding these limits in order to limit credit risk in lending facilities.

Credit limits are determined separately for the individual customer, company, group of companies, risk groups on a product basis. In accordance with the related Lending Policy, several criteria are used in the course of determining these credit limits. Customers should have a long-standing and a successful business past, a high commercial morality, possess a good financial position and a high morality, the nature of their business should be appropriate to use the credit, possess their commercial operations in an affirmative and a balanced manner, have experience and specialization in their profession, be able to adopt themselves to the economic conditions, to be accredited on the market, have sufficient equity capital, possess the ability to create funds with their operations and finance their placement costs. Also the sector and the geographical position of customers, where they operate and other factors that may affect their operations are considered in the evaluation process of loans. Apart from ordinary intelligence operations, the financial position of the customer is mainly analyzed based on the balance sheets and the income statements provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

Collaterals for the credit limits are determined on a customer basis in order to ensure bank placements and their liquidity. The amount and type of the collateral are determined regarding the creditworthiness of the credit users. The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

The Bank has risk control limits for derivative transaction (futures, options, etc.) positions, which effects credit risk and market risk.

For credit risk management purposes, Risk Management Department operates in

- the determination of credit risk policies in coordination with the Bank’s other units,
- the determination and monitoring of the distribution of concentration limits with respect to sector, geography and credit type,
- the contribution to the formation of rating and scoring systems,
- the submit to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio’s distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses,
- the studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank’s credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of Bank’s risk management concept, long term commitments are accepted more risky than short term commitments.

Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

Indemnified non-cash loans are regarded as the same risk weight with the loans that are pastdue and unpaid.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries’ financial conditions, customers and their operations.

The Bank classifies its past due and impaired receivables as shown below in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to be Set Aside”.

- for which recovery of principal and interest or both delays from their terms or due dates are more than ninety days but not more than one hundred eighty days are classified as “Group Three- Loans and Other Receivables With Limited Recovery”,
- for which recovery of principal and interest or both delays from their terms or due dates are more than one hundred and eighty days but not more one year are classified as “Group Four- Loans and Other Receivables With Suspicious Recovery”,
- for which recovery of principal and interest or both delays from their terms or due dates are more than one year are classified as “Group Five - Loans and Other Receivables Having the Nature of Loss”,

Regardless of the guarantees and pledges received, the Bank provides 20% provision for the Loans and Other Receivables classified in Group Three, by 30 September 2015, 50% provision for the Loans and Other Receivables classified in Group Four and 100% in Group Five. The provision amount is recognized in profit and loss statement of the period.

The Bank’s largest 100 cash loan customers compose 24.60% of the total cash loan portfolio (31 December 2014: 22.08%).

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II. CREDIT RISK (Continued)

The Bank’s largest 100 non-cash loan customers compose 54.95% of the total non-cash loan portfolio (31 December 2014: 56.67%).

The Bank’s largest 100 cash loan customers compose 16.53 % of total assets of the Bank and the Bank’s largest 100 non-cash loan customers compose 15.46% of total off-balance sheet items (31 December 2014: 14.56% and 17.74%).

The Bank’s largest 200 cash loan customers compose 30.24% of the total cash loan portfolio (31 December 2014: 27.73%).

The Bank’s largest 200 non-cash loan customers compose 67.04% of the total non-cash loan portfolio (31 December 2014: 68.35%).

The Bank’s largest 200 cash loan customers compose 20.33 % of total assets of the Bank and the Bank’s largest 200 non-cash loan customers compose 18.86% of total off-balance sheet items (31 December 2014: 18.29% ve 21.40%).

The general provision for credit risk amounts to TL 1,957,603 (31 December 2014: TL 1,603,242).

Risk Classifications:	Current Period Risk Amount^(*)	Average Risk Amount^(**)
Claims on sovereigns and Central Banks	56,190,457	56,978,857
Claims on regional governments or local authorities	3,701,273	3,248,031
Claims on administrative bodies and other non-commercial undertakings	1,082,396	1,081,897
Claims on multilateral development banks	218	36
Claims on international organizations	-	-
Claims on banks and intermediary institutions	9,413,986	11,402,422
Claims on corporate	58,507,417	57,111,324
Claims included in the regulatory retail portfolios	28,712,395	28,196,225
Claims secured by residential property	39,642,054	36,961,615
Past due loans	806,175	503,524
Higher risk categories decided by the Agency	11,283,082	11,158,293
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	-	548
Other claims	7,481,758	6,208,621

(*) Before reducing the credit risk, the rate of the post credit conversion is given.

(**) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2015 period.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk Classifications:	Prior Period Risk Amount^(*)	Average Risk Amount^(**)
Claims on sovereigns and Central Banks	51,627,779	46,770,220
Claims on regional governments or local authorities	2,962,704	2,375,575
Claims on administrative bodies and other non-commercial undertakings	1,053,325	761,467
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	15,420,064	14,658,166
Claims on corporate	48,245,645	43,603,994
Claims included in the regulatory retail portfolios	24,720,962	23,300,626
Claims secured by residential property	32,867,468	29,860,458
Past due loans	240,075	249,719
Higher risk categories decided by the Agency	12,534,696	11,615,182
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	6,088,226	5,380,484

(*) Before reducing the credit risk, the rate of the post credit conversion is given.

(**) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2014 period.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to the geographical concentration (*)**

Current Period	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Other receivables	Total
Domestic	52,485,415	3,693,576	1,082,396	2	-	2,264,806	56,874,497	28,675,380	39,615,204	806,175	11,165,364	-	-	-	-	5,607,149	202,269,964
EU countries	-	-	-	216	-	6,063,150	-	-	-	-	-	-	-	-	-	-	6,063,366
OECD countries (*)	-	-	-	-	-	1,133	-	-	-	-	-	-	-	-	-	-	1,133
Off-shore banking regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	3,627,192	7,697	-	-	-	951,702	1,501,050	37,015	26,850	-	-	-	-	-	-	-	6,151,506
Other countries	77,850	-	-	-	-	133,195	131,870	-	-	-	117,718	-	-	-	-	-	460,633
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,874,609	1,874,609
Undistributed Assets/ Liabilities(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	56,190,457	3,701,273	1,082,396	218	-	9,413,986	58,507,417	28,712,395	39,642,054	806,175	11,283,082	-	-	-	-	7,481,758	216,821,211

(*) OECD countries except from EU countries, USA, Canada.

(**) The assets and liabilities that can not be distributed according to a consistent base.

(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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II. CREDIT RISK (Continued)

Risk profile according to the geographical concentration (*)**

Prior Period	Claims on sovereigns and Central Banks	Claims on governments or regional local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Other receivables	Total
Domestic	49,821,796	2,948,965	1,053,324	-	-	5,238,277	47,051,039	24,691,264	32,833,278	240,075	12,447,769	-	-	-	-	4,351,230	180,677,017
EU countries	-	-	-	-	-	9,407,111	-	-	-	-	-	-	-	-	-	-	9,407,111
OECD countries (*)	-	-	-	-	-	1,478	-	-	-	-	-	-	-	-	-	-	1,478
Off-shore banking regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	1,805,983	13,739	-	-	-	676,493	1,049,656	29,698	34,190	-	-	-	-	-	-	-	3,609,759
Other countries	-	-	-	-	-	96,705	144,950	-	-	-	86,927	-	-	-	-	15	328,597
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,736,982	1,736,982
Undistributed Assets/ Liabilities(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	51,627,779	2,962,704	1,053,324	-	-	15,420,064	48,245,645	24,720,962	32,867,468	240,075	12,534,696	-	-	-	-	6,088,227	195,760,944

(*) OECD countries except from EU countries, USA, Canada.

(**) The assets and liabilities that can not be distributed according to a consistent base.

(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agricultural	2,415	105	26,352	-	-	-	1,034,594	439,998	705,330	-	59,685	-	-	-	-	-	1,745,859	522,620	2,268,479
<i>Farming and raising livestock</i>	2,018	105	26,352	-	-	-	716,272	395,678	647,325	-	59,637	-	-	-	-	-	1,610,229	237,158	1,847,387
<i>Forestry</i>	394	-	-	-	-	-	281,846	22,702	32,854	-	39	-	-	-	-	-	81,642	256,193	337,835
<i>Fishing</i>	3	-	-	-	-	-	36,476	21,618	25,151	-	9	-	-	-	-	-	53,988	29,269	83,257
Manufacturing	1,045	740	193,617	-	-	-	24,949,102	2,623,726	5,560,093	-	6,130	-	-	-	-	-	12,342,475	20,991,978	33,334,453
<i>Mining</i>	-	-	3,673	-	-	-	1,129,091	91,198	196,693	-	216	-	-	-	-	-	446,410	974,461	1,420,871
<i>Production</i>	980	30	97,208	-	-	-	16,760,236	2,487,187	5,194,456	-	5,794	-	-	-	-	-	10,474,961	14,070,930	24,545,891
<i>Electric, Gas, Water</i>	65	710	92,736	-	-	-	7,059,775	45,341	168,944	-	120	-	-	-	-	-	1,421,104	5,946,587	7,367,691
Construction	41	226	354	-	-	-	8,221,628	1,509,264	5,041,111	-	3,381	-	-	-	-	-	8,643,345	6,132,657	14,776,002
Services	36,310,616	3,634,970	634,288	216	-	9,413,986	18,404,525	9,966,610	13,806,939	-	147,885	-	-	-	-	79,253	59,036,822	33,362,469	92,399,291
<i>Wholesale and retail trade</i>	4,975	3,765	98,715	-	-	-	6,943,554	5,617,739	8,146,349	-	18,612	-	-	-	-	-	15,999,111	4,834,598	20,833,709
<i>Hotel, Food and Beverage Services</i>	14	1,026	622	-	-	-	1,761,395	295,384	2,560,578	-	2,137	-	-	-	-	-	1,206,465	3,414,691	4,621,156
<i>Transportation and Telecommunication</i>	54	8,501	34,502	-	-	-	5,754,094	3,646,731	1,758,500	-	6,977	-	-	-	-	-	5,983,473	5,225,886	11,209,359
<i>Financial Institutions</i>	36,137,083	11	100,192	216	-	9,413,986	2,850,082	35,139	465,128	-	117,937	-	-	-	-	79,253	30,545,128	18,653,902	49,199,030
<i>Real Estate and renting services</i>	-	-	4	-	-	-	303,987	86,614	183,413	-	449	-	-	-	-	-	392,409	182,058	574,467
<i>Self-employment services</i>	159	724	2,444	-	-	-	288	-	-	-	-	-	-	-	-	-	3,615	-	3,615
<i>Education services</i>	4,995	48	8,889	-	-	-	127,201	67,764	272,888	-	258	-	-	-	-	-	430,342	51,701	482,043
<i>Health and social services</i>	163,336	3,620,895	388,920	-	-	-	663,924	217,239	420,083	-	1,515	-	-	-	-	-	4,476,279	999,633	5,475,912
Other	19,876,340	65,232	227,785	2	-	-	5,897,568	14,172,797	14,528,581	806,175	11,066,001	-	-	-	-	7,402,505	50,478,546	23,564,440	74,042,986
Total	56,190,457	3,701,273	1,082,396	218	-	9,413,986	58,507,417	28,712,395	39,642,054	806,175	11,283,082	-	-	-	-	7,481,758	132,247,047	84,574,164	216,821,211

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Other receivables

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II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agricultural	91	38	189,639	-	-	-	900,028	383,981	403,997	-	4,692	-	-	-	-	-	1,346,383	536,083	1,882,466
<i>Farming and raising livestock</i>	<i>91</i>	<i>38</i>	<i>189,639</i>	-	-	-	<i>588,334</i>	<i>333,616</i>	<i>351,702</i>	-	<i>4,261</i>	-	-	-	-	-	<i>1,211,280</i>	<i>256,401</i>	<i>1,467,681</i>
<i>Forestry</i>	-	-	-	-	-	-	<i>280,965</i>	<i>31,160</i>	<i>24,346</i>	-	<i>185</i>	-	-	-	-	-	<i>77,753</i>	<i>258,903</i>	<i>336,656</i>
<i>Fishing</i>	-	-	-	-	-	-	<i>30,729</i>	<i>19,205</i>	<i>27,949</i>	-	<i>246</i>	-	-	-	-	-	<i>57,350</i>	<i>20,779</i>	<i>78,129</i>
Manufacturing	1,004,291	39	160,377	-	-	-	19,899,003	2,485,075	4,843,193	-	7,121	-	-	-	-	-	11,480,951	16,918,148	28,399,099
<i>Mining</i>	-	-	<i>4,644</i>	-	-	-	<i>384,726</i>	<i>94,155</i>	<i>323,949</i>	-	<i>68</i>	-	-	-	-	-	<i>417,284</i>	<i>390,258</i>	<i>807,542</i>
<i>Production</i>	<i>1,004,291</i>	<i>11</i>	<i>153,725</i>	-	-	-	<i>13,505,225</i>	<i>2,351,669</i>	<i>4,361,948</i>	-	<i>6,925</i>	-	-	-	-	-	<i>9,847,425</i>	<i>11,536,369</i>	<i>21,383,794</i>
<i>Electric, Gas, Water</i>	-	<i>28</i>	<i>2,008</i>	-	-	-	<i>6,009,052</i>	<i>39,251</i>	<i>157,296</i>	-	<i>128</i>	-	-	-	-	-	<i>1,216,242</i>	<i>4,991,521</i>	<i>6,207,763</i>
Construction	280	6	1	-	-	-	6,266,898	1,427,900	4,336,534	-	4,491	-	-	-	-	-	6,908,667	5,127,443	12,036,110
Services	30,181,431	2,896,367	608,280	-	-	15,418,766	15,752,768	9,436,412	10,612,815	-	131,531	-	-	-	-	15	55,794,049	29,244,336	85,038,385
<i>Wholesale and retail trade</i>	<i>279</i>	<i>125</i>	<i>286</i>	-	-	-	<i>6,687,238</i>	<i>5,387,275</i>	<i>6,508,686</i>	-	<i>29,082</i>	-	-	-	-	-	<i>13,904,175</i>	<i>4,708,796</i>	<i>18,612,971</i>
<i>Hotel, Food and Beverage Services</i>	<i>9</i>	<i>6</i>	<i>78</i>	-	-	-	<i>1,331,135</i>	<i>296,071</i>	<i>1,545,078</i>	-	<i>2,885</i>	-	-	-	-	-	<i>1,000,853</i>	<i>2,174,409</i>	<i>3,175,262</i>
<i>Transportation and Telecommunication</i>	<i>11</i>	-	<i>240,027</i>	-	-	-	<i>4,255,744</i>	<i>3,392,287</i>	<i>1,353,077</i>	-	<i>9,016</i>	-	-	-	-	-	<i>5,309,017</i>	<i>3,941,145</i>	<i>9,250,162</i>
<i>Financial Institutions</i>	<i>30,054,333</i>	-	<i>69</i>	-	-	<i>15,418,766</i>	<i>2,500,834</i>	<i>34,796</i>	<i>457,626</i>	-	<i>87,390</i>	-	-	-	-	<i>15</i>	<i>31,086,536</i>	<i>17,467,293</i>	<i>48,553,829</i>
<i>Real Estate and renting services</i>	-	-	<i>3</i>	-	-	-	<i>299,465</i>	<i>73,037</i>	<i>138,421</i>	-	<i>1,138</i>	-	-	-	-	-	<i>396,997</i>	<i>115,067</i>	<i>512,064</i>
<i>Self-employment services</i>	-	-	<i>3,786</i>	-	-	-	<i>643</i>	-	-	-	-	-	-	-	-	-	<i>4,429</i>	-	<i>4,429</i>
<i>Education services</i>	<i>74</i>	<i>4</i>	<i>5,067</i>	-	-	-	<i>121,788</i>	<i>49,412</i>	<i>237,724</i>	-	<i>522</i>	-	-	-	-	-	<i>355,770</i>	<i>58,821</i>	<i>414,591</i>
<i>Health and social services</i>	<i>126,725</i>	<i>2,896,232</i>	<i>358,964</i>	-	-	-	<i>555,921</i>	<i>203,534</i>	<i>372,203</i>	-	<i>1,498</i>	-	-	-	-	-	<i>3,736,272</i>	<i>778,805</i>	<i>4,515,077</i>
Other	20,441,686	66,254	95,027	-	-	1,298	5,426,948	10,987,594	12,670,929	240,075	12,386,861	-	-	-	-	6,088,212	46,766,457	21,638,427	68,404,884
Total	51,627,779	2,962,704	1,053,324	-	-	15,420,064	48,245,645	24,720,962	32,867,468	240,075	12,534,696	-	-	-	-	6,088,227	122,296,507	73,464,437	195,760,944

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short term corporate claims on banks and intermediary
- 15- Undertakings for collective investments in mutual funds
- 16- Other receivables

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Distribution of maturity risk factors according to their outstanding maturities (*)

Risk Classifications-Current Period	According to their outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
Claims on sovereigns and Central Banks	7,538,323	151,346	399,825	1,811,782	46,289,181
Claims on regional governments or local authorities	9,103	15,418	85,821	145,517	3,445,414
Claims on administrative bodies and other non-commercial undertakings	32,724	38,442	89,225	21,979	900,026
Claims on multilateral development banks	-	-	-	216	2
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	4,886,750	826,432	548,154	71,677	3,080,973
Claims on corporate	2,736,080	3,853,483	5,294,896	8,925,453	37,697,505
Claims included in the regulatory retail portfolios	472,970	1,069,498	1,896,582	4,251,740	21,021,605
Claims secured by residential property	729,855	1,249,282	2,168,805	4,718,668	30,775,444
Past due loans	-	-	-	-	806,175
Higher risk categories decided by the Agency	-	-	-	14,009	11,269,073
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	-	-	-	-	7,481,758
Total	16,405,805	7,203,901	10,483,308	19,961,041	162,767,156

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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II. CREDIT RISK (Continued)

Distribution of maturity risk factors according to their outstanding maturities (*)

Risk Classifications-Prior Period	According to their outstanding maturities				1 year and over
	1 month	1-3 month	3-6 month	6-12 month	
Claims on sovereigns and Central Banks	4,837,977	644,411	1,150,586	818,234	44,176,571
Claims on regional governments or local	9,500	4,726	23,639	55,293	2,869,546
Claims on administrative bodies and other non-	22,754	32,027	62,030	222,500	714,013
Claims on multilateral	-	-	-	-	-
Claims on international	-	-	-	-	-
Claims on banks and intermediary institutions	11,995,597	810,595	482,369	76,307	2,055,196
Claims on corporate	2,811,153	3,317,094	3,952,856	8,790,375	29,374,167
Claims included in the regulatory retail portfolios	491,774	960,663	1,649,647	4,177,825	17,441,053
Claims secured by residential Past due loans	573,828	1,048,581	1,696,829	4,030,103	25,518,127
Higher risk categories decided by the Agency	-	-	-	-	240,075
Marketable securities secured by mortgages	-	-	-	14,320	12,520,376
Securitization exposures	-	-	-	-	-
Short-term claims and short- term corporate claims on	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other claims	-	-	-	-	6,088,227
Total	20,742,583	6,818,097	9,017,956	18,184,957	140,997,351

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Risk balances according to risk weights

Risk Weights Current Period											Deductions from the shareholders' equity	
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%		
Pre-Amount of Credit Risk												
Mitigation	51,653,484	-	9,995,432	44,482,520	27,755,671	71,651,022	3,666,757	7,571,232	45,093	-	-	413,981
Amount after Credit Risk Mitigation	55,276,308	-	7,773,090	45,591,407	27,561,064	69,352,260	3,660,714	7,561,275	45,093	-	-	413,981
Risk Weights Prior Period	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%	Deductions from the shareholders' equity	
Pre-Amount of Credit Risk												
Mitigation	47,554,085	-	16,779,325	37,737,598	23,535,298	57,619,942	2,990,704	9,446,254	97,738	-	-	359,114
Amount after Credit Risk Mitigation	54,978,227	-	10,597,030	37,813,961	23,371,738	56,480,407	2,986,884	9,434,959	97,738	-	-	359,114

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II. CREDIT RISK (Continued)

Credit rating of the credit rating agency, related to the Bank's Capital Adequacy Assessment of the Measurement is listed in Appendix 1 which corresponds to the credit quality step that is given in the table below.

Ratings Matched	Credit Quality Rank	Fitch
Long Term Credit Ratings	1	AAA between AA-
	2	A+ between A-
	3	BBB+ between BBB-
	4	BB+ between BB-
	5	B+ between B-
	6	CCC+ and below
Short Term Credit Ratings	1	F1+ between F1
	2	F2
	3	F3
	4	F3 and below
	5	-
	6	-

Information According to Sectors and Counterparties

Current Period	Loans			
	Impaired (*)	Past Due (**)	Value Adjustments (***)	Provisions
Agricultural	87,877	63,490	1,082	80,444
<i>Farming and raising livestock</i>	77,331	57,860	995	70,949
<i>Forestry</i>	8,408	3,188	75	7,669
<i>Fishing</i>	2,138	2,442	12	1,826
Manufacturing	948,135	263,507	6,344	831,505
<i>Mining</i>	100,016	7,731	63	63,998
<i>Production</i>	842,374	250,811	6,197	762,493
<i>Electric, Gas, Water</i>	5,745	4,965	84	5,014
Construction	527,749	214,734	4,877	460,814
Services	1,477,456	1,344,869	26,214	1,259,443
<i>Wholesale and retail trade</i>	958,068	596,895	12,883	810,598
<i>Hotel, Food and Beverage Services</i>	53,562	82,970	1,283	39,021
<i>Transportation and telecommunication</i>	303,162	448,813	8,132	265,365
<i>Financial Institutions</i>	4,482	4,873	89	4,315
<i>Real estate and renting services</i>	11,426	21,350	311	9,007
<i>Self-employment services</i>	117,833	145,031	2,792	104,951
<i>Education services</i>	6,353	17,877	333	5,782
<i>Health and social services</i>	22,570	27,060	391	20,404
Other	1,808,996	2,797,820	74,248	1,411,832
Total	4,850,213	4,684,420	112,765	4,044,038

(*) Impaired loans are composed of group three, four and five loans.

(**) Past due loans and other receivables consist of loans and other receivables that are past due up to ninety days.

(***) Value adjustments represents general provisions of non-performing loans.

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II. CREDIT RISK (Continued)

Prior Period	Loans		Value	Provisions
	Impaired (*)	Past Due (**)	Adjustments (***)	
Agricultural	83,397	33,519	806	81,560
<i>Farming and raising livestock</i>	72,134	29,466	632	70,661
<i>Forestry</i>	7,255	1,271	90	6,917
<i>Fishing</i>	4,008	2,782	84	3,982
Manufacturing	836,017	281,898	11,181	807,279
<i>Mining</i>	29,054	7,706	3,240	28,379
<i>Production</i>	801,801	269,229	7,900	774,085
<i>Electric, Gas, Water</i>	5,162	4,963	41	4,815
Construction	443,816	179,450	5,530	421,708
Services	1,282,999	1,286,706	29,871	1,199,082
<i>Wholesale and retail trade</i>	801,397	599,838	15,099	751,491
<i>Hotel, Food and Beverage</i>				
<i>Services</i>	46,878	78,793	1,445	44,130
<i>Transportation and telecommunication</i>	279,587	433,429	9,073	260,933
<i>Financial Institutions</i>	4,889	2,999	78	4,160
<i>Real estate and renting services</i>	9,901	8,672	234	8,788
<i>Self-employment services</i>	109,544	121,114	3,041	101,835
<i>Education services</i>	6,055	9,717	170	4,031
<i>Health and social services</i>	24,748	32,144	731	23,714
Other	1,328,143	1,983,048	79,209	1,224,668
Total	3,974,372	3,764,621	126,597	3,734,297

(*) Impaired loans are composed of group three, four and five loans.

(**) Past due loans and other receivables consist of loans and other receivables that are past due up to ninety days.

(***) Value adjustments represents general provisions of non-performing loans.

Current Period	The opening Balance	Provisions amounts set aside during the period	The cancellation of the provisions	Other Adjustments(*)	Closing Balance
Specific Provisions	3,734,297	1,030,299	(720,558)	-	4,044,038
General Provisions	1,603,242	354,951	-	(590)	1,957,603

(*) Includes effect of currency translations differences and other provisions' classifications.

Prior Period	The opening Balance	Provisions amounts set aside during the period	The cancellation of the provisions	Other Adjustments (*)	Closing Balance
Specific Provisions	3,275,433	1,145,464	(686,600)	-	3,734,297
General Provisions	1,190,739	413,501	-	(998)	1,603,242

(*) Includes effect of currency translations differences and other provisions' classifications

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Fair value of collateral held against impaired loans

	31 December 2015	31 December 2014
Cash collateral (*)	-	-
Mortgage	1,739,554	1,131,152
Promissory note (*)	-	-
Others (**)	3,110,659	2,843,220
Total	4,850,213	3,974,372

(*) As a policy, it is aimed to utilize from cash collateral or liquidate promissory note for an impaired loan collateralized by cash collateral or promissory note to cover the credit risk. Hence, cash collateral and promissory note are shown as zero in the table above.

(**) Sureties obtained for impaired loans are presented in this row to the extent that the amount does not exceed the amount of impaired loans.

The detail of collateral held against performing cash and non-cash loans by the Bank

Cash loans	31 December 2015	31 December 2014
Secured Loans:	94,156,701	78,861,414
Secured by mortgages	38,328,569	32,330,313
Secured by cash collateral	833,255	666,941
Guarantees issued by financial institutions	505,509	3,586
Secured by government institutions or government securities	1,459,632	930,621
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	53,029,736	44,929,953
Unsecured Loans	28,817,777	25,482,028
Total performing loans	122,974,478	104,343,442

Non-cash loans	31 December 2015	31 December 2014
Secured Loans:	14,299,777	12,533,762
Secured by mortgages	2,983,589	1,092,107
Secured by cash collateral	243,589	383,395
Guarantees issued by financial institutions	229,287	-
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	10,843,312	11,058,260
Unsecured Loans	18,768,584	16,100,161
Total non-cash loans	33,068,361	28,633,923

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III. 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, stock prices 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	16,414	13,128
(II) Capital Obligation against Specific Risks - Standard Method	-	99
Capital to be employed for specific risk in securitization positions- Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	66,896	34,268
(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	47	234
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	16,158	8,211
(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)	99,515	55,940
(X) Value-At-Market Risk (12.5xVIII) or (12.5xIX)	1,243,935	699,250

Average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	15,441	17,529	12,922	8,972	13,029	6,069
Common Share Risk	29	350	-	227	2,523	-
Currency Risk	60,765	88,564	25,989	22,858	35,156	8,046
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	173	611	23	1,677	3,804	42
Counterparty Credit Risk	17,462	24,145	12,567	9,451	11,383	8,020
Total Value at Risk	1,173,376	1,518,498	671,116	539,814	703,345	359,499

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III. MARKET RISK (Continued)

Information on Counterparty Credit Risk

Counterparty credit risk is the probability of an economic loss that Bank could face because the counterparty to a transaction bringing liabilities to both parties could default before the final settlement of the transaction.

In calculation of the counterparty credit risk "Valuation Method on the Basis of Fair Value" is implemented in the scope of "Regulation on Calculation and Assessment of Capital Adequacy of the Banks". The counterparty credit risk of the derivatives includes current replacement cost and potential future credit exposure. Replacement cost is calculated on fair value of the contracts, whilst potential future credit risk exposure is calculated by multiplication of contract amounts with the credit conversion rates stated in the appendices of the regulation.

Information about counterparty risk

	Current Period ^(*)	Prior Period ^(*)
Contracts based on interest rate	148,593	60,885
Contracts based on currency	141,180	100,177
Contracts based on commodity	-	-
Contracts based on stocks	-	-
Other	-	-
Gross Positive Fair Value	289,773	161,062
Benefits of clarification	-	-
Clarified current risk amount	-	-
The securities which are held	-	-
The net position of derivatives	289,773	161,062

^(*) Counterparty risk related to purchase/sale accounts is given.

IV. 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.

Current Period	31 December 2012	31 December 2013	31 December 2014	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5,191,308	6,159,500	6,232,883	3	15	879,185
Amount subject to operational risk Total*12.5)						10,989,807
Prior Period	31 December 2011	31 December 2012	31 December 2013	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	6,159,500	5,191,308	4,205,182	3	15	777,799
Amount subject to operational risk Total*12.5)						9,722,488

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V. 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 and 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 December 2015 and 31 December 2014 the Bank does not have derivative 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	2.9100	3.1661
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	2.8600	3.1263
Day 2	2.8500	3.1259
Day 3	2.8600	3.1368
Day 4	2.8500	3.1259
Day 5	2.8600	3.1260
Last 30-days arithmetical average rate	2.8527	3.0912

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of Republic of Turkey	2,811,021	12,164,956	4,374,832	19,350,809
Banks	391,462	4,424,493	48,110	4,864,065
Financial assets at fair value through profit or loss ⁽¹⁾	94,722	102,681	-	197,403
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	977,075	3,696,548	-	4,673,623
Loans and receivables ⁽²⁾	11,945,755	26,902,000	32,311	38,880,066
Associates, subsidiaries and joint-ventures	434,144	-	-	434,144
Held-to-maturity investments	-	130,981	-	130,981
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	4,292	-	4,292
Intangible assets	-	-	-	-
Other assets ⁽³⁾	75,385	894,745	26	970,156
Total assets	16,729,564	48,320,696	4,455,279	69,505,539
Liabilities:				
Bank deposits	169,879	3,360,351	44,199	3,574,429
Foreign currency deposits	10,670,962	18,442,961	763,664	29,877,587
Interbank money market takings	-	3,403,437	-	3,403,437
Other funding	7,886,670	10,335,468	1,076	18,223,214
Securities issued	2,206,648	5,200,957	12,110	7,419,715
Miscellaneous payables	515,476	61,928	43,448	620,852
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ^{(1) (4)}	65,528	5,948,400	992	6,014,920
Total liabilities	21,515,163	46,753,502	865,489	69,134,154
Net ‘on balance sheet’ position	(4,785,599)	1,567,194	3,589,790	371,385
Net ‘off-balance sheet’ position	5,449,875	(441,420)	(3,577,895)	1,430,560
Derivative assets ⁽⁶⁾	7,542,857	12,701,193	2,036,853	22,280,903
Derivative liabilities ⁽⁶⁾	2,092,982	13,142,613	5,614,748	20,850,343
Non-cash loans ⁽⁵⁾	3,006,375	7,731,618	246,531	10,984,524
Prior Period				
Total assets	11,794,857	39,485,470	4,443,232	55,723,559
Total liabilities	16,989,485	39,793,552	1,005,175	57,788,212
Net ‘on balance sheet’ position	(5,194,628)	(308,082)	3,438,057	(2,064,653)
Net ‘off-balance sheet’ position	5,259,448	701,095	(3,430,091)	2,530,452
Derivative assets ⁽⁶⁾	7,286,590	8,766,209	1,377,221	17,430,020
Derivative liabilities ⁽⁶⁾	2,027,142	8,065,114	4,807,312	14,899,568
Non-cash loans ⁽⁵⁾	2,206,271	9,304,139	260,328	11,770,738

⁽¹⁾ Derivative financial assets amounting to TL 51,275 (31 December 2014: TL 4,896) and liabilities amounting to TL (12,881) (31 December 2014: TL (95,489)) resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 3,530,360 (31 December 2014: TL 2,764,249) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 61,724 (31 December 2014: TL 56,439) is not included.

⁽⁴⁾ Unearned revenues amounting to TL 106,455 (31 December 2014: TL 46,050) and equities amounting to TL 431,137 (31 December 2014: TL 374,894) 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 1,835,888 (31 December 2014: TL 1,327,706) and asset sales commitments amounting to TL 1,895,065 (31 December 2014: TL 1,312,928) are included.

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V. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the year ended 31 December 2015 and 2014 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 December 2015		31 December 2014	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	112,148	112,148	39,153	39,153
Euro	23,013	23,013	(25,630)	(25,630)
Other currencies	1,190	1,190	797	797
Total, net(**)	136,351	136,351	14,320	14,320

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

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

10 percent appreciation of the TL against the following currencies as at and for the year ended 31 December 2015 and 2014 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 December 2015		31 December 2014	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(110,822)	(110,822)	(37,658)	(37,658)
Euro	(23,013)	(23,013)	25,630	25,630
Other currencies	(1,064)	(1,064)	(571)	(571)
Total, net(**)	(134,899)	(134,899)	(12,599)	(12,599)

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. 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 CBRT	12,781,073	-	-	-	-	8,703,716	21,484,789
Banks	4,848,363	77,170	-	-	-	308,733	5,234,266
Financial assets at fair value through profit/loss	368,553	361,605	4,068	82,838	68,403	-	885,467
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	2,379,177	2,467,096	4,688,228	5,082,470	2,077,745	79,253	16,773,969
Loans and receivables	42,177,039	26,147,770	26,070,684	18,329,170	10,249,815	806,175	123,780,653
Held-to-maturity investments	1,010,446	1,774,694	3,360,520	1,301,192	230,877	-	7,677,729
Other assets (*)	14,341	304	2,856	26,777	289	7,065,684	7,110,251
Total assets	63,578,992	30,828,639	34,126,356	24,822,447	12,627,129	16,963,561	182,947,124
Liabilities:							
Bank deposits	4,509,576	555,665	151,903	-	-	385,739	5,602,883
Other deposits	58,717,429	19,396,268	6,282,049	31,684	-	19,892,221	104,319,651
Interbank money market takings	11,133,014	1,148,950	-	397,450	64,627	-	12,744,041
Miscellaneous payables	-	-	-	-	-	4,160,217	4,160,217
Securities issued	1,179,387	1,235,096	2,114,466	6,018,810	-	-	10,547,759
Funds borrowed	3,369,498	7,405,733	4,832,221	554,645	2,393,900	-	18,555,997
Other liabilities (**)	45,764	92,325	231,607	903,262	3,190,333	22,553,285	27,016,576
Total liabilities	78,954,668	29,834,037	13,612,246	7,905,851	5,648,860	46,991,462	182,947,124
On balance sheet long position	-	994,602	20,514,110	16,916,596	6,978,269	-	45,403,577
On balance sheet short position	(15,375,676)	-	-	-	-	(30,027,901)	(45,403,577)
Off-balance sheet long position	1,207,068	2,297,615	-	-	-	-	3,504,683
Off-balance sheet short position	-	-	(315,011)	(1,725,656)	(902,100)	-	(2,942,767)
Net Position	(14,168,608)	3,292,217	20,199,099	15,190,940	6,076,169	(30,027,901)	561,916

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBRT	3,055,551	-	-	-	-	18,829,428	21,884,979
Banks	2,158,787	114,574	6,245	-	-	291,014	2,570,620
Financial assets at fair value through profit/loss	158,375	164,087	6,250	28,995	21,869	619	380,195
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	2,629,343	2,018,908	5,222,280	4,234,901	2,217,850	15	16,323,297
Loans and receivables	33,327,775	22,020,835	21,643,728	16,994,647	10,356,457	240,075	104,583,517
Held-to-maturity investments	281,186	1,559,200	3,180,566	290,780	1,542,861	-	6,854,593
Other assets (*)	15,993	110	4,868	47,165	528	5,551,861	5,620,525
Total assets	41,627,010	25,877,714	30,063,937	21,596,488	14,139,565	24,913,012	158,217,726
Liabilities:							
Bank deposits	4,340,899	452,338	22,912	-	-	59,910	4,876,059
Other deposits	44,970,026	19,229,378	5,909,177	19,415	-	16,752,913	86,880,909
Interbank money market takings	15,596,871	233,330	349,241	-	205,860	-	16,385,302
Miscellaneous payables	-	-	-	-	-	3,160,415	3,160,415
Securities issued	718,111	2,188,178	2,584,786	4,966,682	-	-	10,457,757
Fund borrowed	3,795,555	6,750,842	3,566,606	70,562	743,483	-	14,927,048
Other liabilities (**)	142,908	19,277	127,000	458,380	1,660,806	19,121,865	21,530,236
Total liabilities	69,564,370	28,873,343	12,559,722	5,515,039	2,610,149	39,095,103	158,217,726
On balance sheet long position	-	-	17,504,215	16,081,449	11,529,416	-	45,115,080
On balance sheet short position	(27,937,360)	(2,995,629)	-	-	-	(14,182,091)	(45,115,080)
Off-balance sheet long position	658,387	1,660,268	-	-	-	-	2,318,655
Off-balance sheet short position	-	-	-	(1,304,201)	(777,200)	-	(2,081,401)
Net Position	(27,278,973)	(1,335,361)	17,504,215	14,777,248	10,752,216	(14,182,091)	237,254

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

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

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

Current Period	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	0.49	-	3.81
Banks	0.10	0.36	-	11.27
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.25	6.76	-	6.98
Loans and receivables	4.03	4.89	-	12.39
Held-to-maturity investments	-	3.59	-	5.58
Liabilities:				
Bank deposits	0.71	0.67	-	13.07
Other deposits	1.73	2.07	-	10.77
Interbank money market takings	-	1.08	-	8.42
Miscellaneous payables	-	-	-	-
Securities issued	2.72	4.44	0.93	10.93
Funds borrowed	0.90	1.79	-	9.92

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

Prior Period	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	1.51
Banks	0.01	0.28	-	10.47
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.25	6.96	-	7.19
Loans and receivables	4.36	5.40	-	12.70
Held-to-maturity investments	-	1.58	-	5.56
Liabilities:				
Bank deposits	0.66	0.42	-	8.59
Other deposits	1.99	2.13	-	9.22
Interbank money market takings	-	0.95	-	9.82
Miscellaneous payables	-	-	-	-
Securities issued	3.47	3.45	-	9.06
Funds borrowed	0.96	1.58	-	7.04

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

The interest rate risk of the banking book items

Frequency of Measurement Rate of Interest Rate Risk

Interest rate risk arising from banking book accounts is calculated in accordance with “Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standard Shock Technique” published in the 23 August 2011 dated Official Gazette no. 28034. Legal limit is monthly monitored and reported accordingly.

The economic value changes arising from the interest rate fluctuations which are measured according to “Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standard Shock Technique” are presented in the below table:

Currency Unit-Current Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,022,909) / 1,994,966	(%9.45) / %9.32
2. EURO	200 / (200)	237,097 / (30,443)	%1.11 / (%0.14)
3. US Dollar	200 / (200)	592,183 / (522,416)	%2.76 / (%2.44)
Total (For Negative Shocks)	-	1,442,107	6.74%
Total (For Positive Shocks)	-	(1,193,629)	(5.58%)

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

Stock position risks arising from banking book items

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

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

Current Period Stock Investments	Carrying Value	Comparison	
		Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	548,852	548,852	548,852
1.Stocks Investments Group A	548,852	548,852	548,852
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	1,405,010	1,273,616	-

(*) 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 Stock Investments	Carrying Value	Comparison	
		Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	631,875	631,875	631,875
1.Stocks Investments Group A	631,875	631,875	631,875
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	1,105,122	1,053,475	-

(*) 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 unearned gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unearned 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 Supplementary Capital	Total ^(*)	Included in Core Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	97,259	97,259
3. Other Stocks	-	837,276	837,276	-	-
4. Total	-	837,276	837,276	97,259	97,259

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

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
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	204,847	204,847
3. Other Stocks	-	583,202	583,202	-	-
4. Total	-	583,202	583,202	204,847	204,847

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

VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the bank. The framework of liquidity risk of the bank is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Bank is managing liquidity risk according to risk capacity and the Bank’s risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Bank monitors the net liquidity position and liquidity requirements continuously and facing the future. The Bank takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Bank (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

Liquidity management in the Bank is carried out under Treasury Department in regard to the Bank’s strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, Bank’s balance sheet and income goals and strategies defined to meet these goals. Daily, weekly, and monthly cash flow statements are prepared in accordance with principles of profitability and prudence in the Bank’s liquidity management. Cash flow statements are evaluated and the Bank’s liquidity is managed in line with Treasury Department policies, daily TL and FC liquidity position Bank balance sheet and income goals.

Scenarios about where to make replacement funding in case of high amount outflows in daily liquidity management are made regularly, effects of probable outflows on liquidity level and legal ratios are evaluated and liquidity management is carried out by taking necessary actions.

The Bank makes use of liquidity gap analysis reports and liquidity stress tests in the internal measurement of liquidity risk. In Liquidity gap analysis and liquidity stress scenarios, the Bank’s compensation level of net cash outflows which are more likely to happen in short term are presented. Measurements regarding liquidity risk are performed by Risk Management Department and measurement results are reported regularly to performer units responsible of management of the related risk and top management and the Board of Directors.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO(Continued)

It is taken as a basis that the Bank consistently monitors TL and FC liquidity positions and funding strategies. Necessary precautions are taken in line with liquidity needs by following stress circumstances. “Liquidity Emergency Action Plan” which is an important part of liquidity risk management of our Bank, consists of early warning indicators which play an important role in monitoring increases in liquidity risk and the prevention of a possible crisis, action plans to prevent a possible crisis and to be applied during a crisis. Furthermore, to fulfill our banks reserve deposits liability that it has to allocate in the presence of CBRT, alternative fund sources to provide liquidity that is needed in various stress circumstances and under which circumstances to apply these sources, precautions to minimize time maturity mismatch and provide necessary funds on time, how the mechanism is going to operate in cases of crisis and stress is included in the plan.

Liquidity Coverage Ratio

Current Period		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			28,685,961	19,080,631
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	47,000,587	17,301,374	3,731,637	1,507,532
3	Stable deposits	19,368,439	4,452,105	968,422	222,605
4	Less stable deposits	27,632,148	12,849,269	2,763,215	1,284,927
5	Unsecured wholesale funding, of which:	56,964,767	17,007,270	24,077,564	9,130,630
6	Operational deposits	39,077,820	8,563,008	9,769,455	2,140,752
7	Non-operational deposits	11,500,011	6,314,138	8,043,800	4,884,740
8	Unsecured debt	6,386,936	2,130,124	6,264,309	2,105,138
9	Secured wholesale funding			-	-
10	Additional requirements of which:	12,161,941	10,353,586	12,161,941	10,353,586
11	Outflows related to derivative exposures and other collateral requirements	12,161,941	10,353,586	12,161,941	10,353,586
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	11,692,693	11,197,196	584,635	559,860
15	Other contingent funding obligations	41,049,749	12,616,503	6,408,586	1,602,636
16	TOTAL CASH OUTFLOWS			46,964,363	23,154,244
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	12,711,460	6,817,505	9,415,639	6,073,582
19	Other cash inflows	10,364,930	7,662,569	10,364,930	7,662,569
20	TOTAL CASH INFLOWS	23,076,390	14,480,074	19,780,569	13,736,151
				Upper Limit Applied Values	
21	TOTAL HQLA			28,685,961	19,080,631
22	TOTAL NET CASH OUTFLOWS			27,183,794	9,418,093
23	LIQUIDITY COVERAGE RATIO (%)			105.53	202.60

(*) To be calculated by simple arithmetic average monthly and consolidated average calculated for the last three months to the liquidity coverage ratio, calculated weekly simple average of the last three months to the liquidity coverage ratio is calculated by taking the arithmetic mean.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity Coverage Ratio

Prior Period		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			23,245,935	15,727,402
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	37,547,701	12,963,507	2,053,011	695,371
3	Stable deposits	34,035,193	12,019,598	1,701,760	600,980
4	Less stable deposits	3,512,508	943,909	351,251	94,391
5	Unsecured wholesale funding, of which:	56,179,601	12,682,423	22,562,573	6,132,602
6	Operational deposits	36,842,606	5,745,618	9,210,651	1,436,405
7	Non-operational deposits	14,988,070	5,880,296	9,003,397	3,639,688
8	Unsecured debt	4,348,925	1,056,509	4,348,525	1,056,509
9	Secured wholesale funding			-	-
10	Additional requirements of which:	3,896,442	3,359,233	3,896,442	3,359,233
11	Outflows related to derivative exposures and other collateral requirements	3,896,442	3,359,233	3,896,442	3,359,233
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	11,319,735	7,608,304	565,987	380,415
15	Other contingent funding obligations	46,926,725	15,387,896	5,118,041	1,971,397
16	TOTAL CASH OUTFLOWS			34,196,054	12,539,018
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	7,859,009	2,846,954	5,632,419	2,614,209
19	Other cash inflows	2,787,997	2,387,157	2,787,997	2,387,157
20	TOTAL CASH INFLOWS	10,647,006	5,234,111	8,420,416	5,001,366
				Upper Limit Applied Values	
21	TOTAL HQLA			23,245,935	15,727,402
22	TOTAL NET CASH OUTFLOWS			25,775,638	7,537,652
23	LIQUIDITY COVERAGE RATIO (%)			90.19	208.65

(*) To be calculated by simple arithmetic average monthly and consolidated average calculated for the last three months to the liquidity coverage ratio, calculated weekly simple average of the last three months to the liquidity coverage ratio is calculated by taking the arithmetic mean.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

The highest value in foreign currency took place in the week of 23.10.2015 in the level of 245.5%, whereas the lowest value took place in the week starting from 02.10.2015 in the level of 181.48%.

The highest value in total took place in the week of 25.12.2015 in the level of 114.81%, the lowest level took place in the week starting from 11.12.2015 in the level of 98.21%.

In the 3 month period, as a result of increase in foreign currency cash inflows between 02.10.2015 – 23.10.2015 and decrease in derivative liabilities in cash outflows the ratio increased from 181.48% to 245.5%.

The ratio in total liquidity coverage rate increased from 98.21% to 114.81% due to the decrease in cash outflows between 11.12.2015 – 25.12.2015 and increase in non – secured receivables in cash inflows.

With the “Liquidity Coverage Rate” which is prepared under the framework of “Regulations Regarding Banks’ Calculations of Liquidity Coverage Rate” published by BRSA, the balance between banks’ net cash outflows and high quality liquid asset stock

Bank’s high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Republic of Turkey Undersecretariat of Treasury.

Whereas the Banks’ important fund sources are deposits, funds obtained from other financial institutions, marketable securities issued and funds obtained from repo transactions.

Derivatives transactions with 30 or less days to maturity are included into liquidity coverage calculation with cash outflows created by the transactions as of the calculated liquidity coverage rate. In case of a liability resulting from derivatives transactions and security fulfillment liability resulting from other liabilities, actions are taken accordingly to the related regulation.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Maturity analysis of assets and liabilities according to remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over Undistributed^(*)	Total
Assets:							
Cash and balance with CBRT	21,484,789	-	-	-	-	-	21,484,789
Banks	3,935,773	1,221,323	77,170	-	-	-	5,234,266
Financial assets at fair value through profit/loss	-	91,549	7,289	70,041	648,185	68,403	885,467
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	-	85,621	150,337	2,234,107	7,821,259	6,403,392	16,773,969
Loans and receivables	-	12,203,391	4,261,659	24,576,398	51,600,918	30,332,112	123,780,653
Held-to-maturity investments	-	421,753	-	-	3,774,047	3,481,929	7,677,729
Other assets	2,188	1,013,076	304	2,856	42,198	289	7,110,251
Total assets	25,422,750	15,036,713	4,496,759	26,883,402	63,886,607	40,286,125	182,947,124
Liabilities:							
Bank deposits	385,739	4,509,576	555,665	151,903	-	-	5,602,883
Other deposits	19,892,221	58,717,429	19,396,268	6,282,049	31,684	-	104,319,651
Funds borrowed	-	298,609	702,288	9,409,878	2,934,999	5,210,223	18,555,997
Interbank money market takings	-	11,133,014	1,148,950	-	397,450	64,627	12,744,041
Securities issued	-	1,179,387	1,234,924	1,844,429	6,289,019	-	10,547,759
Miscellaneous payables	-	3,258,356	67,760	-	-	834,101	4,160,217
Other liabilities	-	635,686	269,833	39,193	83,026	4,281,899	27,016,576
Total liabilities	20,277,960	79,732,057	23,375,688	17,727,452	9,736,178	9,556,749	182,947,124
Liquidity gap	5,144,790	(64,695,344)	(18,878,929)	9,155,950	54,150,429	30,729,376	(15,606,272)
Net Off Balance Sheet Position							
	-	37,789	(15,679)	79,335	496,019	374,145	971,609
Receivables from Derivative Financial Instruments							
	-	10,214,707	3,472,683	1,297,251	5,540,752	4,922,653	25,448,046
Payables from Derivative Financial Instruments							
	-	10,176,918	3,488,362	1,217,916	5,044,733	4,548,508	24,476,437
Non-cash Loans	2,663,320	951,139	19,396,626	5,498,569	4,034,068	524,639	33,068,361
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over Undistributed^(*)	Total
Total assets	20,926,527	14,139,195	4,676,850	21,078,355	55,931,161	36,611,257	158,217,726
Total liabilities	16,812,823	70,245,968	23,293,031	15,184,411	7,805,460	6,177,711	158,217,726
Liquidity gap	4,113,704	(56,106,773)	(18,616,181)	5,893,944	48,125,701	30,433,546	(13,843,941)
Net Off Balance Sheet Position							
	-	(67,217)	28,994	231	200,669	298,287	460,964
Receivables from Derivative Financial Instruments							
	-	9,251,387	2,398,788	442,164	2,710,310	3,531,257	18,333,906
Payables from Derivative Financial Instruments							
	-	9,318,604	2,369,794	441,933	2,509,641	3,232,970	17,872,942
Non-cash Loans	243,079	835,912	16,437,467	6,930,286	3,503,638	683,541	28,633,923

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and shareholder's equity in the liabilities have been included in the "Undistributed" column.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Residual contractual maturities of the financial liabilities

Current Period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	5,602,883	5,617,785	385,739	4,514,733	562,204	155,109	-	-
Other deposits	104,319,651	159,034,343	19,892,221	90,652,689	33,501,072	14,911,861	76,500	-
Funds borrowed	18,555,997	20,025,703	-	299,282	704,682	9,491,948	3,333,188	6,196,603
Money market takings	12,744,041	12,759,688	-	11,143,452	1,151,513	-	399,406	65,317
Issued Securities (Net)	10,547,759	11,297,272	-	1,185,490	1,246,388	1,897,286	6,968,108	-
Miscellaneous payables	4,160,217	4,160,217	834,101	3,258,356	67,760	-	-	-
Other liabilities	6,530,395	8,450,423	1,711,193	377,119	37,965	39,193	83,026	6,201,927
Total	162,460,943	221,345,431	22,823,254	111,431,121	37,271,584	26,495,397	10,860,228	12,463,847
Non-Cash	33,068,361	33,068,361	2,663,320	951,139	19,396,626	5,498,569	4,034,068	524,639

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	4,876,059	4,879,012	59,910	4,341,671	453,419	24,012	-	-
Other deposits	86,880,909	87,345,379	16,752,913	45,091,487	19,424,640	6,056,284	20,055	-
Funds borrowed	14,927,048	15,845,654	-	1,240,618	854,153	6,607,235	2,794,190	4,349,458
Money market takings	16,385,302	16,396,538	-	15,604,502	233,628	351,133	-	207,275
Issued Securities (Net)	10,457,757	11,312,237	-	713,864	2,208,287	2,407,908	5,982,178	-
Miscellaneous payables	3,160,415	3,160,415	322,656	2,781,158	56,601	-	-	-
Other liabilities	3,601,609	4,553,819	904,356	393,062	35,016	9,687	37,883	3,173,815
Total	140,289,099	143,493,054	18,039,835	70,166,362	23,265,744	15,456,259	8,834,306	7,730,548
Non-Cash	28,633,923	28,633,923	243,079	835,912	16,437,467	6,930,286	3,503,638	683,541

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.

Securitization 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 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 immovable that are received as mortgage for loans have been formed. These policies and procedures are prepared in accordance with “Communique on Credit Risk Mitigation” and include minimum conditions regarding guarantee valuation and management.

Types of main guarantees received

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

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VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Main guarantors, credit derivatives’ counterparties and their credit worthiness

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

Information about market and credit risk concentration in credit risk mitigation

Market risk and credit risk concentrations are carefully avoided.

Information about guarantees according to risk classifications

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

Risk Classification-Current Period	Amount	Financial Guarantees	Other/ Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	56,190,457	7,162,734	-	-
Claims on regional governments or local authorities	3,701,273	14,358	-	-
Claims on administrative bodies and other non-commercial undertakings	1,082,396	25,077	-	-
Claims on multilateral development banks	218	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	9,413,986	3,081,086	-	-
Claims on corporate	58,507,417	789,622	-	1,688,920
Claims included in the regulatory retail portfolios	28,712,395	244,557	-	-
Claims secured by residential property	39,642,054	-	-	-
Past due loans	806,175	-	-	-
Higher risk categories decided by the Agency	11,283,082	16,000	-	-
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	7,481,758	-	-	-
Total	216,821,211	11,333,434	-	1,688,920

Risk Classification-Prior Period	Amount	Financial Guarantees	Other/ Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	51,627,779	4,810,208	-	-
Claims on regional governments or local authorities	2,962,704	19,276	-	-
Claims on administrative bodies and other non-commercial undertakings	1,053,325	63,400	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	15,420,064	7,032,378	-	-
Claims on corporate	48,245,645	514,692	-	634,888
Claims included in the regulatory retail portfolios	24,720,962	199,482	-	-
Claims secured by residential property	32,867,468	-	-	-
Past due loans	240,075	-	-	-
Higher risk categories decided by the Agency	12,534,696	15,115	-	-
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	6,088,226	-	-	-
Total	195,760,944	12,654,551	-	634,888

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VII. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Risk management strategies and policies

Risk management strategies are determined so as to support the Bank’s objectives and goals and maintain Bank’s presence by developing the present risk management strategies and corporate wide risk culture in parallel with the changing business and risk environment and by applying the well accepted national and international risk management practices.

The mission of Bank is to continuously increase the values added to the customers, employees, shareholders and society by managing the entrusted assets and values effectively and productively. In this scope, it is fundamental to adopt forward looking risk based approaches through forming high quality assets and good management of liabilities in all activities aiming high quality gains.

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

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

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

Explanations Regarding Leverage Ratio

Information on Issues that Cause Differences between Current Period and Previous Period Leverage Ratios

The Bank’s unconsolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as 6.81%. Increase in balance sheet assets and off-balance sheet transactions resulted in change in comparison with previous period (31.12.2014: 7.04%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

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VII. LIQUIDITY RISK LIQUIDITY COVERAGE RATIO (Continued)

Leverage ratio common disclosure template

	On-balance sheet exposures	Current Period^(*)	Prior Period^(*)
1	On-balance sheet items (exclude derivatives and SFTs; include collateral)	182,236,355	151,485,391
2	(Assets deducted in determining Basel III Tier 1 capital)	(568,612)	(235,199)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	181,667,743	151,250,192
	Derivative exposures		
4	Replacement cost	956,386	405,580
5	Add-on amount	365,598	227,723
6	Total derivative exposures	1,321,984	633,303
	Securities financing transaction exposures		
7	Gross SFT assets (with no recognition of accounting netting)	779,859	1,680,788
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	779,859	1,680,788
	Other off-balance sheet exposures		
10	Off-balance sheet exposures with gross nominal amount	53,969,900	46,200,245
11	Adjustment amount off-balance sheet exposures with credit conversion factor	1,025,968	557,436
12	Total off-balance sheet exposures	54,995,868	46,757,681
	Capital and total exposures		
13	Tier 1 capital	16,253,544	14,101,453
14	Total exposures	238,765,454	200,321,964
	Leverage ratio		
15	Leverage ratio	6.81	7.04

(*) Calculated by using 3 month average of balances in Leverage Rate Notification table.

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets:				
Receivables from				
Interbank Money Markets	-	-	-	-
Banks	5,234,266	2,570,620	5,234,266	2,570,620
Available-for-Sale				
Financial Assets	16,773,969	16,323,297	16,773,969	16,323,297
Held-to-Maturity				
Investments	7,677,729	6,854,593	7,496,076	6,983,593
Loans	123,780,653	104,583,517	125,203,508	105,477,073
Financial Liabilities:				
Bank Deposits	5,602,883	4,876,059	5,602,883	4,876,059
Other Deposits	104,319,651	86,880,909	103,957,669	86,925,247
Funds Borrowed	18,555,997	14,927,048	18,837,415	14,926,784
Securities Issued	10,547,759	10,457,757	10,471,257	10,388,073
Subordinated Loans	4,169,474	2,138,030	4,169,474	2,138,030
Miscellaneous Payables	4,160,217	3,160,415	4,160,217	3,160,415

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of loans are calculated by discounting future cash flows with the use of current market interest rates.

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Fair value of funds borrowed with fixed interest rate are calculated by discounting cash flows with current market interest rates. Fair value of funds borrowed with floating interest rate is calculated according to repricing period by discounting cash flows with current market rates.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

Classification of Fair Value Measurement

TFRS 7 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Bank. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	-	885,467	-	885,467
Derivative financial assets held for trading purpose	-	885,467	-	885,467
Available-for-sale financial assets	13,800,761	2,893,955	79,238 ^(**)	16,773,954
Debt securities	13,800,761	2,893,955	79,238	16,773,954
Investments in associates and subsidiaries	548,852	-	1,273,616 ^(*)	1,822,468
Total Financial Assets	14,349,613	3,779,422	1,352,854	19,481,889
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	-	-	-
Total Financial Liabilities	-	(289,589)	-	(289,589)

^(*) This amount consist of fair value of the affiliates and subsidiaries determined by independent valuation companies.

^(**) 79,238 TL which is in 3rd Level and classified under available for sale financial assets, consists of securities representing share in capital.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	619	379,576	-	380,195
Derivative financial assets held for trading purpose	619	379,576	-	380,195
Available-for-sale financial assets	14,832,268	1,491,014	-	16,323,282
Debt securities	14,832,268	1,491,014	-	16,323,282
Investments in associates and subsidiaries	631,875	-	1,053,475 ^(*)	1,685,350
Total Financial Assets	15,464,762	1,870,590	1,053,475	18,388,827
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(250,252)	-	(250,252)
Total Financial Liabilities	-	(250,252)	-	(250,252)

^(*) This amount consist of fair value of the affiliates and subsidiaries determined by independent valuation companies.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended 31 December 2015 is as follows:

	Level 3 Current Period	Level 3 Prior Period
Balance at the beginning of the year	1,053,475	886,839
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	299,379	166,636
Balance at the end of the year	1,352,854	1,053,475

IX. TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS, ITEMS HELD IN TRUST

The Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Bank is not involved in trust activities.

X. 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, debtors current loans, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, overdraft facilities, 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.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. SEGMENT REPORTING (Continued)

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.

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	4,218,690	6,496,941	2,912,897	1,522	13,630,050
<i>Interest income from loans</i>	4,218,690	6,496,941	814,047	-	11,529,678
<i>Interest income from reserve deposits</i>	-	-	38,684	-	38,684
<i>Interest income from securities portfolio</i>	-	-	2,049,544	-	2,049,544
<i>Interest income from banks</i>	-	-	10,622	-	10,622
<i>Interest income from money market transactions</i>	-	-	-	-	-
<i>Other interest income</i>	-	-	-	1,522	1,522
Interest Expense	2,517,946	3,434,680	2,159,815	31,128	8,143,569
<i>Interest expense on deposits</i>	2,517,946	3,424,053	189,011	-	6,131,010
<i>Interest expense on funds borrowed</i>	-	10,627	250,209	-	260,836
<i>Interest expense on money market transactions</i>	-	-	881,816	-	881,816
<i>Interest expense on securities issued</i>	-	-	596,952	-	596,952
<i>Other interest expenses</i>	-	-	241,827	31,128	272,955
Net Interest Income	1,700,744	3,062,261	753,082	(29,606)	5,486,481
Net Fees and Commissions Income	396,068	431,202	93,814	-	921,084
Trading Income/ Losses (Net)	-	-	99,474	-	99,474
Dividend Income	-	-	62,219	-	62,219
Other Income (*)	-	-	-	1,048,278	1,048,278
Provision For Losses on Loans and Other Receivables	738,488	415,514	28,107	354,951	1,537,060
Other Expenses (**)	-	-	-	3,610,183	3,610,183
Profit Before Taxes	1,358,324	3,077,949	980,482	(2,946,462)	2,470,293
Provision for taxes	-	-	-	(540,184)	(540,184)
Net Profit/ Loss	1,358,324	3,077,949	980,482	(3,486,646)	1,930,109
SEGMENT ASSETS					
Securities Portfolio	-	-	24,451,698	-	24,451,698
Derivative Financial Assets Held for Trading Purpose	-	-	885,467	-	885,467
Banks and Receivables From Money Markets	-	-	5,234,266	-	5,234,266
Investments in Associates and Subsidiaries	-	-	1,874,609	-	1,874,609
Loans and Receivables	36,849,266	69,990,429	16,940,958	-	123,780,653
Other Assets	-	-	20,379,948	6,340,483	26,720,431
TOTAL ASSETS	36,849,266	69,990,429	69,766,946	6,340,483	182,947,124
SEGMENT LIABILITIES					
Deposits	45,072,299	59,247,352	5,602,883	-	109,922,534
Derivative Financial Liabilities Held for Trading Purpose	-	-	289,589	-	289,589
Interbank Money Market Takings	-	-	12,744,041	-	12,744,041
Funds Borrowed	-	371,535	18,184,462	-	18,555,997
Securities Issued	-	-	10,547,759	-	10,547,759
Other Liabilities	-	-	4,759,494	5,945,955	10,705,449
Provisions and Tax Liabilities	-	-	-	3,414,207	3,414,207
Equity	-	-	-	16,767,548	16,767,548
TOTAL LIABILITIES AND EQUITY	45,072,299	59,618,887	52,128,228	26,127,710	182,947,124

(*) TL760,611 amount of TL1,048,278 shown in other income line consists of rejecting reserves from previous periods, TL108,405 of income from sale of Bank’s assets, TL50,723 from communications income and remaining TL128,539 of other income.

(**) TL1,380,439 amount of TL3,610,183 shown in other expenses line consists of personnel expenses, TL1,363,500 of other operating expenses, TL157,738 of depreciation expenses, TL144,017 of dividend reserves expenses to be given to personnel, TL115,916 of Savings Deposit Insurance Fund (SDIF) expenses, TL114,138 of taxes and funds expenses, and the remaining TL334,435 of other expenses.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. SEGMENT REPORTING (Continued)

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	3,573,807	5,319,575	2,477,707	2,498	11,373,587
<i>Interest income from loans</i>	3,573,807	5,319,575	433,033	-	9,326,415
<i>Interest Income from reserve deposits</i>	-	-	2,015	-	2,015
<i>Interest income from securities portfolio</i>	-	-	2,035,273	-	2,035,273
<i>Interest income from banks</i>	-	-	7,006	-	7,006
<i>Interest income from money market transactions</i>	-	-	380	-	380
<i>Other interest income</i>	-	-	-	2,498	2,498
Interest Expense	2,047,479	2,846,124	1,802,085	26,421	6,722,109
<i>Interest expense on deposits</i>	2,047,479	2,835,590	161,564	-	5,044,633
<i>Interest expense on funds borrowed</i>	-	10,534	156,942	-	167,476
<i>Interest expense on money market transactions</i>	-	-	912,931	-	912,931
<i>Interest expense on securities issued</i>	-	-	450,732	-	450,732
<i>Other interest expenses</i>	-	-	119,916	26,421	146,337
Net Interest Income	1,526,328	2,473,451	675,622	(23,923)	4,651,478
Net Fees and Commissions Income	350,757	300,020	58,557	-	709,334
Trading Income/ Losses (Net)	-	-	223,119	-	223,119
Dividend Income	-	-	66,288	-	66,288
Other Income (*)	-	-	-	1,345,534	1,345,534
Provision For Losses on Loans and Other Receivables	541,083	681,603	35,680	413,501	1,671,867
Other Expenses (**)	-	-	-	3,110,210	3,110,210
Profit Before Taxes	1,336,002	2,091,868	987,906	(2,202,100)	2,213,676
Provision for taxes	-	-	-	(460,403)	(460,403)
Net Profit/ Loss	1,336,002	2,091,868	987,906	(2,662,503)	1,753,273
SEGMENT ASSETS					
Securities Portfolio	-	-	23,178,509	-	23,178,509
Derivative Financial Assets Held for Trading Purpose	-	-	379,576	-	379,576
Banks and Receivables From Money Markets	-	-	2,570,620	-	2,570,620
Investments in Associates and Subsidiaries	-	-	1,736,982	-	1,736,982
Loans and Receivables	32,952,925	61,106,957	10,523,635	-	104,583,517
Other Assets	-	-	20,860,935	4,907,587	25,768,522
TOTAL ASSETS	32,952,925	61,106,957	59,250,257	4,907,587	158,217,726
SEGMENT LIABILITIES					
Deposits	36,352,846	50,528,063	4,876,059	-	91,756,968
Derivative Financial Liabilities Held for Trading Purpose	-	-	250,252	-	250,252
Interbank Money Market Takings	-	-	16,385,302	-	16,385,302
Funds Borrowed	-	225,187	14,701,861	-	14,927,048
Securities Issued	-	-	10,457,757	-	10,457,757
Other Liabilities	-	-	2,341,732	4,432,461	6,774,193
Provisions and Tax Liabilities	-	-	-	2,894,456	2,894,456
Equity	-	-	-	14,771,750	14,771,750
TOTAL LIABILITIES AND EQUITY	36,352,846	50,753,250	49,012,963	22,098,667	158,217,726

(*) TL705,404 amount of TL1,345,534 shown in other income line consists of rejecting reserves from previous periods, TL381,987 of income from sale of Bank's assets, TL85,302 of communication income and remaining TL172,841 of other income.

(**) TL1,232,995 amount of TL3,110,210 shown in other expenses line consists of personnel expenses, TL1,201,522 of other operating expenses, TL137,743 of depreciation expenses, TL129,797 of dividend provision expenses to be given to personnel, TL93,190 of Savings Deposit Insurance Fund (SDIF) expenses, TL105,366 of taxes and funds expenses, and the remaining TL209,597 of other expenses.

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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	1,157,743	277,106	1,008,203	362,556
Central Bank of the Republic of Turkey (*)	778,712	19,055,634	3,055,674	17,385,018
Other	197,525	18,069	62,451	11,077
Total	2,133,980	19,350,809	4,126,328	17,758,651

(*) TL 18,422,690 (31 December 2014: TL 16,156,471) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

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

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

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

Balances with the Central Bank of Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	760,146	632,944	3,054,416	1,228,547
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	105	-	3	-
Reserve Deposits	18,461	18,422,690	1,255	16,156,471
Total	778,712	19,055,634	3,055,674	17,385,018

2. Further information on financial assets at fair value through profit/loss

Financial assets at fair value through profit/loss given as collateral or blocked

None.

Trading securities subject to repurchase agreements

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2,087	624	3,616	474
Swap Transactions	737,149	145,264	338,329	31,410
Futures	-	-	-	-
Options	103	240	530	5,217
Other	-	-	-	-
Total	739,339	146,128	342,475	37,101

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	370,201	4,864,065	14,733	2,555,887
Domestic	370,201	269,123	14,733	348,007
Foreign	-	4,594,942	-	2,207,880
Foreign Head Offices and Branches	-	-	-	-
Total	370,201	4,864,065	14,733	2,555,887

Due from foreign banks

	Unrestricted Balance		Restricted Balances ^(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	234,147	116,487	-	97,060
USA, Canada	650,169	1,884,681	77,170	13,108
OECD Countries ^(*)	7,272	7,629	-	-
Off-shore Banking Regions	3,617,550	210	-	-
Others	8,634	88,705	-	-
Total	4,517,772	2,097,712	77,170	110,168

(*) OECD countries except from EU countries, USA, Canada.

(**) Restricted balances that occur from securization loans and other common banking activities

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,571,646	1,516,438	1,624,464	354,106
Other	-	-	-	-
Total	1,571,646	1,516,438	1,624,464	354,106

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	3,621,980	-	8,668,579	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	2,647,350	-	3,132,480
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	3,621,980	2,647,350	8,668,579	3,132,480

Information on available-for-sale financial assets

	Current Period	Prior Period
Debt securities	16,870,435	16,351,196
Quoted on a Stock Exchange	16,870,435	16,351,196
Unquoted	-	-
Equity securities	79,253	15
Quoted on a Stock Exchange	-	-
Unquoted	79,253	15
Provision for impairment on available-for-sale financial assets (-)	175,719	27,914
Total	16,773,969	16,323,297

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	-	28,550	-	10,174
Legal entities	-	28,550	-	10,174
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	102,886	-	86,082	-
Total	102,886	28,550	86,082	10,174

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Cash Loan	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
	Payment plan extensions	Other		Payment plan extensions	Other	
Non-specialized loans	116,149,003	744,459	-	5,046,931	1,032,283	-
Loans given to enterprises	34,714,950	252,115	-	1,453,613	697,629	-
Export loans	4,492,712	-	-	128,661	4,931	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2,733,453	-	-	20	-	-
Consumer loans	30,750,264	139,899	-	1,615,466	268,509	-
Credit cards	4,849,296	-	-	358,469	20,085	-
Other	38,608,328	352,445	-	1,490,702	41,129	-
Specialized lending	1,802	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	116,150,805	744,459	-	5,046,931	1,032,283	-

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

	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
Number of modifications to extend payment plans		
Extended for 1 or	744,459	741,343
Extended for 3,4	-	-
Extended for more	-	-
Extended period of time		
0-6 Months	4,163	571
6 - 12 Months	82	234
1-2 Years	9,107	8,842
2-5 Years	491,068	227,179
5 Years and Over	240,039	504,517

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	<i>Loans and Other Receivables</i>	<i>Restructured or Rescheduled Loans and Other Receivables</i>	<i>Loans and Other Receivables</i>	<i>Restructured or Rescheduled Loans and Other Receivables</i>
Cash loans				
Short-term Loans and Other Receivables	32,072,521	19,560	1,945,316	89,658
Loans	32,072,521	19,560	1,945,316	89,658
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium, Long-term Loans and Other Receivables	84,078,257	724,926	3,101,615	942,625
Loans	84,076,455	724,926	3,101,615	942,625
Specialization loans	1,802	-	-	-
Other Receivables	-	-	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	351,409	30,415,076	30,766,485
Housing Loans	6,587	15,109,922	15,116,509
Automobile Loans	5,708	461,224	466,932
General Purpose Loans	339,114	14,843,930	15,183,044
Other	-	-	-
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	3,690,264	81,893	3,772,157
With Installment	1,605,894	75,592	1,681,486
Without Installment	2,084,370	6,301	2,090,671
Retail Credit Cards – FC	8,844	-	8,844
With Installment	-	-	-
Without Installment	8,844	-	8,844
Personnel Loans – TL	3,345	43,912	47,257
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	3,345	43,912	47,257
Other	-	-	-
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	55,177	207	55,384
With Installment	21,295	193	21,488
Without Installment	33,882	14	33,896
Personnel Credit Cards – FC	245	-	245
With Installment	-	-	-
Without Installment	245	-	245
Overdraft Checking Accounts – TL (Real persons)	1,960,277	-	1,960,277
Overdraft Checking Accounts – FC (Real persons)	119	-	119
Total	6,069,680	30,541,088	36,610,768

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(Continued)**

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	981,266	23,225,014	24,206,280
Real Estate Loans	9,662	821,378	831,040
Automobile Loans	66,901	1,652,480	1,719,381
General Purpose Loans	904,703	20,751,156	21,655,859
Other	-	-	-
Installment-based Commercial Loans – FC indexed	20,249	1,220,421	1,240,670
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	20,249	1,220,421	1,240,670
Other	-	-	-
Installment-based Commercial Loans – FC	977	5,201,530	5,202,507
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	977	5,143,608	5,144,585
Other	-	57,922	57,922
Corporate Credit Cards – TL	1,390,701	372	1,391,073
With Installment	485,628	372	486,000
Without Installment	905,073	-	905,073
Corporate Credit Cards – FC	147	-	147
With Installment	-	-	-
Without Installment	147	-	147
Overdraft Checking Accounts – TL (Corporate)	1,132,243	-	1,132,243
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	3,525,583	29,647,337	33,172,920

Allocation of loan customers

	Current Period	Prior Period
Public Sector	962,508	1,299,532
Private Sector	122,011,970	103,043,910
Total	122,974,478	104,343,442

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	122,622,462	104,145,709
Foreign Loans	352,016	197,733
Total	122,974,478	104,343,442

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(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	145,876	74,105
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	145,876	74,105

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	96,407	60,286
Loans and Receivables with Doubtful Collectability	386,298	546,295
Uncollectible Loans and Receivables	3,561,333	3,127,716
Total	4,044,038	3,734,297

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period	51,611	88,881	59,591
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	51,611	88,881	59,591
Prior period	34,563	92,576	82,945
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	34,563	92,576	82,945

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(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balance at the beginning of the period	300,361	546,295	3,127,716
Additions (+)	1,908,973	24,763	34,965
Transfers from other categories of loans under follow-up (+)	-	1,523,175	1,114,961
Transfers to other categories of loans under follow-up (-) ^(*)	1,563,650	1,031,863	125,124
Collections (-)	163,649	290,216	556,494
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Other</i>	-	-	-
Balance at the end of the period	482,035	772,154	3,596,024
Specific provision (-) ^(**)	96,407	386,298	3,561,333
Net balance	385,628	385,856	34,691

^(*) 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.

^(**) As of 31 December 2015, the Bank reserved 100% provision for TL 12,818 after the date it was placed in the 5th group, which is the remaining portion of non-performing loans of TL 47,500 given to a group when guarantees are taken into consideration.

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance at the end of the period	15,261	88,082	198,835
Specific provision (-)	3,052	44,041	198,835
Net balance on balance sheet	12,209	44,041	-
Prior Period			
Balance at the end of the period	7,681	2,907	244,100
Specific provision (-)	1,536	2,907	244,100
Net balance on balance sheet	6,145	-	-

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

Explanation on Write-off Policy

None.

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(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Loan customer concentration of gross and net amounts of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	385,628	385,856	34,691
Consumer and Commercial Loans (Gross)	475,614	762,956	3,523,032
Specific Provision (-)	95,123	381,699	3,488,341
Consumer and Commercial Loans (Net)	380,491	381,257	34,691
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	6,421	9,198	71,441
Specific Provision (-)	1,284	4,599	71,441
Other Loans and Receivables (Net)	5,137	4,599	-
Prior Period (Net)	240,075	-	-
Consumer and Commercial Loans (Gross)	297,145	539,926	3,067,758
Specific Provision (-)	59,643	539,926	3,067,758
Consumer and Commercial Loans (Net)	237,502	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	3,216	6,369	58,407
Specific Provision (-)	643	6,369	58,407
Other Loans and Receivables (Net)	2,573	-	-

6. Information on held-to-maturity investments

Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	7,546,748	-	6,761,749	-
Treasury Bills	-	-	-	-
Other Securities Issued by the	-	-	-	-
Total	7,546,748	-	6,761,749	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	7,683,950	6,860,448
Quoted at Stock Exchanges	7,552,969	6,767,604
Unquoted at Stock Exchanges	130,981	92,844
Impairment Losses (-)	6,221	5,855
Total	7,677,729	6,854,593

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	6,854,593	5,403,815
Foreign currency differences on monetary assets	44,702	7,990
Purchases during the period	1,610,704	2,924,991
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(1,129,187)	(1,764,546)
Impairment losses	(366)	51,505
Change in amortized costs of the securities (*)	297,283	230,838
Balances at the end of the period	7,677,729	6,854,593

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

Information on held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	495,970	130,950	527,655	130,981
Investments subject to repurchase agreements	5,428,798	-	6,050,350	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	935,631	-	968,743	-
Total	6,860,399	130,950	7,546,748	130,981

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

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

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (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. (*)	Lefkoşa/NCTR	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ (**)	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ	İstanbul/Turkey	9.70	9.70
5 Kredi Kayıt Bürosu AŞ (*)	İstanbul/Turkey	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/Turkey	0.07	0.07
7 İzmir Enternasyonal Otelcilik AŞ	İstanbul/Turkey	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/Turkey	4.37	4.37
9 Kredi Garanti Fonu AŞ (*)	Ankara/Turkey	1.69	1.69
10 Tasfiye Halinde World Vakıf UBB Ltd.	Lefkoşa/ NCTR	82.00	85.25

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value
1	884,289	66,941	9,582	49,270	3,531	5,285	1,459	-
2	21,366,580	2,783,792	746,288	779,989	322,303	410,590	374,111	2,603,218
3	2,960,026	557,498	514,006	7,060	-	(50,090)	96,304	-
4	68,358	29,660	42,971	1,019	-	3,869	3,490	-
5	129,527	104,842	62,914	3,663	-	26,782	18,547	-
6	137,683	(31,675)	88,027	422	-	(17,037)	(5,556)	-
7	108,514	371	88,782	6	-	(18,136)	(5,610)	-
8	7,631,265	869,063	100,232	155,708	11,816	132,453	96,179	-
9	316,348	278,439	5,500	9,906	-	19,899	10,213	-
10	1,390	(78,268)	-	-	-	(7,452)	(5,465)	-

(*) The financial statements for these associates as at and for the period ended 30 September 2015 are presented.

(**) Figures are obtained from audited financial statements as at and for the period ended 31 December 2015 disclosed in Public Disclosure Platform.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	305,469	245,523
Movements during the period	(35,179)	59,946
Transfers	-	-
Acquisitions and capital increases	-	-
Bonus shares received	21,453	19,985
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	(56,632)	39,961
Impairment losses	-	-
Balance at the end of the period	270,290	305,469
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In current period, one of the bank’s associate, Tasfiye Halinde World Vakıf UBB Ltd, is removed from the banks account and transferred to Other Trading Business account starting from December 2015.

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

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

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

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

The title of World Vakıf Off Shore Banking Ltd, a subsidiary of the Bank, was changed as World Vakıf UBB. Ltd. on 4 February 2009. Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., operating in NCTR, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. According to 24 May 2010 dated decision of the Nicosia Local Court, World Vakıf UBB Ltd. will be liquidated and NCTR Company Registrar is appointed to carry out liquidation process. In year 2010, due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified as “Investments in associates”. The liquidation process of World Vakıf UBB Ltd, an associate of the Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed on 27 August 2013. Thus, the company’s title has been changed as “World Vakıf UBB Ltd in Liquidation”.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period	Prior Period
Banks	254,171	289,858
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	4,719	4,211
Total	258,890	294,069

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	218,150	253,838
Quoted at international stock exchanges	-	-
Total	218,150	253,838

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

There is not any associate acquired in the current period.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

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

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

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Bank, calculates capital adequacy in accordance with Serial:V, No: 34 numbered “Communiqué on Capital and Capital Adequacy of Intermediary Firms” of CMB every six month. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with “Communiqué on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms” published by Republic of Turkey Undersecretariat of Treasury every six month. According to the calculations at 31 December 2015, 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 Faktoring AŞ (*)	İstanbul/ Turkey	78.39	86.99
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	100.00	100.00
8 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (**)	İstanbul/ Turkey	22.89	32.91
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (**)	İstanbul/ Turkey	38.70	40.64
10 Vakıf Enerji ve Madencilik AŞ (***)	Ankara/ Turkey	65.50	84.96
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	58.57

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	1,273,901	160,386	1,333,517	23,953	17,005	(98,328)	4,630	275,394
2	3,767,621	196,387	99,596	21,365	659	25,881	21,162	705,800
3	637,729	101,815	2,729	52,308	-	10,116	7,558	79,300
4	1,562,614	135,631	20,575	75,157	-	15,458	953	77,808
5	116,939	93,567	455	5,040	1,163	(6,584)	2,835	86,700
6	3,092,692	399,531	964	84,931	17,953	8,957	33,078	482,382
7	14,673	14,123	245	1,020	23	2,236	1,913	56,900
8	17,700	17,472	36	301	722	(527)	(320)	16,022
9	772,101	770,829	485,566	24,077	-	22,403	14,498	468,342
10	22,604	6,167	1,073	287	-	(1,736)	182	14,100
11	371,186	359,071	243,396	6,512	-	9,112	6,080	364,500
12	47,990	40,368	653	2,828	1,272	3,861	3,420	53,100
13	30,049	25,648	389	2,213	122	829	4,362	40,900

(*) The financial statements for these subsidiaries as at and for the period ended 30 September 2015 are presented.

(**) Figures are obtained from reviewed financial statements as at and for the period ended 30 September 2015 disclosed in Public Disclosure Platform.

(***) The financial statements for these subsidiaries as at and for the period ended 30 June 2015 are presented.

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	1,431,513	1,365,470
Movements during the period	172,806	66,043
Transfers	-	-
Acquisitions and capital increases	-	205,713
Bonus shares received	4,605	-
Dividends from current year profit	(26,186)	(34,017)
Sales and liquidations	-	-
Fair value changes	163,959	(107,850)
Impairment losses	30,428	2,197
Balance at the end of the period	1,604,319	1,431,513
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	1,604,319	1,431,513
Equity method of accounting	-	-
Total	1,604,319	1,431,513

Sectoral distribution of investments in financial subsidiaries

	Current Period	Prior Period
Insurance companies	480,532	402,768
Banks	434,144	321,124
Factoring companies	62,163	65,273
Leasing companies	45,681	45,149
Finance companies	-	-
Other financial subsidiaries	327,650	353,283
Total	1,350,170	1,187,597

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	330,703	378,037
Quoted at international stock exchanges	-	-
Total	330,703	378,037

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.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

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

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

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Değerleme A.Ş. from TL 7,000 to TL 14,000 by a bonus increase of TL 7,000 in the Ordinary Meeting of General Assembly of the Company dated 20 March 2015. After the capital increase, Bank's current nominal share has been increased from TL 3,800 to TL 7,600 by TL 3,800 and Bank's share percentage has been remained the same 54.29%. The share of the Bank amounting to TL 3,800 is presented as bonus shares received in the movement table of investments in subsidiaries.

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

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

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

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

9. Investments in joint-ventures

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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 tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	601,018	134,453	42,942	900,757	1,679,170
Accumulated depreciation(-)	253,923	126,424	34,646	555,177	970,170
Impairment (-)	-	-	-	-	-
Net book value	347,095	8,029	8,296	345,580	709,000
Balance at the end of the current year:					
Net book value at the beginning of the current	347,095	8,029	8,296	345,580	709,000
Additions	874,314	-	1,356	213,591	1,089,261
Cost of the disposals	539,068	9,743	9,060	17,646	575,517
Depreciation of the disposals	266,324	9,695	8,117	7,656	291,792
Depreciation of the current year (-)	13,986	2,388	4,369	104,168	124,911
Impairment (-)	6,475	-	-	-	6,475
Cost at the end of the current year	936,264	124,710	35,238	1,096,702	2,192,914
Accumulated depreciation at the end of the year (-)	1,585	119,117	30,898	651,689	803,289
Impairment (-) (*)	6,475	-	-	-	6,475
Net book value at the end of the current year	928,204	5,593	4,340	445,013	1,383,150

13. Information on intangible assets

Bank’s intangible assets consist of computer softwares and licences. The estimated useful life of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Bank divides the extinction share of intangible assets according to inflation adjusted values.

There is not any intangible asset that is important for fullest extend of financial statements.

Bank does not have any intangible asset that is collateral or acquired by government promotion and has a limitation on usage.

The Bank did not declared a commitment to purchase intangible assets.

14. Information on investment properties

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

15. Information on deferred tax assets

As at 31 December 2015 and 31 December 2014, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
Deferred tax assets:	232,350	227,132
Provision for employee termination benefits and unused vacations	87,096	81,013
Other provisions	45,287	28,083
Valuation differences of associates and subsidiaries	23,456	23,456
Valuation differences of financial assets and liabilities	67,439	82,413
BRSA - Tax Code depreciation differences	7,252	10,131
Other	1,820	2,036
Deferred tax liabilities:	(216,929)	(154,695)
Valuation differences of financial assets and liabilities	(127,392)	(114,636)
Valuation differences of associates and subsidiaries	(60,671)	(40,059)
Valuation differences of properties	(28,866)	-
Deferred tax assets, net	15,421	72,437

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

As at 31 December 2015 assets held for sale and assets related to the discontinued operations amount to TL 994,964 (31 December 2014: TL 745,883).

17. Information on other assets

As at 31 December 2015 and 31 December 2014 other assets are as follows:

	Current period	Prior Period
Receivables from credit card payments	923,489	772,007
Prepaid expenses	578,292	617,476
Guarantees given for repurchase agreements	143,978	193,605
Guarantees given for derivative financial instruments	501,035	351,579
Receivables from term sale of assets	44,567	68,664
Other	479,469	212,142
Total	2,670,830	2,215,473

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	4,424,092	-	471,519	22,041,396	1,027,318	255,301	124,971	-	28,344,597
Foreign Currency									
Deposits	4,121,923	-	3,451,462	15,829,234	1,474,397	912,706	3,462,272	-	29,251,994
Residents in Turkey	3,850,977	-	3,448,531	15,546,772	1,235,166	611,274	942,705	-	25,635,425
Residents Abroad	270,946	-	2,931	282,462	239,231	301,432	2,519,567	-	3,616,569
Public Sector Deposits	4,504,470	-	4,869,059	6,958,081	843,503	1,879,924	205,243	-	19,260,280
Commercial Deposits	2,464,867	-	3,737,839	11,417,347	161,445	50,949	1,336	-	17,833,783
Other	3,751,277	-	1,772,094	3,170,500	242,340	41,669	25,525	-	9,003,405
Precious Metal									
Deposits	625,592	-	-	-	-	-	-	-	625,592
Bank Deposits	385,739	-	3,804,547	918,327	230,210	118,489	145,571	-	5,602,883
Central Bank	1,116	-	-	-	-	-	-	-	1,116
Domestic Banks	6,477	-	3,645,258	553,924	212,223	-	-	-	4,417,882
Foreign Banks	223,598	-	159,289	364,403	17,987	118,489	145,571	-	1,029,337
Participation Banks	154,548	-	-	-	-	-	-	-	154,548
Other	-	-	-	-	-	-	-	-	-
Total	20,277,960	-	18,106,520	60,334,885	3,979,213	3,259,038	3,964,918	-	109,922,534

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	3,715,353	-	463,572	18,032,423	1,393,667	328,345	136,781	-	24,070,141
Foreign Currency									
Deposits	3,234,204	-	2,197,700	11,340,861	1,411,649	759,201	2,828,588	-	21,772,203
Residents in Turkey	3,056,529	-	2,195,602	11,162,513	1,193,080	494,191	794,731	-	18,896,646
Residents Abroad	177,675	-	2,098	178,348	218,569	265,010	2,033,857	-	2,875,557
Public Sector Deposits	3,583,281	-	2,370,191	5,695,639	437,138	2,788,470	190,212	-	15,064,931
Commercial Deposits	2,157,535	-	4,622,420	10,102,792	430,016	233,506	5,478	-	17,551,747
Other	3,208,185	-	1,102,804	2,747,775	380,429	98,701	29,638	-	7,567,532
Precious Metal									
Deposits	854,355	-	-	-	-	-	-	-	854,355
Bank Deposits	59,910	-	3,599,082	1,086,606	80,387	33,206	16,868	-	4,876,059
Central Bank	424	-	-	-	-	-	-	-	424
Domestic Banks	2,094	-	3,288,392	422,069	2,016	33,206	16,868	-	3,764,645
Foreign Banks	53,763	-	310,690	664,537	78,371	-	-	-	1,107,361
Participation Banks	3,629	-	-	-	-	-	-	-	3,629
Other	-	-	-	-	-	-	-	-	-
Total	16,812,823	-	14,355,769	49,006,096	4,133,286	4,241,429	3,207,565	-	91,756,968

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	15,480,662	12,652,145	12,863,935	11,417,996
Foreign Currency Saving Deposits	4,788,666	3,846,786	11,939,036	8,435,919
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	20,269,328	16,498,931	24,802,971	19,853,915

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	24,839	21,061
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	5,438	3,905
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,508	594	3,209	458
Swap Transactions	109,384	149,252	50,567	190,324
Futures	-	-	-	-
Options	28,612	239	457	5,237
Other	-	-	-	-
Total	139,504	150,085	54,233	196,019

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Bank and Institutions	101,625	269,158	139,471	91,169
Foreign Banks, Institutions and Funds	231,158	17,954,056	748,467	13,947,941
Total	332,783	18,223,214	887,938	14,039,110

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	101,813	2,020,325	867,372	7,312,287
Medium and Long term (*)	230,970	16,202,889	20,566	6,726,823
Total	332,783	18,223,214	887,938	14,039,110

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 11.17% (31 December 2014: 10.41%) of the Bank’s liabilities. There is no risk concentration on funding sources of the Bank.

On 16 April 2014, Bank has obtained syndicated loan at the amount of US Dollar 270.5 million and Euro 525 million with the interest rate of US Libor +0.90% and Euribor +0.90% at a maturity of one year, with participation of 35 banks with the coordination of Wells Fargo Bank N.A., London Branch and Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent. On 17 April 2015, the loan has been renewed with a new syndicated loan amounting to US Dollar 204 million and Euro 763 million with the interest rate of US Libor + 0.80% and Euribor + 0.80% at a maturity of 367 days with participation of 35 banks, Wells Fargo Bank, N.A., London Branch acting as coordinator and agent bank.

On 22 September 2014, Vakıfbank has obtained syndicated loan amounting to US Dollar 168.5 million and Euro 528.75 million with interest rates of US Libor + 0.90% and Euribor + 0.90% at a maturity of one year, with the participation of 26 banks, ING Bank, London Branch acting as coordinator and agent bank. On 14 September 2015, the loan has been renewed with a new syndicated loan amounting to US Dollar 168,5 million and Euro 679.5 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year with participation of 30 banks, ING Bank, London Branch acting as coordinator and agent bank.

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

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

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

2014-B segment of the loan has been obtained from Wells Fargo Bank, N.A., 2014-C segment of the loan has been obtained from Raiffeisen Bank International AG, 2014-D segment of the loan has been obtained from Standard Chartered Bank, 2014-E segment of the loan has been obtained from Societe Generale, 2014-G segment of the loan has been obtained from Bank of America, N.A. and 2014-F segment of the loan related to treasury transactions has been obtained from JP Morgan Securities plc. in the scope of programme.

As at 31 December 2015, total securitization loan amounts to US Dollar 936 million and Euro 260 million.

At January 2015, Vakıfbank; issued secondary subordinated bond that contains subordinated debt provision (Tier-II) which was the first that meets the criteria of Basel III in Turkey. In this context, secondary subordinated bond that contains subordinated debt provision (Tier-II) that had nominal value of 500 million USD, the redemption date of 3 February 2025, early redemption options on 3 February 2020, fixed-rate, 10 years and 1 day maturity and two interest coupon payment rate of 6.875%, the yield of the exportation 6.95% was issued.

Information on securities issued

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

Within the context of Global Medium Term Notes (GMTN), 190 private placements have been realized with 16 separate banks since June 2013. These placements have been realized in different currencies (US Dollar, Euro and CHF) at the maturities of 3 months, 6 months, 1 year and 2 years and in total amount to US Dollar 4,265 million equivalents. As at 31 December 2015 total private placement transactions amount to US Dollar 390 million equivalents.

Current Period	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	3,197,582	-	946,566	6,418,184
Cost	3,068,550	-	946,565	6,371,968
Net Book Value	3,128,044	-	949,615	6,470,100

Prior Period	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	2,978,797	-	2,306,544	5,193,848
Cost	2,860,066	-	2,306,501	5,155,977
Net Book Value	2,913,190	-	2,315,443	5,229,124

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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 do not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under financial leasing

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	1,606,200	1,326,468
-Additional provision for loans with extended payment plans	26,422	26,989
Provisions for loans and receivables in Group II	231,853	175,204
-Additional provision for loans with extended payment plans	21,057	14,696
Provisions for non-cash loans	106,422	93,418
Other	13,128	8,152
Total	1,957,603	1,603,242

Information on employee rights

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of 31 December 2015, TL 350,227 (31 December 2014: TL 328,246) provision for severance pay and TL 85,253 (31 December: TL 76,820) provision for unused vacation are stated in financial statements under employee rights provision.

Movement of severance pay provision in the period:

	Current Period	Previous Period
Opening balance	328,246	276,371
Current service cost	31,541	23,764
Previous service cost	-	113
Interest cost	25,920	24,281
Paid compensation	(30,875)	(35,375)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	214	482
Actuary loss/(gain)	(4,819)	38,610
Closing balance	350,227	328,246

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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	17,160	12,048

The Bank has recorded provision amounting to TL 17,160 (31 December 2014: TL 12,048) 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 December 2015, Bank has recorded TL 40,930 (31 December 2014: TL 63,030) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on other provisions

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provisions for credits	182,585	105,005
Specific provisions for non-cash loans	40,930	63,030
Provision for cheques	47,020	37,207
Provisions for lawsuits against the Bank	4,755	14,673
Provisions for credit card promotions	9,100	10,177
Other provisions	6,885	722
Total	291,275	230,814

Information on provision for probable risks

None.

8. Taxation

Current taxes

Tax provision

As at and for the year ended 31 December 2015, the tax provision was amounted to TL 403,602 (31 December 2014: TL 600,797). As at 31 December 2015, corporate tax liabilities of the Bank was amounted to TL 171,734 (31 December 2014: TL 352,624), after deducting prepaid taxes paid during temporary tax periods amounted to TL 231,868 (31 December 2014: TL 248,173).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	231,868	248,173
Taxation on securities	151,721	123,184
Capital gains tax on property	2,451	2,146
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	76,418	58,972
Value added tax payable	3,754	3,139
Other	22,168	19,879
Total	488,380	455,493

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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	-	-
Unemployment insurance- employee share	685	608
Unemployment insurance- employer share	1,370	1,216
Other	-	-
Total	2,055	1,824

Information on deferred tax liabilities

Information on deferred tax liabilities is presented in disclosure 13 of information and disclosures related to assets.

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

None.

10. Information on subordinated loans

The Bank has issued bond having the secondary subordinated loan quality to be sold to non-resident natural and legal persons. The bond has been issued at the nominal value of US Dollar 500 million with the maturity of 10 years and 6.0% coupon rate. In addition to the bond issued on 1 November 2012, on 3 December 2012 the Bank has realized second tranche at nominal value of US Dollar 400 million, has the same due date and maturity of 10 years and 5.5% coupon rate.

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

Stated bonds' total balance sheet value is TL 4,169,474 as of 31 Decemben 2015 (31 December 2014: TL 2,138,030).

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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	10,000,000

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

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	571,129	191,529	611,250	118,404
Fair value differences of available-for-sale securities	(264,492)	239,608	172,430	256,490
Foreign exchange differences	92,639	-	58,395	-
Total	399,276	431,137	842,075	374,894

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Commitments for credit card limits	7,399,361	7,641,987
Loan granting commitments	8,482,816	8,053,342
Commitments for cheque payments	1,805,569	1,638,976
Asset purchase sale commitments	3,843,373	2,686,862
Other	1,231,793	272,131
Total	22,762,912	20,293,298

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 97,721 (31 December 2014: TL 129,638) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 40,930 (31 December 2014: TL 63,030).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final letters of guarantee	9,289,202	7,737,748
Letters of guarantee for advances	3,438,136	2,603,790
Letters of guarantee given to custom offices	1,030,530	913,389
Provisional letters of guarantee	935,981	1,107,255
Other letters of guarantee	12,096,954	9,090,289
Total	26,790,803	21,452,471

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	2,899,661	2,905,607
<i>With original maturity of 1 year or less</i>	<i>1,176,515</i>	<i>1,846,045</i>
<i>With original maturity of more than 1 year</i>	<i>1,723,146</i>	<i>1,059,562</i>
Other non-cash loans	30,168,700	25,728,316
Total	33,068,361	28,633,923

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

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	87,249	0.40	132,021	1.20	86,506	0.52	266,929	2.27
Farming and Cattle	82,686	0.37	132,021	1.20	77,673	0.46	257,069	2.19
Forestry	3,528	0.02	-	-	7,898	0.05	7,540	0.06
Fishing	1,035	0.01	-	-	935	0.01	2,320	0.02
Manufacturing	9,811,692	44.43	5,696,876	51.86	7,150,408	42.40	5,753,926	48.88
Mining	1,252,878	5.67	106,628	0.97	168,108	1.00	29,069	0.25
Production	5,526,001	25.03	5,309,883	48.34	4,563,948	27.06	5,319,615	45.19
Electric, gas and water	3,032,813	13.73	280,365	2.55	2,418,352	14.34	405,242	3.44
Construction	3,374,531	15.28	2,224,897	20.25	2,996,610	17.77	2,520,479	21.41
Services	8,030,112	36.36	2,516,870	22.92	6,226,616	36.92	2,756,081	23.42
Wholesale and retail trade	3,444,760	15.60	1,584,498	14.42	2,580,882	15.30	1,597,411	13.57
Hotel, food and beverage Services	110,961	0.50	1,218	0.01	125,417	0.74	5,691	0.05
Transportation and telecommunication	1,172,317	5.31	736,976	6.71	963,436	5.71	1,058,514	8.99
Financial institutions	2,090,603	9.47	32,774	0.30	1,515,987	8.99	7,094	0.06
Real estate and renting	-	-	-	-	-	-	-	-
Services	325,256	1.47	33,663	0.31	254,056	1.51	24,192	0.21
Self-employment services	610,338	2.76	110,414	1.01	591,814	3.51	44,562	0.38
Education services	23,752	0.11	4,018	0.04	24,595	0.15	3,903	0.03
Health and social services	252,125	1.14	13,309	0.12	170,429	1.01	14,714	0.13
Other	780,253	3.53	413,860	3.77	403,045	2.39	473,323	4.02
Total	22,083,837	100.00	10,984,524	100.00	16,863,185	100.00	11,770,738	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	21,714,478	4,787,077	173,386	20,949
Confirmed Bills of Exchange and Letters of Credit	86,762	1,388,757	-	-
Endorsements	16,306	4,761,086	-	11,317
Purchase Guarantees for Securities	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	10,522	-	-
Non-Cash Loans	21,817,546	10,947,442	173,386	32,266

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	16,653,687	4,549,302	113,427	8,262
Confirmed Bills of Exchange and Letters of Credit	20,836	1,943,257	-	-
Endorsements	-	5,212,911	-	-
Purchase Guarantees for Securities	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,603	-	-
Non-Cash Loans	16,674,523	11,708,073	113,427	8,262

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

5. Information on derivative transactions

	Current Period	Prior Period
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	27,656,170	21,948,443
Currency Forwards	468,760	555,204
Currency Swaps	26,673,880	20,336,691
Currency Futures	-	-
Currency Options	513,530	1,056,548
Interest Rate Derivative Transactions (II)	13,313,758	7,478,238
Interest Rate Forwards	-	-
Interest Rate Swaps	13,313,758	7,478,238
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Trading Derivatives (III)	8,954,555	6,780,167
A. Total Trading Derivatives (I+II+III)	49,924,483	36,206,848
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	49,924,483	36,206,848

	31 December 2015					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	9,964,069	3,399,460	150,372	-	-	13,513,901
Sale	4,319,332	3,414,782	150,222	-	-	7,884,336
Currency forwards:						
Purchase	21,330	60,137	107,684	45,556	-	234,707
Sale	21,304	60,054	107,359	45,336	-	234,053
Cross currency interest rate swaps:						
Purchase	-	-	186,709	2,732,075	-	2,918,784
Sale	-	-	120,583	2,236,276	-	2,356,859
Interest rate swaps:						
Purchase	-	-	218,250	2,763,121	3,675,508	6,656,879
Sale	-	-	218,250	2,763,121	3,675,508	6,656,879
Options:						
Purchase	229,308	13,086	8,586	-	-	250,980
Sale	239,124	13,526	9,900	-	-	262,550
Other trading derivatives:						
Purchase	-	-	625,650	-	1,247,145	1,872,795
Sale	5,597,158	-	611,602	-	873,000	7,081,760
Total purchases	10,214,707	3,472,683	1,297,251	5,540,752	4,922,653	25,448,046
Total sales	10,176,918	3,488,362	1,217,916	5,044,733	4,548,508	24,476,437
Total	20,391,625	6,961,045	2,515,167	10,585,485	9,471,161	49,924,483

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(Continued)

	31 December 2014					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	8,688,057	2,181,378	176,107	296,894	-	11,342,436
Sale	3,998,297	2,172,677	176,023	296,614	-	6,643,611
Currency forwards:						
Purchase	99,142	68,619	71,286	38,774	-	277,821
Sale	99,070	68,502	71,136	38,675	-	277,383
Cross currency interest rate swaps:						
Purchase	63,456	58,000	-	1,172,493	-	1,293,949
Sale	46,667	37,825	-	972,203	-	1,056,695
Interest rate swaps:						
Purchase	-	-	-	1,202,149	2,536,970	3,739,119
Sale	-	-	-	1,202,149	2,536,970	3,739,119
Options:						
Purchase	242,712	90,791	194,771	-	-	528,274
Sale	242,710	90,790	194,774	-	-	528,274
Other trading derivatives:						
Purchase	158,020	-	-	-	994,287	1,152,307
Sale	4,931,860	-	-	-	696,000	5,627,860
Total purchases	9,251,387	2,398,788	442,164	2,710,310	3,531,257	18,333,906
Total sales	9,318,604	2,369,794	441,933	2,509,641	3,232,970	17,872,942
Total	18,569,991	4,768,582	884,097	5,219,951	6,764,227	36,206,848

6. Contingent assets and liabilities

Bank allocates TL 4,755 as provision for lawsuits against the Bank (31 December 2014: 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	3,425,129	131,968	2,770,463	143,765
Medium and Long-Term Loans	6,371,936	1,461,460	5,275,775	959,257
Non-performing Loans	139,185	-	177,155	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	9,936,250	1,593,428	8,223,393	1,103,022

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	1,321	622	2,016	1,197
Foreign Banks	47	8,632	-	3,793
Foreign Head Office and Branches	-	-	-	-
Total	1,368	9,254	2,016	4,990

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

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	-	-	-	-
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	1,158,632	235,068	1,274,527	200,485
Investments held to maturity	655,344	500	559,880	381
Total	1,813,976	235,568	1,834,407	200,866

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	8,340	5,315

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	25,887	206,469	20,495	127,991
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	7,526	3,084	7,587	2,740
Foreign Banks	18,361	203,385	12,908	125,251
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	28,480	-	18,990
Total	25,887	234,949	20,495	146,981

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	74,166	60,649

Interest expense on securities issued

Interest paid to securities issued as at for the year ended 31 December 2015 is TL 596,952 (31 December 2014: TL 450,732).

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

Maturity structure of the interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	76,403	51,103	46,028	-	-	-	173,534
Saving deposits	-	41,192	2,043,895	111,066	26,299	10,482	-	2,232,934
Public sector deposits	13,522	261,548	637,109	60,262	251,165	15,948	-	1,239,554
Commercial deposits	118	408,690	1,096,447	46,670	14,516	423	-	1,566,864
Other deposits	1	80,376	305,671	27,244	7,628	1,488	-	422,408
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	13,641	965,340	4,083,122	245,242	299,608	28,341	-	5,635,294
<i>FC</i>								
Foreign currency deposits	17,486	37,718	300,390	33,219	18,235	73,191	-	480,239
Interbank deposits	96	93	2,503	308	12,111	366	-	15,477
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	17,582	37,811	302,893	33,527	30,346	73,557	-	495,716
Total	31,223	906,020	4,437,118	324,797	329,954	101,898	-	6,131,010

Prior Period	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	144,829	-	-	-	-	-	144,829
Saving deposits	1,486	23,258	1,597,668	133,101	26,634	12,984	-	1,795,131
Public sector deposits	5,891	174,376	427,267	64,521	137,018	15,261	-	824,334
Commercial deposits	368	268,842	1,043,122	88,622	15,599	3,915	-	1,420,468
Other deposits	1	45,643	278,655	43,453	33,667	1,661	-	403,080
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	7,746	656,948	3,346,712	329,697	212,918	33,821	-	4,587,842
<i>FC</i>								
Foreign currency deposits	25,085	21,485	246,591	41,418	26,580	78,897	-	440,056
Interbank deposits	-	16,735	-	-	-	-	-	16,735
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	25,085	38,220	246,591	41,418	26,580	78,897	-	456,791
Total	32,831	695,168	3,593,303	371,115	239,498	112,718	-	5,044,633

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

3. Dividend Income

	Current Period	Prior Period
Trading Purpose Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	89	1,811
Others	62,130	64,477
Total	62,219	66,288

4. Information on trading income/losses

	Current Period	Prior Period
Income	3,696,157	3,833,913
Income from capital market operations	70,988	222,753
Income from derivative financial instruments	1,588,784	1,387,775
Foreign exchange gains	2,036,385	2,223,385
Losses	(3,596,683)	(3,610,794)
Loss from capital market operations	(24,861)	(47,993)
Loss from derivative financial instruments	(1,601,960)	(1,439,022)
Foreign exchange loss	(1,969,862)	(2,123,779)
Net trading profit/loss	99,474	223,119

Net income arising from changes in foreign exchange rates that relate to the Bank’s foreign exchange rate based derivative financial instruments is amounting to TL 15,809 as at and for the year ended 31 December 2015 (31 December 2014: TL 20,237 net loss).

5. Information on other operating income

	Current Period	Prior Period
Income from reversal of specific provisions for loans	760,611	705,404
Communication income	50,723	85,302
Gain on sale of assets	108,405	381,987
Rent income	1,308	1,270
Other income	127,231	171,571
Total	1,048,278	1,345,534

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

6. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	1,030,298	1,145,465
<i>Loans and receivables in Group III</i>	335,522	135,732
<i>Loans and receivables in Group IV</i>	448,415	774,152
<i>Loans and receivables in Group V</i>	246,361	235,581
Non-performing commissions and other receivables	-	-
General provision expenses	354,951	413,501
Provision for possible losses	-	-
Impairment losses on securities:	3,443	10,402
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	3,443	10,402
Impairment losses from associates, subsidiaries, joint ventures, and marketable securities held to maturity :	24,337	25,278
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	24,337	25,278
Other ^(*)	124,031	77,221
Total	1,537,060	1,671,867

(*) Other provision expenses amounting to TL 124,031 (31 December 2014: TL 77,221) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 41,616 (31 December 2014: TL 38,176) and free provision expenses related to loans and receivables amounting to TL 82,415 (31 December 2014: TL 39,045)

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

7. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	1,380,439	1,232,995
Reserve for Employee Termination Benefits	26,800	13,266
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	6,475	-
Depreciation Expenses on Tangible Assets	124,911	111,904
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	17,536	13,096
Impairment Losses on Assets to be Disposed	4,998	2,115
Depreciation Expenses on Assets to be Disposed	15,291	12,743
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,363,500	1,201,522
<i>Operational lease expenses</i>	206,955	184,266
<i>Repair and maintenance expenses</i>	37,476	29,989
<i>Advertisement expenses</i>	74,575	70,079
<i>Other expenses</i>	1,044,494	917,188
Loss on sale of assets	1,153	4,947
Other (*)	669,080	517,622
Total	3,610,183	3,110,210

(*) Other operating expenses amounting to TL 669,080 (31 December 2014: TL 517,622) is comprised of provision expenses for dividends to the personnel amounting to TL 144,017 (31 December 2014: TL 129,797), tax, fees and funds expenses amounting to TL 114,138 (31 December 2014: TL 105,366), “Saving Deposits Insurance Fund” expenses amounting to TL 115,916 (31 December 2014: TL 93,190) and other operating expenses amounting to TL 295,009 (31 December 2014: TL 189,269).

8. Information on income/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-7 in this section.

9. Information on tax provision from discontinued and continuing operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

10. Information on net profit/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information on net profit/loss from continuing operations is presented in disclosures 1-13 in this section.

11. 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 404,310 (31 December 2014: TL 601,519) from the net taxable profit calculated in accordance the laws and regulations in effect.

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

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

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	(59,941)	70,051
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(75,933)	71,065
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from Tax Rate Change	-	-
Total	(135,874)	141,116

12. 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 13,630,050 interest income, TL 8,143,569 net fees and commissions income and incurred TL 921,084 interest expenses, from ordinary banking transactions (31 December 2014: TL 11,373,587 interest income, TL 6,722,109 interest expenses TL 709,334 net fees and commissions income).

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

None.

13. 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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V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

1. Information on increases of revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of available-for-sale assets, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period	Prior Period
Valuation differences at the beginning of the year	428,920	(200,664)
Fair value changes in the current year	(611,594)	576,843
Effect of deferred and corporate taxes	122,319	(115,369)
Valuation differences transferred to the statement of income	44,339	210,138
Effect of deferred and corporate taxes	(8,868)	(42,028)
Valuation differences at the end of the year	(24,884)	428,920

Valuation Difference of the Subsidiaries and Affiliates	Current Period	Prior Period
Valuation differences at the beginning of the year	788,049	881,990
Fair value changes in the current year	72,012	(99,710)
Effect of deferred and corporate taxes	(4,764)	5,769
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	855,297	788,049

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on differences in shareholders’ equity accounts due to inflation accounting

In compliance with BRSA’s Circular on 28 April 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at 31 December 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for “capital reserves from inflation adjustments”. The balance of “capital reserves from inflation adjustments” account is transferred to “other capital reserves” account. In 2006, the Bank has increased its paid in capital through “other capital reserves” by TL 605,763.

5. Information on profit distribution

As per the resolution of 61st Annual General Assembly held on 30 March 2015, the net profit of the year 2014 which amounts to TL 1,612,157 after deferred tax income deducted is decided to be distributed as legal reserves amounting to TL 161,215, extraordinary reserves amounting to TL 1,114,820, special funds amounting to TL 236,122 and dividends to equity holders of the Bank amounting to TL 100,000.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with decrease in the current year. Detailed information about the decreases is explained above in Note 1.

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VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” item under the “operating profit before changes in operating assets and liabilities” amounting to TL (2,390,471) (31 December 2014: TL (1,689,362)) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

“Net increase/decrease in other liabilities” amounting to TL (2,301,550) (31 December 2014: TL 1,957,284) under “changes in operating assets and liabilities” is mainly comprised of cash inflows from repurchase agreements.

“Other” item under “net cash flow from investing activities” amounting to TL (48,222) (31 December 2014: TL (45,874)) is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assets’ high turnover rate are taken into consideration. Each exchange rate’s arithmetic average of the last five days before the report date and provision of average TL that is calculated from the difference from current period’s exchange rate are reflected as an effect of exchange rate change on the cash flow statement. Except for the above-mentioned, banks that have less than three months to maturity are accepted as cash equivalents and average TL provision is calculated by difference between related operation’s per term exchange rate and current period’s exchange rate. As of 31.12.2015 impact of the exchange rate change on cash and cash equivalents is TL 12,178 (31.12.2014: TL 6,249).

2. Cash outflows from acquisition of associates, subsidiaries and joint-ventures

There is not any cash flow that is related with Bank’s subsidiaries in the current and previous periods.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

There is no disposal in associates, subsidiaries and joint-ventures in the current year.

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VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Current Period 31 December 2014	Prior Period 31 December 2013
Cash on hand	1,370,759	1,149,351
Cash in TL	1,008,203	860,452
Cash in foreign currency	362,556	288,899
Cash equivalents	6,811,710	4,528,633
CBRT	20,440,692	17,793,235
Banks	2,570,620	2,639,137
Receivables from money markets	-	-
Other	73,528	25,495
Loans and advances to banks having maturity of more than 3 months	(6,000)	(8,000)
Restricted cash and cash equivalents	(16,266,642)	(15,921,172)
Unrealized foreign exchange rate differences on cash equivalents	(488)	(62)
Total	8,182,469	5,677,984

Information on cash and cash equivalents at the end of the year

	Current Period 31 December 2015	Prior Period 31 December 2014
Cash on hand	1,434,849	1,370,759
Cash in TL	1,157,743	1,008,203
Cash in foreign currency	277,106	362,556
Cash equivalents	6,765,575	6,811,710
CBT - Unrestricted demand deposit	19,834,346	20,440,692
Banks	5,234,266	2,570,620
Receivables from money markets	-	-
Other	215,594	73,528
Loans and advances to banks having maturity of more than 3 months	-	(6,000)
Restricted cash and cash equivalents	(18,518,412)	(16,266,642)
Unrealized foreign exchange rate differences on cash equivalents	(219)	(488)
Total	8,200,424	8,182,469

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 18,441,256 as at 31 December 2015 (31 December 2014: TL 16,157,726) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 77,156 (31 December 2014: TL 110,171) is blocked and has not been included in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Bank.

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VII. 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	74,105	721,258	-	10,174	6,238	13,087
Balance at the end of the period	145,876	955,222	-	28,550	822	15,858
Interest and commission income	8,340	962	-	29	94	17

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	68,800	692,352	-	27,065	26,101	24,502
Balance at the end of the period	74,105	721,258	-	10,174	6,238	13,087
Interest and commission income	5,315	1,217	-	21	774	68

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	898,566	1,014,201	713,966	968,601	115,831	46,810
Balance at the end of the period	965,832	898,566	740,156	713,966	104,508	115,831
Interest on deposits	74,166	60,649	45,805	60,168	1,005	2,340

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

None

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VII. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP
(Continued)

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

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

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

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

Pricing policy and other conditions of transactions with the risk group of the Bank are determined and applied on arm’s length basis. The ratio of cash and non-cash loans given to the Bank’s risk group to total cash and non-cash loans are 0.12 % (31 December 2014: 0.08%) and 3.02% (31 December 2014: 2.60%), respectively.

Current Period	Amount	Compared to financial statement amount	
			(%)
Cash loans	146,698		0.12
Non-cash loans	999,630		3.02
Deposits	1,810,496		1.65
Forward and option agreements	-		-
		Compared to financial statement amount	
Prior Period	Amount		(%)
Cash loans	80,343		0.08
Non-cash loans	744,519		2.60
Deposits	1,728,363		1.88
Forward and option agreements	-		-

VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches ^(*)	917	15,367			
				Country	
Foreign Representative Offices	-	-			
					Total Assets
Foreign Branches	1	23	USA	5,649,716	48,015
	1	16	Iraq	152,461	20,370
Off-shore Branches	1	4	Bahrain	12,599,251	-

(*) Free zone branches in Turkey is included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2015, 27 new domestic branches (2014: 34 domestic branches) have been opened and no branches haven’t been closed (2014: none).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

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

	Profit Distribution Table of Year 2014
Bank’s unconsolidated profit in its statutory financial statements	1,753,273
Deferred tax income	(141,116)
Net profit of the year subject to distribution	1,612,157
Legal reserves	161,214
<i>First Legal Reserves</i>	80,607
<i>Reserves allocated according to banking law and articles of association.</i>	80,607
Net profit of the year subject to distribution	1,450,943
Gain on sale of immovable and shares of associates and subsidiaries	236,122
Extraordinary reserves	1,114,821
Dividends to shareholders	100,000

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

February 2016 (*)	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-

October 2015 (*)	Moody’s Investors’ Service
Baseline Credit Assessment	ba1
Local Currency Deposit Rating	Baa3/P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3/P-3
Foreign Currency Outlook	Negative

July 2015 (*)	Standard&Poors
Foreign Currency Credit Rating	BB+/B
Foreign Currency Outlook	Negative
Local Currency Credit Rating	BB+/B
Local Currency Outlook	Negative
National	trAA+ / trA-1
Bank Survivability Assessment	NR

December 2014 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Foreign Currency Outlook	Stable

(*) Dates represent last report dates.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

OTHER DISCLOSURES (Continued)

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

Vakıfbank bonds have been issued on 29.01.2016 amounting TL 400 million(Full TL) with 91 days maturity and maturity date of which is 29 April 2016, amounting TL 200 million(Full TL) with 175 days maturity and maturity date of which is 22 July 2016 and amounting TL 100 million(Full TL) with 210 days maturity date of which is 26 August 2016 and total amount of TL 700 million(Full TL) issued and offered to public through book-building on 25-26-27 January 2016.

As a result, Vakıfbank bond with the ISIN Code TRQVKFB41645 which has 11.0432% annual compound interest 10.6129% simple interest and issue price was TL 97,422 with amounting TL , 484,757,595(Full TL) with 91 days maturity and maturity date of which is 29 April 2016. Vakıfbank bond with the ISIN Code TRQVKFB71626 which has 11.1828% compound interest, 10.8746% simple interest and issue price was TL 95,045 with amounting TL 85,506,425(Full TL) with 175 days maturity and maturity date of which is 22 July 2016. Vakıfbank bond with the ISIN Code TRQVKFB81617 which has 11.5485% compound interest, 11.2798% simple interest and issue price was TL 93,906 with amounting TL 85,506,425(Full TL) with 210 days maturity and maturity date of which is 26 August 2016.

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

None.

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SECTION SEVEN

I. INDEPENDENT AUDITORS’ AUDIT REPORT

1. Information on the independent auditors’ audit report

The Bank’s unconsolidated interim financial statements and footnotes as at and for period ended 31 December 2015 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). It was noted in their audited report dated 11 February 2016 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.

2. Explanations and footnotes prepared by independent auditor

None

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