

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
AND ITS FINANCIAL SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE NINE-MONTH  
PERIOD ENDED 30 SEPTEMBER 2014  
WITH INDEPENDENT AUDITORS'  
REVIEW REPORT THEREON**



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

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

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

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and its financial subsidiaries at 30 September 2014 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

The consolidated financial statements of the Bank as at and for the year ended 31 December 2013 were audited by another auditor whose report dated 28 February 2014 expressed an unqualified opinion.



Additional Paragraph for Convenience Translation:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Zeynep Uras, SMMM  
Partner

Istanbul, 19 November 2014

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**  
**AND ITS FINANCIAL SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL REPORT**  
**AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

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The consolidated financial report as at and for the nine-month period ended 30 September 2014 prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections.

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

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

| <b>SUBSIDIARIES</b>                      | <b>ASSOCIATES</b>                 |
|--|-----------------------------------|
| Güneş Sigorta AŞ                         | Kıbrıs Vakıflar Bankası Ltd.      |
| Vakıf Emeklilik AŞ                       | Türkiye Sınai Kalkınma Bankası AŞ |
| Vakıf Finans Factoring Hizmetleri AŞ     |                                   |
| Vakıf Finansal Kiralama AŞ               |                                   |
| Vakıf Portföy Yönetimi AŞ                |                                   |
| Vakıf Yatırım Menkul Değerler AŞ         |                                   |
| Vakıfbank International AG               |                                   |
| Vakıf Gayrimenkul Yatırım Ortaklığı AŞ   |                                   |
| Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ |                                   |

The consolidated interim financial statements and related disclosures and footnotes as at and for the nine-month period ended 30 September 2014 that were subject to independent limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented in thousands of Turkish Lira ("TL").

19 November 2014

|  |   |   |
|--|---|---|
| Ramazan GÜNDÜZ<br>Chairman of<br>Board of Directors  | Mehmet Emin ÖZCAN<br>Board member and<br>Audit Committee Member | Sabahattin BİRDAL<br>Board member and<br>Audit Committee Member |
| Halil AYDOĞAN<br>General Manager and<br>Board Member | Metin Recep ZAFER<br>Assistant General Manager                  | Murat KOYGUN<br>Director of Accounting and<br>Financial Affairs |

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

Name-Surname/Title: S. Buğra SÜRÜEL / Manager  
Phone no : 0312 591 11 48  
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# **TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

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

### **SECTION ONE**

#### **GENERAL INFORMATION**

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

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

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

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

As at 30 September 2014 and 31 December 2013, The Bank’s paid-in capital is TL 2,500,000, divided into 250,000,000,000 shares with each has a nominal value of Kr 1.

The Parent Bank’s shareholders’ structure as at 30 September 2014 is stated below:

| <b>Shareholders</b>  | <b>Number of<br/>shares (100 unit)</b> | <b>Nominal Value of<br/>the Shares<br/>Thousands of TL</b> | <b>Share<br/>Percentage<br/>(%)</b> |
|--|--|--|-------------------------------------|
| Registered foundations represented by the<br>General Directorate of the Foundations<br>(Group A) | 1,075,058,640                          | 1,075,058  | 43.00                               |
| Vakıfbank Memur ve Hizmetlileri Emekli ve<br>Sağlık Yardım Sandığı Vakfı (Group C)               | 402,552,666                            | 402,553  | 16.10                               |
| Appendant foundations represented by the<br>General Directorate of the Foundations<br>(Group B)  | 386,224,784                            | 386,225  | 15.45                               |
| Other appendant foundations (Group B)  | 3,096,742                              | 3,097  | 0.13                                |
| Other registered foundations (Group B)   | 1,453,085                              | 1,453  | 0.06                                |
| Other real persons and legal entities (Group C)  | 1,534,585                              | 1,535  | 0.06                                |
| Publicly traded (Group D)  | 630,079,498                            | 630,079  | 25.20                               |
| <b>Total</b>   | <b>2,500,000,000</b>                   | <b>2,500,000</b>   | <b>100.00</b>                       |

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM  
ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

**CONSOLIDATED FINANCIAL REPORT AS AT AND  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

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

**GENERAL INFORMATION (Continued)**

**III. INFORMATION ON THE PARENT BANK’S BOARD OF DIRECTORS CHAIRMAN AND MEMBERS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER, EXECUTIVE VICE PRESIDENTS AND THEIR SHAREHOLDINGS IN THE BANK**

| <b>Name and Surname</b>   | <b>Responsibility</b>  | <b>Date of Appointment</b> | <b>Education</b> | <b>Experience in Banking and Management</b> |
|---------------------------|--|----------------------------|------------------|---|
| <u>Board of Directors</u> |  |                            |                  |   |
| Ramazan GÜNDÜZ            | Chairman   | 29 March 2013              | University       | 36 years                                    |
| Mehmet Emin ÖZCAN         | Deputy Chairman  | 29 March 2013              | University       | 31 years                                    |
| Halil AYDOĞAN             | Member – General Manager   | 29 March 2013              | University       | 37 years                                    |
| İsmail ALPTEKİN           | Member   | 6 April 2009               | University       | 16 years                                    |
| Halim KANATCI             | Member   | 28 April 2009              | University       | 41 years                                    |
| Dr. Adnan ERTEM           | Member   | 28 October 2010            | PHD              | 26 years                                    |
| Sabahattin BİRDAL         | Member   | 31 March 2014              | University       | 37 years                                    |
| Öztürk ORAN               | Member   | 30 April 2014              | University       | 39 years                                    |
| Şeref AKSAÇ               | Member   | 30 April 2014              | University       | 32 years                                    |
| <u>Audit Committee</u>    |  |                            |                  |   |
| Mehmet Emin ÖZCAN         | Member   | 4 April 2014               | University       | 31 years                                    |
| Sabahattin BİRDAL         | Member   | 4 April 2014               | University       | 37 years                                    |
| <u>Auditors</u>           |  |                            |                  |   |
| Mehmet HALTAŞ             | Auditor  | 19 March 2010              | University       | 37 years                                    |
| Yunus ARINCI              | Auditor  | 19 March 2010              | Master           | 17 years                                    |
| <u>Assistant Managers</u> |  |                            |                  |   |
| Metin Recep ZAFER         | Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant   | 13 June 2006               | PHD              | 18 years                                    |
| Hasan ECESÖY              | Treasury   | 18 June 2010               | PHD              | 20 years                                    |
| Serdar SATOĞLU            | Private Banking, Subsidiaries  | 2 July 2010                | PHD              | 18 years                                    |
| Ali Engin EROĞLU          | Application Development Departments, System Management, IT Operations and Support, IT Services Planning Department, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate | 18 August 2010             | Master           | 17 years                                    |
| Osman DEMREN              | Commercial and Corporate Loans, Consumer and SME Loans, Intelligence   | 6 April 2011               | University       | 23 years                                    |
| Numan BEK                 | International Relations and Investor Relations, Coordination of Foreign Branches   | 18 July 2012               | University       | 23 years                                    |
| Muhammet Lütfü ÇELEBİ     | Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking  | 23 October 2013            | University       | 18 years                                    |
| Mustafa SAYDAM            | Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations   | 28 October 2013            | University       | 20 years                                    |
| Mehmet Emin KARAAĞAÇ      | Loans and Risk Follow-up, Legal Affairs  | 8 November 2013            | University       | 24 years                                    |

# **TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

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

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### **GENERAL INFORMATION (Continued)**

#### **III. INFORMATION ON THE PARENT BANK’S BOARD OF DIRECTORS CHAIRMAN AND MEMBERS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER, EXECUTIVE VICE PRESIDENTS AND THEIR SHAREHOLDINGS IN THE BANK (Continued)**

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

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

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

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

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

As per 4 September 2014 dated resolution of the Board of Directors, Yıldırım Eroğlu has resigned his duty regarding to his retirement status.

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

#### **IV. INFORMATION ON PEOPLE AND ENTITIES WHO HAVE QUALIFIED SHARE IN THE PARENT BANK**

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



# **TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

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

### **GENERAL INFORMATION (Continued)**

#### **V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE PARENT BANK**

The Parent Bank was established under the authorization of special law numbered 6219, called “The Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

- Lending loans by obtaining securities and real estate as collateral,
- Establishing or participating in all kinds of insurance corporations,
- Trading real estates,
- Servicing all banking operations and services,
- Investing in various corporations handed over by the foundations and the General Directorate of the Foundations in accordance with conditions stipulated by agreements if signed.
- To render banking services to the foundations and carry out cashier transactions of the General Directorate of Foundations in compliance with the agreements signed by the General Directorate of the Foundations.

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

As at 30 September 2014, the Parent Bank has 876 domestic, 3 foreign, in total 879 branches (31 December 2013: 856 domestic, 3 foreign, in total 859 branches). As at 30 September 2014, the Parent Bank has 14,721 employees (31 December 2013: 14,943 employees).

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

As at and for the nine-month period ended 30 September 2014, the financial statements of T. Vakıflar Bankası T.A.O., Vakıf International A.G., Vakıf Finansal Kiralama A.Ş., Güneş Sigorta A.Ş., Vakıf Emeklilik A.Ş., Vakıf Finans Faktoring Hizmetleri A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Portföy Yönetimi A.Ş., Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. and Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. have been included in the consolidated financial statements of the Group.

As at and for the nine-month period ended 30 September 2014, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası A.Ş. have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

#### **VII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDERS' EQUITY BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES**

The transfer of equities between the Bank and its subsidiaries is not immediate. Distribution of profits within equity as dividends complies with respective regulations. There are not any actual or foreseen juridical obstacles against the Bank and its subsidiaries on repayments of debts in between.

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM  
ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 30 SEPTEMBER 2014**

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

**SECTION TWO**

**CONSOLIDATED FINANCIAL STATEMENTS**

|              |  | Reviewed<br>Current Period<br>30 September 2014 |            |            | Audited<br>Prior Period<br>31 December 2013 |            |            |             |
|--------------|--|---|------------|------------|---|------------|------------|-------------|
| ASSETS       | Notes  | TL  | FC         | Total      | TL  | FC         | Total      |             |
| I.           | CASH AND BALANCES WITH THE CENTRAL BANK                                      | V-I-1   | 1,477,392  | 17,958,727 | 19,436,119                                  | 1,802,876  | 17,172,306 | 18,975,182  |
| II.          | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)                  |   | 425,498    | 52,294     | 477,792                                     | 557,634    | 97,985     | 655,619     |
| 2.1          | Financial assets held for trading purpose                                    |   | 425,498    | 52,294     | 477,792                                     | 557,634    | 97,985     | 655,619     |
| 2.1.1        | Debt securities issued by the governments                                    |   | 4,860      | 8,200      | 13,060                                      | 113,279    | 15,740     | 129,019     |
| 2.1.2        | Equity securities  |   | 3,585      | -          | 3,585                                       | 3,023      | -          | 3,023       |
| 2.1.3        | Derivative financial assets held for trading purpose                         | V-I-2   | 362,473    | 44,094     | 406,567                                     | 356,150    | 82,245     | 438,395     |
| 2.1.4        | Other securities   |   | 54,580     | -          | 54,580                                      | 85,182     | -          | 85,182      |
| 2.2          | Financial assets designated at fair value through profit or loss             |   | -          | -          | -   | -          | -          | -           |
| 2.2.1        | Debt securities issued by the governments                                    |   | -          | -          | -   | -          | -          | -           |
| 2.2.2        | Equity securities  |   | -          | -          | -   | -          | -          | -           |
| 2.2.3        | Other securities   |   | -          | -          | -   | -          | -          | -           |
| 2.2.4        | Loans  |   | -          | -          | -   | -          | -          | -           |
| III.         | BANKS  | V-I-3   | 680,169    | 2,562,641  | 3,242,810                                   | 379,923    | 2,778,428  | 3,158,351   |
| IV.          | RECEIVABLES FROM INTERBANK MONEY MARKETS                                     |   | 3,605      | -          | 3,605                                       | 5,095      | -          | 5,095       |
| 4.1          | Interbank money market placements  |   | -          | -          | -   | -          | -          | -           |
| 4.2          | Istanbul Stock Exchange money market placements                              |   | 2,632      | -          | 2,632                                       | 4,095      | -          | 4,095       |
| 4.3          | Receivables from reverse repurchase agreements                               |   | 973        | -          | 973   | 1,000      | -          | 1,000       |
| V.           | AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)                                    | V-I-4   | 12,507,268 | 4,118,757  | 16,626,025                                  | 12,556,285 | 4,101,124  | 16,657,409  |
| 5.1          | Equity securities  |   | 15         | 10,750     | 10,765                                      | 15         | 13,360     | 13,375      |
| 5.2          | Debt securities issued by the governments                                    |   | 12,504,021 | 3,948,397  | 16,452,418                                  | 12,551,950 | 3,914,264  | 16,466,214  |
| 5.3          | Other securities   |   | 3,232      | 159,610    | 162,842                                     | 4,320      | 173,500    | 177,820     |
| VI.          | LOANS AND RECEIVABLES  | V-I-5   | 72,443,301 | 26,985,233 | 99,428,534                                  | 65,199,842 | 23,473,216 | 88,673,058  |
| 6.1          | Performing loans and receivables   | V-I-5   | 72,111,458 | 26,982,615 | 99,094,073                                  | 64,833,644 | 23,470,402 | 88,304,046  |
| 6.1.1        | Loans provided to the same risk group  | V-V-1   | 13,614     | 10,120     | 23,734                                      | 10,828     | 15,287     | 26,115      |
| 6.1.2        | Debt securities issued by the governments                                    |   | -          | -          | -   | -          | -          | -           |
| 6.1.3        | Others   |   | 72,097,844 | 26,972,495 | 99,070,339                                  | 64,822,816 | 23,455,115 | 88,277,931  |
| 6.2          | Loans under follow-up  |   | 4,098,057  | 25,905     | 4,123,962                                   | 3,713,718  | 22,747     | 3,736,465   |
| 6.3          | Specific provisions (-)  | V-I-5   | 3,766,214  | 23,287     | 3,789,501                                   | 3,347,520  | 19,933     | 3,367,453   |
| VII.         | FACTORING RECEIVABLES  |   | 398,733    | 15,594     | 414,327                                     | 125,616    | 6,826      | 132,442     |
| VIII.        | HELD-TO-MATURITY INVESTMENTS (Net)   | V-I-6   | 6,391,275  | 90,850     | 6,482,125                                   | 5,358,742  | 54,429     | 5,413,171   |
| 8.1          | Debt securities issued by the governments                                    |   | 6,391,275  | -          | 6,391,275                                   | 5,358,742  | 11,590     | 5,370,332   |
| 8.2          | Other securities   |   | -          | 90,850     | 90,850                                      | -          | 42,839     | 42,839      |
| IX.          | INVESTMENTS IN ASSOCIATES (Net)  | V-I-7   | 251,469    | 3          | 251,472                                     | 224,199    | 3          | 224,202     |
| 9.1          | Associates, consolidated per equity method                                   |   | 202,214    | -          | 202,214                                     | 179,121    | -          | 179,121     |
| 9.2          | Unconsolidated associates  |   | 49,255     | 3          | 49,258                                      | 45,078     | 3          | 45,081      |
| 9.2.1        | Financial associates   |   | 36,915     | -          | 36,915                                      | 32,745     | -          | 32,745      |
| 9.2.2        | Non-Financial associates   |   | 12,340     | 3          | 12,343                                      | 12,333     | 3          | 12,336      |
| X.           | INVESTMENTS IN SUBSIDIARIES (Net)  | V-I-8   | 220,791    | -          | 220,791                                     | 213,899    | -          | 213,899     |
| 10.1         | Unconsolidated financial subsidiaries  |   | -          | -          | -   | -          | -          | -           |
| 10.2         | Unconsolidated non-financial subsidiaries                                    |   | 220,791    | -          | 220,791                                     | 213,899    | -          | 213,899     |
| 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  | 214,208    | 797,129    | 1,011,337                                   | 135,691    | 764,532    | 900,223     |
| 12.1         | Finance lease receivables  |   | 275,942    | 900,040    | 1,175,982                                   | 172,335    | 856,604    | 1,028,939   |
| 12.2         | Operational lease receivables  |   | -          | -          | -   | -          | -          | -           |
| 12.3         | Others   |   | -          | -          | -   | -          | -          | -           |
| 12.4         | Unearned income (-)  |   | 61,734     | 102,911    | 164,645                                     | 36,644     | 92,072     | 128,716     |
| 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)  |   | 760,513    | 2,162      | 762,675                                     | 876,246    | 3,727      | 879,973     |
| XV.          | INTANGIBLE ASSETS (Net)  |   | 157,561    | 201        | 157,762                                     | 127,873    | 196        | 128,069     |
| 15.1         | Goodwill   |   | -          | -          | -   | -          | -          | -           |
| 15.2         | Other intangibles  |   | 157,561    | 201        | 157,762                                     | 127,873    | 196        | 128,069     |
| XVI.         | INVESTMENT PROPERTIES (Net)  | V-I-12  | 180,911    | -          | 180,911                                     | 20,829     | -          | 20,829      |
| XVII.        | TAX ASSETS   | V-I-13  | 158,009    | 4,380      | 162,389                                     | 158,970    | 5,557      | 164,527     |
| 17.1         | Current tax assets   | V-I-13  | 2,930      | 4,380      | 7,310                                       | 2,384      | 4,507      | 6,891       |
| 17.2         | Deferred tax assets  | V-I-13  | 155,079    | -          | 155,079                                     | 156,586    | 1,050      | 157,636     |
| XVIII.       | ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net) | V-I-14  | 702,490    | 1,026      | 703,516                                     | 566,913    | -          | 566,913     |
| 18.1         | Assets held for sale   |   | 702,490    | 1,026      | 703,516                                     | 566,913    | -          | 566,913     |
| 18.2         | Assets related to the discontinued operations                                |   | -          | -          | -   | -          | -          | -           |
| XIX.         | OTHER ASSETS   | V-I-15  | 2,432,173  | 401,848    | 2,834,021                                   | 2,060,437  | 958,183    | 3,018,620   |
| TOTAL ASSETS |  |   | 99,405,366 | 52,990,845 | 152,396,211                                 | 90,371,070 | 49,416,512 | 139,787,582 |

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

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 30 SEPTEMBER 2014

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

|                              |   |         | Reviewed<br>Current Period<br>30 September 2014 |            |             | Audited<br>Prior Period<br>31 December 2013 |            |             |
|------------------------------|---|---------|---|------------|-------------|---|------------|-------------|
| LIABILITIES AND EQUITY       |   | Notes   | TL  | FC         | Total       | TL  | FC         | Total       |
| I.                           | DEPOSITS  | V-II-1  | 63,543,597                                      | 27,118,691 | 90,662,288  | 58,946,981                                  | 24,092,418 | 83,039,399  |
| 1.1                          | Deposits of the same risk group   | V-V-1   | 1,093,515                                       | 130,133    | 1,223,648   | 1,268,031                                   | 167,281    | 1,435,312   |
| 1.2                          | Other deposits  |         | 62,450,082                                      | 26,988,558 | 89,438,640  | 57,678,950                                  | 23,925,137 | 81,604,087  |
| II.                          | DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE                                     | V-II-2  | 113,988   | 135,055    | 249,043     | 131,338                                     | 88,142     | 219,480     |
| III.                         | FUNDS BORROWED  | V-II-3  | 709,152   | 11,806,731 | 12,515,883  | 412,222                                     | 11,873,439 | 12,285,661  |
| IV.                          | INTERBANK MONEY MARKET  |         | 8,581,730                                       | 5,533,141  | 14,114,871  | 8,209,702                                   | 6,565,686  | 14,775,388  |
| 4.1                          | Interbank Money Market takings  |         | -   | -          | -           | -   | -          | -           |
| 4.2                          | Istanbul Stock Exchange money market takings  |         | 262,946   | -          | 262,946     | 195,043                                     | -          | 195,043     |
| 4.3                          | Obligations under repurchase agreements   |         | 8,318,784                                       | 5,533,141  | 13,851,925  | 8,014,659                                   | 6,565,686  | 14,580,345  |
| V.                           | SECURITIES ISSUED (Net)   | V-II-3  | 2,403,826                                       | 7,359,027  | 9,762,853   | 2,301,798                                   | 4,518,937  | 6,820,735   |
| 5.1                          | Bills   |         | 2,403,826                                       | -          | 2,403,826   | 2,301,798                                   | -          | 2,301,798   |
| 5.2                          | Asset backed securities   |         | -   | -          | -           | -   | -          | -           |
| 5.3                          | Bonds   |         | -   | 7,359,027  | 7,359,027   | -   | 4,518,937  | 4,518,937   |
| VI.                          | FUNDS   |         | 20,831  | -          | 20,831      | 23,431                                      | -          | 23,431      |
| 6.1                          | Funds against borrower's note   |         | -   | -          | -           | -   | -          | -           |
| 6.2                          | Others  |         | 20,831  | -          | 20,831      | 23,431                                      | -          | 23,431      |
| VII.                         | MISCELLANEOUS PAYABLES  |         | 2,870,298                                       | 349,865    | 3,220,163   | 2,529,208                                   | 311,860    | 2,841,068   |
| VIII.                        | OTHER EXTERNAL RESOURCES PAYABLE  | V-II-4  | 715,260   | 830,891    | 1,546,151   | 471,762                                     | 1,038,853  | 1,510,615   |
| IX.                          | FACTORING PAYABLES  |         | 1   | 687        | 688         | -   | -          | -           |
| X.                           | LEASE PAYABLES  | V-II-5  | -   | -          | -           | -   | -          | -           |
| 10.1                         | Finance lease payables  |         | -   | -          | -           | -   | -          | -           |
| 10.2                         | Operational lease payables  |         | -   | -          | -           | -   | -          | -           |
| 10.3                         | Others  |         | -   | -          | -           | -   | -          | -           |
| 10.4                         | Deferred finance leasing expenses ( - )   |         | -   | -          | -           | -   | -          | -           |
| XI.                          | DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE                             | V-II-6  | -   | -          | -           | -   | -          | -           |
| 11.1                         | Fair value hedges   |         | -   | -          | -           | -   | -          | -           |
| 11.2                         | Cash flow hedges  |         | -   | -          | -           | -   | -          | -           |
| 11.3                         | Hedges of net investment in foreign operations  |         | -   | -          | -           | -   | -          | -           |
| XII.                         | PROVISIONS  |         | 3,884,342                                       | 24,757     | 3,909,099   | 3,531,303                                   | 62,149     | 3,593,452   |
| 12.1                         | General provisions  | V-II-7  | 1,392,314                                       | 12,344     | 1,404,658   | 1,179,012                                   | 11,727     | 1,190,739   |
| 12.2                         | Restructuring reserves  |         | -   | -          | -           | -   | -          | -           |
| 12.3                         | Reserve for employee benefits   |         | 544,135   | 780        | 544,915     | 561,411                                     | 803        | 562,214     |
| 12.4                         | Insurance technical provisions (Net)  |         | 1,730,457                                       | 8,997      | 1,739,454   | 1,541,611                                   | 8,767      | 1,550,378   |
| 12.5                         | Other provisions  | V-II-7  | 217,436   | 2,636      | 220,072     | 249,269                                     | 40,852     | 290,121     |
| XIII.                        | TAX LIABILITIES   | V-II-8  | 307,724   | 6,696      | 314,420     | 241,397                                     | 1,335      | 242,732     |
| 13.1                         | Current tax liabilities   |         | 302,808   | 2,142      | 304,950     | 237,422                                     | 1,335      | 238,757     |
| 13.2                         | Deferred tax liabilities  | V-I-13  | 4,916   | 4,554      | 9,470       | 3,975                                       | -          | 3,975       |
| XIV.                         | PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)         | V-II-9  | -   | -          | -           | -   | -          | -           |
| 14.1                         | Payables related to the assets held for sale  |         | -   | -          | -           | -   | -          | -           |
| 14.2                         | Payables related to the discontinued operations   |         | -   | -          | -           | -   | -          | -           |
| XV.                          | SUBORDINATED LOANS  | V-II-10 | -   | 2,112,173  | 2,112,173   | -   | 1,964,663  | 1,964,663   |
| XVI.                         | EQUITY  |         | 13,476,352                                      | 491,396    | 13,967,748  | 12,090,402                                  | 380,556    | 12,470,958  |
| 16.1                         | Paid-in capital   | V-II-11 | 2,500,000                                       | -          | 2,500,000   | 2,500,000                                   | -          | 2,500,000   |
| 16.2                         | Capital reserves  |         | 786,916   | 224,321    | 1,011,237   | 511,720                                     | 122,858    | 634,578     |
| 16.2.1                       | Share premium   |         | 726,686   | -          | 726,686     | 726,686                                     | -          | 726,686     |
| 16.2.2                       | Share cancellation profits  |         | -   | -          | -           | -   | -          | -           |
| 16.2.3                       | Valuation differences of the marketable securities  | V-II-11 | 4,587   | 224,321    | 228,908     | (272,577)                                   | 122,858    | (149,719)   |
| 16.2.4                       | Revaluation surplus on tangible assets  |         | 51,960  | -          | 51,960      | 51,329                                      | -          | 51,329      |
| 16.2.5                       | Revaluation surplus on intangible assets  |         | -   | -          | -           | -   | -          | -           |
| 16.2.6                       | Revaluation surplus on investment properties  |         | -   | -          | -           | -   | -          | -           |
| 16.2.7                       | Bonus shares of associates, subsidiaries and joint-ventures                                   |         | 3,683   | -          | 3,683       | 6,282                                       | -          | 6,282       |
| 16.2.8                       | Hedging reserves (effective portion)  |         | -   | -          | -           | -   | -          | -           |
| 16.2.9                       | Revaluation surplus on assets held for sale and assets related to the discontinued operations |         | -   | -          | -           | -   | -          | -           |
| 16.2.10                      | Other capital reserves  |         | -   | -          | -           | -   | -          | -           |
| 16.3                         | Profit reserves   |         | 8,697,279                                       | 123,087    | 8,820,366   | 7,195,316                                   | 143,130    | 7,338,446   |
| 16.3.1                       | Legal reserves  |         | 1,062,260                                       | 6,513      | 1,068,773   | 898,804                                     | 5,362      | 904,166     |
| 16.3.2                       | Status reserves   |         | 6,337   | -          | 6,337       | 6,337                                       | -          | 6,337       |
| 16.3.3.                      | Extraordinary reserves  |         | 7,341,366                                       | 4,594      | 7,345,960   | 6,002,598                                   | 4,593      | 6,007,191   |
| 16.3.4.                      | Other profit reserves   |         | 287,316   | 111,980    | 399,296     | 287,577                                     | 133,175    | 420,752     |
| 16.4                         | Profit or loss  |         | 1,064,221                                       | 105,060    | 1,169,281   | 1,611,380                                   | 77,453     | 1,688,833   |
| 16.4.1                       | Previous years' profit/loss   |         | (6,102)   | 94,654     | 88,552      | (28,542)                                    | 64,901     | 36,359      |
| 16.4.2                       | Current year's profit/loss  |         | 1,070,323                                       | 10,406     | 1,080,729   | 1,639,922                                   | 12,552     | 1,652,474   |
| 16.5                         | Non-controlling interest  |         | 427,936   | 38,928     | 466,864     | 271,986                                     | 37,115     | 309,101     |
| TOTAL LIABILITIES AND EQUITY |   |         | 96,627,101                                      | 55,769,110 | 152,396,211 | 88,889,544                                  | 50,898,038 | 139,787,582 |

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

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

## CONSOLIDATED OFF-BALANCE SHEET AS AT 30 SEPTEMBER 2014

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

|                                     |   | Reviewed<br>Current Period<br>30 September 2014 |             |             | Audited<br>Prior Period<br>31 December 2013 |             |             |               |
|-------------------------------------|---|---|-------------|-------------|---|-------------|-------------|---------------|
|                                     |   | Notes   | TL          | FC          | TOTAL                                       | TL          | FC          | TOTAL         |
| A.                                  | OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)    |   | 42,254,085  | 43,730,988  | 85,985,073                                  | 65,938,502  | 56,628,425  | 122,566,927   |
| I.                                  | GUARANTEES AND SURETIES                                       | V-III-2   | 15,918,815  | 11,414,266  | 27,333,081                                  | 14,340,111  | 9,066,595   | 23,406,706    |
| 1.1                                 | Letters of guarantee  | V-III-1   | 15,858,533  | 4,301,544   | 20,160,077                                  | 14,268,047  | 3,633,776   | 17,901,823    |
| 1.1.1                               | Guarantees subject to State Tender Law                        |   | 1,841,571   | 2,187,420   | 4,028,991                                   | 1,905,899   | 1,952,543   | 3,858,442     |
| 1.1.2                               | Guarantees given for foreign trade operations                 |   | 945,098     | -           | 945,098                                     | 650,221     | -           | 650,221       |
| 1.1.3                               | Other letters of guarantee                                    |   | 13,071,864  | 2,114,124   | 15,185,988                                  | 11,711,927  | 1,681,233   | 13,393,160    |
| 1.2                                 | Bank acceptances  |   | 21,533      | 2,061,451   | 2,082,984                                   | 12,129      | 1,040,149   | 1,052,278     |
| 1.2.1                               | Import letter of acceptance                                   |   | 2,940       | 94,339      | 97,279                                      | 1,500       | 77,393      | 78,893        |
| 1.2.2                               | Other bank acceptances  |   | 18,593      | 1,967,112   | 1,985,705                                   | 10,629      | 962,756     | 973,385       |
| 1.3                                 | Letters of credit   |   | 7,575       | 5,039,442   | 5,047,017                                   | 7,866       | 4,382,383   | 4,390,249     |
| 1.3.1                               | Documentary letters of credit                                 |   | 7,575       | 5,039,442   | 5,047,017                                   | 7,866       | 4,382,383   | 4,390,249     |
| 1.3.2                               | Other letters of credit                                       |   | -           | -           | -   | -           | -           | -             |
| 1.4                                 | Guaranteed pre-financings                                     |   | -           | 1,805       | 1,805                                       | -           | 1,702       | 1,702         |
| 1.5                                 | Endorsements  |   | -           | -           | -   | -           | -           | -             |
| 1.5.1                               | Endorsements to the Central Bank of Turkey                    |   | -           | -           | -   | -           | -           | -             |
| 1.5.2                               | Other endorsements  |   | -           | -           | -   | -           | -           | -             |
| 1.6                                 | Marketable securities underwriting commitments                |   | -           | -           | -   | -           | -           | -             |
| 1.7                                 | Factoring related guarantees                                  |   | 31,174      | 7,185       | 38,359                                      | 52,069      | 6,666       | 58,735        |
| 1.8                                 | Other guarantees  |   | -           | 2,036       | 2,036                                       | -           | 1,759       | 1,759         |
| 1.9                                 | Other sureties  |   | -           | 803         | 803   | -           | 160         | 160           |
| II.                                 | COMMITMENTS   |   | 18,911,559  | 4,357,371   | 23,268,930                                  | 45,490,756  | 26,572,506  | 72,063,262    |
| 2.1                                 | Irrevocable commitments                                       |   | 17,555,021  | 1,083,357   | 18,638,378                                  | 15,323,929  | 3,855,721   | 19,179,650    |
| 2.1.1                               | Asset purchase commitments                                    | V-III-1   | 466,473     | 836,211     | 1,302,684                                   | 539,362     | 3,636,414   | 4,175,776     |
| 2.1.2                               | Deposit purchase and sales commitments                        |   | -           | -           | -   | -           | -           | -             |
| 2.1.3                               | Share capital commitments to associates and subsidiaries      | V-III-1   | 24,863      | -           | 24,863                                      | -           | -           | -             |
| 2.1.4                               | Loan granting commitments                                     | V-III-1   | 7,511,898   | 19,703      | 7,531,601                                   | 6,730,503   | 8,853       | 6,739,356     |
| 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   | 1,524,585   | -           | 1,524,585                                   | 1,320,438   | -           | 1,320,438     |
| 2.1.8                               | Tax and fund obligations on export commitments                |   | -           | -           | -   | -           | -           | -             |
| 2.1.9                               | Commitments for credit card limits                            | V-III-1   | 7,436,558   | -           | 7,436,558                                   | 6,261,117   | -           | 6,261,117     |
| 2.1.10                              | Commitments for credit card and banking operations promotions | V-III-1   | 300,768     | -           | 300,768                                     | 238,991     | -           | 238,991       |
| 2.1.11                              | Receivables from "short" sale commitments on securities       |   | -           | -           | -   | -           | -           | -             |
| 2.1.12                              | Payables from "short" sale commitments on securities          |   | -           | -           | -   | -           | -           | -             |
| 2.1.13                              | Other irrevocable commitments                                 |   | 289,876     | 227,443     | 517,319                                     | 233,518     | 210,454     | 443,972       |
| 2.2                                 | Revocable commitments   |   | 1,356,538   | 3,274,014   | 4,630,552                                   | 30,166,827  | 22,716,785  | 52,883,612    |
| 2.2.1                               | Revocable loan granting commitments                           |   | 1,356,538   | 3,221,475   | 4,578,013                                   | 30,161,137  | 22,691,169  | 52,852,306    |
| 2.2.2                               | Other revocable commitments                                   |   | -           | 52,539      | 52,539                                      | 5,690       | 25,616      | 31,306        |
| III.                                | DERIVATIVE FINANCIAL INSTRUMENTS                              |   | 7,423,711   | 27,959,351  | 35,383,062                                  | 6,107,635   | 20,989,324  | 27,096,959    |
| 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   |   | 7,423,711   | 27,959,351  | 35,383,062                                  | 6,107,635   | 20,989,324  | 27,096,959    |
| 3.2.1                               | Forward foreign currency purchases/sales                      |   | 234,483     | 270,653     | 505,136                                     | 602,810     | 731,325     | 1,334,135     |
| 3.2.1.1                             | Forward foreign currency purchases                            |   | 117,404     | 135,348     | 252,752                                     | 301,607     | 365,671     | 667,278       |
| 3.2.2.2                             | Forward foreign currency sales                                |   | 117,079     | 135,305     | 252,384                                     | 301,203     | 365,654     | 666,857       |
| 3.2.2                               | Currency and interest rate swaps                              |   | 6,516,132   | 23,514,348  | 30,030,480                                  | 5,331,187   | 16,127,197  | 21,458,384    |
| 3.2.2.1                             | Currency swaps-purchases                                      |   | 3,051,000   | 10,753,910  | 13,804,910                                  | 3,299,610   | 7,487,077   | 10,786,687    |
| 3.2.2.2                             | Currency swaps-sales  |   | 3,215,132   | 7,190,836   | 10,405,968                                  | 2,031,577   | 4,494,972   | 6,526,549     |
| 3.2.2.3                             | Interest rate swaps-purchases                                 |   | 125,000     | 2,784,801   | 2,909,801                                   | -           | 2,072,574   | 2,072,574     |
| 3.2.2.4                             | Interest rate swaps-sales                                     |   | 125,000     | 2,784,801   | 2,909,801                                   | -           | 2,072,574   | 2,072,574     |
| 3.2.3                               | Currency, interest rate and security options                  |   | 510,146     | 741,444     | 1,251,590                                   | 173,638     | 169,225     | 342,863       |
| 3.2.3.1                             | Currency call options   |   | 255,073     | 370,722     | 625,795                                     | 85,819      | 84,611      | 170,430       |
| 3.2.3.2                             | Currency put options  |   | 255,073     | 370,722     | 625,795                                     | 85,819      | 84,611      | 170,430       |
| 3.2.3.3                             | Interest rate call options                                    |   | -           | -           | -   | -           | -           | -             |
| 3.2.3.4                             | Interest rate put options                                     |   | -           | -           | -   | -           | -           | -             |
| 3.2.3.5                             | Security call options   |   | -           | -           | -   | 1,000       | 3           | 1,003         |
| 3.2.3.6                             | Security put options  |   | -           | -           | -   | 1,000       | -           | 1,000         |
| 3.2.4                               | Currency futures  |   | -           | -           | -   | -           | -           | -             |
| 3.2.4.1                             | Currency futures-purchases                                    |   | -           | -           | -   | -           | -           | -             |
| 3.2.4.2                             | Currency futures-sales  |   | -           | -           | -   | -           | -           | -             |
| 3.2.5                               | Interest rate futures   |   | -           | -           | -   | -           | -           | -             |
| 3.2.5.1                             | Interest rate futures-purchases                               |   | -           | -           | -   | -           | -           | -             |
| 3.2.5.2                             | Interest rate futures-sales                                   |   | -           | -           | -   | -           | -           | -             |
| 3.2.6                               | Others  |   | 162,950     | 3,432,906   | 3,595,856                                   | -           | 3,961,577   | 3,961,577     |
| B.                                  | CUSTODY AND PLEDGED ITEMS (IV+V+VI)                           |   | 644,332,330 | 271,467,324 | 915,799,654                                 | 840,321,095 | 225,977,220 | 1,066,298,315 |
| IV.                                 | ITEMS HELD IN CUSTODY   |   | 56,997,533  | 2,037,244   | 59,034,777                                  | 351,973,501 | 1,599,747   | 353,573,248   |
| 4.1                                 | Customers' securities held                                    |   | 508,579     | 22,080      | 530,659                                     | 378,412     | 20,816      | 399,228       |
| 4.2                                 | Investment securities held in custody                         |   | 46,543,150  | 94,696      | 46,637,846                                  | 343,312,429 | -           | 343,312,429   |
| 4.3                                 | Checks received for collection                                |   | 8,013,892   | 1,292,029   | 9,305,921                                   | 6,727,932   | 898,858     | 7,626,790     |
| 4.4                                 | Commercial notes received for collection                      |   | 1,148,236   | 245,185     | 1,393,421                                   | 983,671     | 233,334     | 1,217,005     |
| 4.5                                 | Other assets received for collection                          |   | 2,152       | 91          | 2,243                                       | 2,152       | 86          | 2,238         |
| 4.6                                 | Assets received through public offering                       |   | -           | 6,671       | 6,671                                       | -           | 6,289       | 6,289         |
| 4.7                                 | Other items under custody                                     |   | 17,836      | 97,087      | 114,923                                     | 25,241      | 146,926     | 172,167       |
| 4.8                                 | Custodians  |   | 763,688     | 279,405     | 1,043,093                                   | 543,664     | 293,438     | 837,102       |
| V.                                  | PLEDGED ITEMS   |   | 169,737,410 | 55,906,595  | 225,644,005                                 | 174,951,547 | 50,574,396  | 225,525,943   |
| 5.1                                 | Securities  |   | 237,939     | 17,180      | 255,119                                     | 336,298     | 27,434      | 363,732       |
| 5.2                                 | Guarantee notes   |   | 907,519     | 179,890     | 1,087,409                                   | 702,095     | 239,873     | 941,968       |
| 5.3                                 | Commodities   |   | 25,087,396  | 573,215     | 25,660,611                                  | 23,434,930  | 990,995     | 24,425,925    |
| 5.4                                 | Warranties  |   | -           | -           | -   | -           | -           | -             |
| 5.5                                 | Real estates  |   | 133,276,250 | 43,831,867  | 177,108,117                                 | 112,539,683 | 39,831,978  | 152,371,661   |
| 5.6                                 | Other pledged items   |   | 9,502,258   | 11,176,807  | 20,679,065                                  | 8,343,995   | 9,350,018   | 17,694,013    |
| 5.7                                 | Pledged items-depository                                      |   | 726,048     | 127,636     | 853,684                                     | 29,594,546  | 134,098     | 29,728,644    |
| VI.                                 | CONFIRMED BILLS OF EXCHANGE AND SURETIES                      |   | 417,597,387 | 213,523,485 | 631,120,872                                 | 313,396,047 | 173,803,077 | 487,199,124   |
| TOTAL OFF-BALANCE SHEET ITEMS (A+B) |   |   | 686,586,415 | 315,198,312 | 1,001,784,727                               | 906,259,597 | 282,605,645 | 1,188,865,242 |

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

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

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

|               |  |               | Reviewed<br>Current Period<br>1 January 2014 -<br>30 September 2014 | Reviewed<br>Prior Period<br>1 January 2013 -<br>30 September 2013 | Reviewed<br>Current Period<br>1 July 2014 -<br>30 September 2014 | Reviewed<br>Prior Period<br>1 July 2013 -<br>30 September 2013 |
|---------------|--|---------------|---|---|--|--|
|               | Notes  |               | 2014  | 2013  | 2014   | 2013   |
| <b>I.</b>     | <b>INTEREST INCOME</b>   |               | <b>8,543,458</b>  | <b>6,904,189</b>  | <b>2,860,555</b>   | <b>2,296,903</b>   |
| 1.1           | Interest income from loans   | V-IV-1        | 6,848,426   | 5,626,376   | 2,371,893  | 1,905,614  |
| 1.2           | Interest income from reserve deposits  |               | -   | -   | -  | -  |
| 1.3           | Interest income from banks   | V-IV-1        | 51,671  | 45,132  | 19,263   | 12,470   |
| 1.4           | Interest income from money market transactions                                   |               | 679   | 809   | 171  | 198  |
| 1.5           | Interest income from securities portfolio  | V-IV-1        | 1,543,539   | 1,123,030   | 434,484  | 320,969  |
| 1.5.1         | Trading financial assets   | V-IV-1        | 10,521  | 9,823   | 220  | (3,390)  |
| 1.5.2         | Financial assets designated at fair value through profit or loss                 |               | -   | -   | -  | -  |
| 1.5.3         | Available-for-sale financial assets  | V-IV-1        | 1,137,457   | 834,948   | 312,061  | 241,399  |
| 1.5.4         | Held-to-maturity investments   | V-IV-1        | 395,561   | 278,259   | 122,203  | 82,960   |
| 1.6           | Finance lease income   |               | 59,624  | 47,097  | 21,246   | 17,338   |
| 1.7           | Other interest income  |               | 39,519  | 61,745  | 13,498   | 40,314   |
| <b>II.</b>    | <b>INTEREST EXPENSE</b>  |               | <b>5,093,493</b>  | <b>3,167,886</b>  | <b>1,610,048</b>   | <b>1,215,520</b>   |
| 2.1           | Interest expense on deposits   | V-IV-2        | 3,770,501   | 2,483,687   | 1,194,915  | 961,646  |
| 2.2           | Interest expense on funds borrowed   | V-IV-2        | 168,029   | 126,294   | 59,108   | 49,319   |
| 2.3           | Interest expense on money market transactions                                    |               | 724,020   | 263,409   | 204,990  | 124,843  |
| 2.4           | Interest expense on securities issued  | V-IV-2        | 314,626   | 165,223   | 117,289  | 61,938   |
| 2.5           | Other interest expenses  |               | 116,317   | 129,273   | 33,746   | 17,774   |
| <b>III.</b>   | <b>NET INTEREST INCOME (I – II)</b>  |               | <b>3,449,965</b>  | <b>3,736,303</b>  | <b>1,250,507</b>   | <b>1,081,383</b>   |
| <b>IV.</b>    | <b>NET FEES AND COMMISSIONS INCOME</b>   |               | <b>500,947</b>  | <b>499,276</b>  | <b>208,409</b>   | <b>138,552</b>   |
| 4.1           | Fees and commissions received  |               | 821,873   | 729,179   | 315,453  | 223,779  |
| 4.1.1         | Non-cash loans   |               | 120,733   | 96,079  | 40,144   | 35,477   |
| 4.1.2         | Others   |               | 701,140   | 633,100   | 275,309  | 188,302  |
| 4.2           | Fees and commissions paid  |               | 320,926   | 229,903   | 107,044  | 85,227   |
| 4.2.1         | Non-cash loans   |               | 641   | 463   | 219  | 129  |
| 4.2.2         | Others   |               | 320,285   | 229,440   | 106,825  | 85,098   |
| <b>V.</b>     | <b>DIVIDEND INCOME</b>   |               | <b>11,911</b>   | <b>16,293</b>   | <b>363</b>   | <b>-</b>   |
| <b>VI.</b>    | <b>TRADING INCOME/LOSSES (Net)</b>   | <b>V-IV-3</b> | <b>198,687</b>  | <b>228,221</b>  | <b>38,308</b>  | <b>29,365</b>  |
| 6.1           | Trading account income/losses  | V-IV-3        | 135,442   | 147,465   | 25,629   | 33,659   |
| 6.2           | Income/losses from derivative financial instruments                              | V-IV-3        | (11,271)  | 67,971  | 8,910  | (7,102)  |
| 6.3           | Foreign exchange gains/losses  | V-IV-3        | 74,516  | 12,785  | 3,769  | 2,808  |
| <b>VII.</b>   | <b>OTHER OPERATING INCOME</b>  | <b>V-IV-4</b> | <b>1,494,617</b>  | <b>1,093,258</b>  | <b>432,081</b>   | <b>328,212</b>   |
| <b>VIII.</b>  | <b>TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>                                  |               | <b>5,656,127</b>  | <b>5,573,351</b>  | <b>1,929,668</b>   | <b>1,577,512</b>   |
| <b>IX.</b>    | <b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>                   | <b>V-IV-5</b> | <b>1,287,281</b>  | <b>1,463,995</b>  | <b>436,634</b>   | <b>377,435</b>   |
| <b>X.</b>     | <b>OTHER OPERATING EXPENSES (-)</b>  | <b>V-IV-6</b> | <b>3,006,863</b>  | <b>2,588,621</b>  | <b>999,115</b>   | <b>857,011</b>   |
| <b>XI.</b>    | <b>NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>                                     |               | <b>1,361,983</b>  | <b>1,520,735</b>  | <b>493,919</b>   | <b>343,066</b>   |
| <b>XII.</b>   | <b>INCOME RESULTED FROM MERGERS</b>  |               | -   | -   | -  | -  |
| <b>XIII.</b>  | <b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>                      |               | <b>24,961</b>   | <b>21,988</b>   | <b>6,955</b>   | <b>7,797</b>   |
| <b>XIV.</b>   | <b>GAIN/LOSS ON NET MONETARY POSITION</b>  |               | -   | -   | -  | -  |
| <b>XV.</b>    | <b>INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES<br/>(XI+XII+XIII+XIV)</b> |               | <b>1,386,944</b>  | <b>1,542,723</b>  | <b>500,874</b>   | <b>350,863</b>   |
| <b>XVI.</b>   | <b>CONTINUING OPERATIONS PROVISION FOR TAXES</b>                                 | <b>V-IV-7</b> | <b>(309,655)</b>  | <b>(347,444)</b>  | <b>(115,593)</b>   | <b>(100,174)</b>   |
| 16.1          | Current tax charges  | V-IV-7        | (370,620)   | (325,139)   | (95,165)   | (128,662)  |
| 16.2          | Deferred tax credits   | V-IV-7        | 60,965  | (22,305)  | (20,428)   | 28,488   |
| <b>XVII.</b>  | <b>NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS<br/>(XV-XVI)</b>       | <b>V-IV-8</b> | <b>1,077,289</b>  | <b>1,195,279</b>  | <b>385,281</b>   | <b>250,689</b>   |
| <b>XVIII.</b> | <b>INCOME FROM DISCONTINUED OPERATIONS</b>                                       |               | -   | -   | -  | -  |
| 18.1          | Income from investment properties  |               | -   | -   | -  | -  |
| 18.2          | Income from sales of subsidiaries, affiliates and joint-ventures                 |               | -   | -   | -  | -  |
| 18.3          | Other income from discontinued activities  |               | -   | -   | -  | -  |
| <b>XIX.</b>   | <b>EXPENSES FROM DISCONTINUED OPERATIONS</b>                                     |               | -   | -   | -  | -  |
| 19.1          | Investment property expenses   |               | -   | -   | -  | -  |
| 19.2          | Losses from sales of subsidiaries, affiliates and joint ventures                 |               | -   | -   | -  | -  |
| 19.3          | Other expenses from discontinued activities                                      |               | -   | -   | -  | -  |
| <b>XX.</b>    | <b>INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES</b>                     |               | -   | -   | -  | -  |
| <b>XXI.</b>   | <b>DISCONTINUED OPERATIONS PROVISION FOR TAXES</b>                               |               | -   | -   | -  | -  |
| 21.1          | Current tax charge   |               | -   | -   | -  | -  |
| 21.2          | Deferred tax charge  |               | -   | -   | -  | -  |
| <b>XXII.</b>  | <b>NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS</b>                  |               | -   | -   | -  | -  |
| <b>XXIII.</b> | <b>NET PROFIT/LOSS (XVII+XXII)</b>   | <b>V-IV-8</b> | <b>1,077,289</b>  | <b>1,195,279</b>  | <b>385,281</b>   | <b>250,689</b>   |
| 23.1.         | Equity holders of the Bank   |               | 1,080,729   | 1,219,439   | 375,639  | 264,718  |
| 23.2.         | Non-controlling interest   | V-IV-9        | (3,440)   | (24,160)  | 9,642  | (14,029)   |
|               | Earnings per 100 Share (full TL)   | III-XXIV      | 0.4309  | 0.4781  | 0.1541   | 0.1003   |

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

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

## CONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

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

|   | Reviewed<br>Current Period<br>1 January 2014<br>- 30 September<br>2014 | Reviewed<br>Prior Period<br>1 January 2013<br>- 30 September<br>2013 | Reviewed<br>Current Period<br>1 July 2014 -<br>30 September<br>2014 | Reviewed<br>Prior Period<br>1 July 2013 -<br>30 September<br>2013 |
|---|--|--|---|---|
| <b>GAINS AND LOSSES RECOGNIZED IN EQUITY</b>  |  |  |   |   |
| <b>I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES</b> | <b>468,888</b>   | <b>(866,205)</b>   | <b>(331,241)</b>  | <b>(92,706)</b>   |
| <b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>   | <b>(1,201)</b>   | <b>-</b>   | <b>1,045</b>  | <b>-</b>  |
| <b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>  |
| <b>IV. CURRENCY TRANSLATION DIFFERENCES</b>   | <b>(23,550)</b>  | <b>46,569</b>  | <b>(3,772)</b>  | <b>26,685</b>   |
| <b>V. GAINS/(LOSSES) FROM CASH FLOW HEDGES</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>  |
| (Effective Portion of Fair Value Changes)   | -  | -  | -   | -   |
| <b>VI. GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>  |
| (Effective portion)   | -  | -  | -   | -   |
| <b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS</b>  | <b>-</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>  |
| <b>VIII. OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS</b>   | <b>(8,729)</b>   | <b>1,270</b>   | <b>(33,118)</b>   | <b>(1,159)</b>  |
| <b>IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES</b>  | <b>(92,165)</b>  | <b>49,550</b>  | <b>44,297</b>   | <b>18,203</b>   |
| <b>X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)</b>  | <b>343,243</b>   | <b>(768,816)</b>   | <b>(322,789)</b>  | <b>(48,977)</b>   |
| <b>XI. CURRENT PERIOD'S PROFIT/(LOSS)</b>   | <b>1,077,289</b>   | <b>1,195,279</b>   | <b>385,281</b>  | <b>250,689</b>  |
| 11.1 Change in fair value of securities (transfers to the statement of income)  | 158,252  | 208,456  | 122,777   | 75,964  |
| 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   | 919,037  | 986,823  | 262,504   | 174,725   |
| <b>XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)</b>  | <b>1,420,532</b>   | <b>426,463</b>   | <b>62,492</b>   | <b>201,712</b>  |

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

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

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

|   | Notes  | Paid-in<br>Capital | Capital<br>Reserves from<br>Inflation Adj.s<br>to Paid-in<br>Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Legal<br>Reserves | Status<br>Reserves | Extraordinary<br>Reserves | Other Profit<br>Reserves | Current Year's<br>Net Profit/(Loss) | Previous Years' Net<br>Profit/(Loss) | Valuation<br>Differences of<br>the Marketable<br>Securities | Revaluation<br>Surplus on<br>Tangible,<br>Intangible<br>Assets and<br>Investment<br>Property | Bonus Shares<br>of Associates,<br>Subsidiaries<br>and Joint<br>Ventures | Hedging<br>Reserves | Revaluation<br>Surp. On<br>Assets Held<br>for Sale and<br>Assets of<br>Op.s | Shareholders'<br>Equity before<br>Minority Shares | Non-controlling<br>Interest | Total Equity |
|---|--|--------------------|--|------------------|----------------------------------|-------------------|--------------------|---------------------------|--------------------------|-------------------------------------|--------------------------------------|---|--|---|---------------------|---|---|-----------------------------|--------------|
| <b>CHANGES IN EQUITY</b>                  |  |                    |  |                  |                                  |                   |                    |                           |                          |                                     |                                      |   |  |   |                     |   |   |                             |              |
| I.  | Prior period – 30 September 2013                                 |                    |  |                  |                                  |                   |                    |                           |                          |                                     |                                      |   |  |   |                     |   |   |                             |              |
|   | Balances at the beginning of the period                          | 2,500,000          | -  | 726,720          | -                                | 753,941           | 5,050              | 4,802,343                 | 352,193                  | 1,423,451                           | 94,638                               | 720,811   | 50,452   | 1,779   | -                   | -   | 11,431,378  | 397,619                     | 11,828,997   |
| II.                                       | Changes during the period  |                    |  |                  |                                  |                   |                    |                           |                          |                                     |                                      |   |  |   |                     |   |   |                             |              |
| III.                                      | Mergers  | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| IV.                                       | Valuation differences of the marketable securities               | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | (790,630)   | -  | -   | -                   | -   | (790,630)   | (76,189)                    | (866,819)    |
| 4.1                                       | Hedging reserves   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| 4.2                                       | Cash flow hedges   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| V.  | Net investment hedges  | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| VI.                                       | Revaluation surplus on tangible assets                           | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| VII.                                      | Revaluation surplus on intangible assets                         | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| VIII.                                     | Bonus shares of associates, subsidiaries and joint-ventures      | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | 61,679  | -                   | -   | 61,679  | -                           | 61,679       |
| IX.                                       | Translation differences  | -                  | -  | -                | -                                | -                 | -                  | -                         | 41,911                   | -                                   | -                                    | -   | -  | -   | -                   | -   | 41,911  | 4,658                       | 46,569       |
| X.  | Changes resulted from disposal of the assets                     | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XI.                                       | Changes resulted from reclassifications of the assets            | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XII.                                      | Effect of change in equities of associates on the Group's equity | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | (9,949)   | -  | -   | -                   | -   | (9,949)   | (296)                       | (10,245)     |
| 12.1                                      | Capital increase   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | 5,736                       | 5,736        |
| 12.2                                      | Cash   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | 5,736                       | 5,736        |
| XIII.                                     | Internal sources   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XIV.                                      | Share issuance   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XV.                                       | Share cancellation profits                                       | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XVI.                                      | Capital reserves from inflation adjustments to paid-in capital   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XVII.                                     | Others   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XVIII.                                    | Current period's profit/loss                                     | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | 1,219,439                           | -                                    | -   | -  | -   | -                   | -   | 1,219,439   | (516)                       | (516)        |
| 18.1                                      | Profit distribution  | -                  | -  | -                | -                                | 150,225           | 1,287              | 1,204,848                 | 25,290                   | (1,423,451)                         | (59,076)                             | -   | 877  | -   | -                   | -   | (100,000)   | (24,160)                    | 1,195,279    |
| 18.2                                      | Dividends  | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | (100,000)                           | -                                    | -   | -  | -   | -                   | -   | (100,000)   | (292)                       | (100,292)    |
| 18.3                                      | Transferred to reserves  | -                  | -  | -                | -                                | 150,225           | 1,287              | 1,204,848                 | 25,290                   | (1,323,451)                         | (59,076)                             | -   | 877  | -   | -                   | -   | (100,000)   | (292)                       | (100,292)    |
| 18.3                                      | Others   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
|   | Balances at the end of the period                                | 2,500,000          | -  | 726,720          | -                                | 904,166           | 6,337              | 6,007,191                 | 419,394                  | 1,219,439                           | 35,562                               | (79,768)  | 51,329   | 63,458  | -                   | -   | 11,853,828  | 306,560                     | 12,160,388   |
| <b>Current period – 30 September 2014</b> |  |                    |  |                  |                                  |                   |                    |                           |                          |                                     |                                      |   |  |   |                     |   |   |                             |              |
| I.  | Balances at the beginning of the period                          | 2,500,000          | -  | 726,686          | -                                | 904,166           | 6,337              | 6,007,191                 | 420,752                  | 1,652,474                           | 36,359                               | (149,719)   | 51,329   | 6,282   | -                   | -   | 12,161,857  | 309,101                     | 12,470,958   |
| II.                                       | Changes during the period  |                    |  |                  |                                  |                   |                    |                           |                          |                                     |                                      |   |  |   |                     |   |   |                             |              |
| III.                                      | Mergers  | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| IV.                                       | Valuation differences of marketable securities                   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | 378,627   | -  | -   | -                   | -   | 378,627   | (7,177)                     | 371,450      |
| 4.1                                       | Hedging Reserves   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| 4.2                                       | Cash flow hedges   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| V.  | Net investment hedges  | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| VI.                                       | Revaluation surplus on tangible assets                           | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | (904)  | -   | -                   | -   | (904)   | (297)                       | (1,201)      |
| VII.                                      | Revaluation surplus on intangible assets                         | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| VIII.                                     | Bonus shares of associates, subsidiaries and joint-ventures      | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | (2,599)   | -                   | -   | (2,599)   | -                           | (2,599)      |
| IX.                                       | Translation differences  | -                  | -  | -                | -                                | -                 | -                  | -                         | (21,195)                 | -                                   | -                                    | -   | -  | -   | -                   | -   | (21,195)  | (2,355)                     | (23,550)     |
| X.  | Changes resulted from disposal of assets                         | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XI.                                       | Changes resulted from reclassifications of assets                | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XII.                                      | Effect of change in equities of associates on the Group's equity | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | (857)                                | -   | -  | -   | -                   | -   | (857)   | -                           | (857)        |
| 12.1                                      | Capital increase   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| 12.2                                      | Cash   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XIII.                                     | Internal sources   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XIV.                                      | Share issuance   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XV.                                       | Share cancellation profits                                       | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XVI.                                      | Capital reserves from inflation adjustments to paid-in capital   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
| XVII.                                     | Others   | -                  | -  | -                | -                                | 388               | -                  | 5,803                     | (479)                    | -                                   | (486)                                | -   | -  | -   | -                   | -   | 5,226   | 171,348                     | 176,574      |
| XVIII.                                    | Current period's profit/loss                                     | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | 1,080,729                           | -                                    | -   | -  | -   | -                   | -   | 1,080,729   | (3,440)                     | 1,077,289    |
| 18.1                                      | Profit distribution  | -                  | -  | -                | -                                | 164,219           | -                  | 1,332,966                 | 218                      | (1,652,474)                         | 53,536                               | -   | 1,535  | -   | -                   | -   | (100,000)   | (316)                       | (100,316)    |
| 18.2                                      | Dividends  | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | (100,000)                           | -                                    | -   | -  | -   | -                   | -   | (100,000)   | (316)                       | (100,316)    |
| 18.3                                      | Transferred to reserves  | -                  | -  | -                | -                                | 164,219           | -                  | 1,332,966                 | 218                      | (1,552,474)                         | 53,536                               | -   | 1,535  | -   | -                   | -   | (100,000)   | -                           | -            |
| 18.3                                      | Others   | -                  | -  | -                | -                                | -                 | -                  | -                         | -                        | -                                   | -                                    | -   | -  | -   | -                   | -   | -   | -                           | -            |
|   | Balances at the end of the period                                | 2,500,000          | -  | 726,686          | -                                | 1,068,773         | 6,337              | 7,345,960                 | 399,296                  | 1,080,729                           | 88,552                               | 228,908   | 51,960   | 3,683   | -                   | -   | 13,500,884  | 466,864                     | 13,967,748   |

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM  
ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014**

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

|   | Reviewed<br>Current Period<br>30 September 2014 | Reviewed<br>Prior Period<br>30 September 2013 |
|---|---|---|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>  |   |   |
| <b>1.1 Operating profit before changes in operating assets and liabilities</b>                | <b>2,109,438</b>                                | <b>2,233,424</b>                              |
| 1.1.1 Interests received  | 7,739,052                                       | 6,186,303                                     |
| 1.1.2 Interests paid  | (4,958,725)                                     | (2,965,838)                                   |
| 1.1.3 Dividends received  | 5,547   | 15,364  |
| 1.1.4 Fee and commissions received  | 820,974   | 729,179                                       |
| 1.1.5 Other income  | 765,186   | 584,150                                       |
| 1.1.6 Collections from previously written-off loans and other receivables                     | 564,634   | 418,612                                       |
| 1.1.7 Payments to personnel and service suppliers   | (2,443,458)                                     | (2,289,562)                                   |
| 1.1.8 Taxes paid  | (439,681)                                       | (328,383)                                     |
| 1.1.9 Others  | 55,909  | (116,401)                                     |
| <b>1.2 Changes in operating assets and liabilities</b>  | <b>(4,883,536)</b>                              | <b>(3,029,302)</b>                            |
| 1.2.1 Net (increase) decrease in financial assets held for trading purpose                    | 145,999   | (8,154)                                       |
| 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              | (41,428)  | (5,342,334)                                   |
| 1.2.4 Net (increase) decrease in loans  | (12,552,754)                                    | (15,561,331)                                  |
| 1.2.5 Net (increase) decrease in other assets   | 188,350   | (512,524)                                     |
| 1.2.6 Net increase (decrease) in bank deposits  | (266,007)                                       | (1,432,881)                                   |
| 1.2.7 Net increase (decrease) in other deposits   | 7,835,452                                       | 11,523,132                                    |
| 1.2.8 Net increase (decrease) in funds borrowed   | 45,331  | 2,819,152                                     |
| 1.2.9 Net increase (decrease) in matured payables   | -   | -   |
| 1.2.10 Net increase (decrease) in other liabilities   | (238,479)                                       | 5,485,638                                     |
| <b>I. Net cash flow from banking operations</b>   | <b>(2,774,098)</b>                              | <b>(795,878)</b>                              |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |   |
| <b>II. Net cash flow from investing activities</b>  | <b>(144,276)</b>                                | <b>(3,199,055)</b>                            |
| 2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures                     | (178,034)                                       | (17,488)                                      |
| 2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures                     | -   | -   |
| 2.3 Cash paid for purchase of tangible assets   | (117,111)                                       | (123,662)                                     |
| 2.4 Proceeds from disposal of tangible assets   | 428,125   | 218,378                                       |
| 2.5 Cash paid for purchase of available-for-sale financial assets                             | (4,511,350)                                     | (5,295,956)                                   |
| 2.6 Proceeds from disposal of available-for-sale financial assets                             | 5,367,870                                       | 2,652,540                                     |
| 2.7 Cash paid for purchase of held-to-maturity investments                                    | (2,490,698)                                     | (1,724,450)                                   |
| 2.8 Proceeds from disposal of held-to-maturity investments                                    | 1,396,396                                       | 1,122,288                                     |
| 2.9 Others  | (39,474)  | (30,705)                                      |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |
| <b>III. Net cash flow from financing activities</b>   | <b>2,769,776</b>                                | <b>3,183,910</b>                              |
| 3.1 Cash obtained from funds borrowed and securities issued                                   | 6,512,132                                       | 6,120,093                                     |
| 3.2 Cash used for repayment of funds borrowed and securities issued                           | (3,642,040)                                     | (2,835,891)                                   |
| 3.3 Equity instruments issued   | -   | -   |
| 3.4 Dividends paid  | (100,316)                                       | (100,292)                                     |
| 3.5 Re-payments for finance leases  | -   | -   |
| 3.6 Others  | -   | -   |
| <b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>            | <b>(16,232)</b>                                 | <b>(619)</b>                                  |
| <b>V. Net decrease in cash and cash equivalents</b>   | <b>(164,830)</b>                                | <b>(811,642)</b>                              |
| <b>VI. Cash and cash equivalents at the beginning of the year</b>                             | <b>6,207,694</b>                                | <b>5,375,797</b>                              |
| <b>VII. Cash and cash equivalents at the end of the period</b>                                | <b>6,042,864</b>                                | <b>4,564,155</b>                              |

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



# **TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE NINE-MONTH PERIOD 30 SEPTEMBER 2014**

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

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### **SECTION THREE**

#### **ACCOUNTING POLICIES**

##### **I. BASIS OF PRESENTATION**

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 (“Banking Act”), which are effective from 1 November 2005, the Turkish Commercial Code (“TCC”) and Turkish tax legislation. The consolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents” published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA (“Banking Regulation and Supervision Agency”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards”(“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority, and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as “BRSA Principles”). The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated 28 June 2012.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and consolidated investments in associates and subsidiaries whose fair value can be reliably measured and assets available for sale, which are presented on a fair value basis.

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

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

##### **Additional paragraph for convenience translation to English**

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

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

###### **Strategy for the use of financial instruments**

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

# **TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE NINE-MONTH PERIOD 30 SEPTEMBER 2014**

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

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### **ACCOUNTING POLICIES (Continued)**

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

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

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

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

Foreign currency position is closely followed taking the legal limits and the Bank’s internal control regulations, formed in a balanced basket taking the market conditions into account. In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

#### **Information on foreign currency transactions**

Transactions of the Parent Bank and its consolidated subsidiaries located in Turkey are recorded in TL, the functional currency of the Parent Bank and the related subsidiaries. Foreign currency transactions are recorded using the foreign exchange rates ruling at the transaction date. The foreign exchange rate differences are recognized as foreign exchange gains or losses in the statement of income.

Foreign exchange differences resulting from amortized costs of foreign currency denominated available-for-sale financial assets are recognized in the statement of income whilst foreign exchange differences resulting from unrealized gains and losses are presented in “valuation differences of marketable securities” under equity.

If the net investments in associates and subsidiaries operating in foreign countries are measured at cost, they are reported as translated into TL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

Foreign currency differences arising from the translation of the financial statements of the net investment in foreign operations into TL for consolidation purpose are classified as “foreign currency differences arising from associates, subsidiaries, and joint ventures” sub account under “other profit reserves” presented in equity.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

## CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE NINE-MONTH PERIOD 30 SEPTEMBER 2014

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

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### ACCOUNTING POLICIES (Continued)

#### III. INFORMATION ON COMPANIES SUBJECT TO CONSOLIDATION

##### *Investments in consolidated companies*

As at and for the nine-month period ended 30 September 2014, the financial statements of T. Vakıflar Bankası T.A.O, Vakıf International A.G., Vakıf Finansal Kiralama A.Ş., Güneş Sigorta A.Ş., Vakıf Emeklilik A.Ş., Vakıf Finans Faktoring Hizmetleri A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Portföy Yönetimi A.Ş., Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. and Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş. have been included in the consolidated financial statements of the Group.

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

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

*Güneş Sigorta A.Ş.* was established under the leadership of the Bank and Toprak Mahsulleri Ofisi in 1957. The Company has been operating in nearly all non-life insurance branches like fire, accident, transaction, engineering, agriculture, health, forensic protection, and loan insurance. Its head office is in Istanbul.

*Vakıf Emeklilik A.Ş.* was established under the name Güneş Hayat Sigorta AŞ in 1991. In 2003 the Company has taken conversion permission from Treasury and started to operate in private pension system. Its head office is in Istanbul.

*Vakıf Finans Faktoring Hizmetleri A.Ş.* was established in 1998 to perform factoring transactions and any kind of financing transactions. Factoring, the main operation of the Company, is a financing method that includes the trade receivables of production, distribution and service companies to be sold to intermediary institutions. Its head office is in Istanbul.

*Vakıf Yatırım Menkul Değerler A.Ş.* was established in 1996 to provide service to investors through making capital markets transactions, issuance of capital market tools, commitment of repurchase and sales, and purchase and sales of marketable securities, operating as a member of stock exchange, investment consultancy, and portfolio management. Its head office is in Istanbul.

*Vakıf Portföy Yönetimi A.Ş.* operates in investment fund management, portfolio management and pension fund management. Its head office is in Istanbul.

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

*Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ* was established in 1991 in Istanbul. The main operation of the Company is to invest a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired; and gold and other precious metals traded in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board. Its head office is in Istanbul.

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### **ACCOUNTING POLICIES (Continued)**

#### **III. INFORMATION ON COMPANIES SUBJECT TO CONSOLIDATION (Continued)**

Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd, a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7<sup>th</sup> and 9<sup>th</sup> articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to 24 May 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at 30 September 2014 and 31 December 2013 but its equity until the liquidation decision date has included in the accompanying consolidated financial statements.

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

As per the resolution of the Board of Directors of the Parent Bank held on 8 September 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at 30 September 2014 and 31 December 2013, but its equity until the merger date has been included in the accompanying consolidated financial statements.

#### ***Investments in associates consolidated per equity method***

As at and for the nine-month period ended 30 September 2014, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası A.Ş. have been consolidated per equity method in the consolidated financial statements of the Group.

*Kıbrıs Vakıflar Bankası Ltd.* was established in 1982 in Turkish Republic of Northern Cyprus, mainly to encourage the credit cards issued by the Bank, and increase foreign exchange inflow, and carry on retail and commercial banking operations. Its head office is in Lefkosa.

*Türkiye Sınai Kalkınma Bankası A.Ş.* was established in 1950 to support investments in all economic sectors. Its head office is in Istanbul.

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

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**ACCOUNTING POLICIES (Continued)**

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

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

Derivatives are initially recorded at their acquisition costs including the transaction costs.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts stated on the related derivative contracts. Subsequently, the derivative transactions are measured at their fair values and the changes in fair values are recorded in the balance sheet under “derivative financial assets held for trading purpose” or “derivative financial liabilities held for trading purpose”. The subsequent fair value changes are recorded in the consolidated statement of income.

**V. INFORMATION ON INTEREST INCOME AND EXPENSES**

**Banking activities**

Interest income and expense are recognized according to the effective interest method based on accrual basis. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are additional costs that are directly related to the acquisition, emission or disposal of financial assets or liabilities.

As per relevant legislation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

**Finance leasing activities**

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

**Factoring operations**

Factoring receivables are initially recorded at their historical costs less transaction costs. They are amortized using the effective interest method, taking their historical costs and future cash flows into account and the amortized amounts are recognized as “other interest income” in the consolidated statement of income.

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### ACCOUNTING POLICIES (Continued)

#### VI. INFORMATION ON FEES AND COMMISSIONS

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

#### VII. INFORMATION ON FINANCIAL ASSETS

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

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

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

##### **Financial assets at fair value through profit or loss**

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

Such assets are measured at their fair values and gain/loss arising is recorded in the consolidated statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the consolidated statement of income.

##### **Held to maturity investments, available-for-sale financial assets and loans and receivables**

*Held to maturity investments* are the financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables.

There are no financial assets that are not allowed to be classified as held-to-maturity investments for two years due to the tainting rules applied for the breach of classification rules.

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

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

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses calculated as the difference between the fair values and the discounted values of available for sale financial assets are recorded in “valuation differences of the marketable securities” under the equity. In case of sales, the realized gain or losses are recognized directly in the consolidated statement of income.

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### **ACCOUNTING POLICIES (Continued)**

#### **VII. INFORMATION ON FINANCIAL ASSETS (Continued)**

Purchase and sales of investment securities are recognized at the date of delivery. The changes in fair value of assets during the period between trade date and settlement date are accounted for in financial assets at fair value through profit or loss, available-for-sale financial assets and financial assets held for trading in the settlement date-accounting policy.

*Loan and receivables* are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

#### **Associates and subsidiaries**

The financial subsidiaries of the Group are consolidated in the accompanying consolidated financial statements and non-financial subsidiaries are accounted for in accordance with TAS 39.

In the accompanying consolidated financial statements financial associates of the Group, whose total assets, and net operating profit/(loss) individually or as a whole do not comprise a material portion within the consolidated assets and operation results, have not been subject to consolidation; remaining financial associates have been consolidated using the equity method. Non-financial associates are accounted for in accordance with TAS 39 in the accompanying consolidated financial statements.

#### **VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS**

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment.

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

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

#### **IX. INFORMATION ON NETTING OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right of the Group to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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### **ACCOUNTING POLICIES (Continued)**

#### **X. INFORMATION ON REPURCHASE AND RESALE AGREEMENTS AND SECURITIES LENDING**

Securities sold under repurchase agreements (“repo”) are recorded on the balance sheet. Government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and classified under “held for trading”, “available for sale” and/or “held-to-maturity” portfolios and they are valued based on the revaluation principles of the related portfolios. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements (“reverse repo”) are classified under “Interbank Money Markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

#### **XI. Information on assets and liabilities arising from 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 Immovable obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means.

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

The Group has no discontinued operations.

#### **XII. Information on goodwill and other intangible assets**

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

The Group’s intangible assets consist of software. Intangible assets are initially recorded at their costs in compliance with the TAS 38 - *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized on their restated costs based on straight line amortisation.

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



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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. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs after deducting financing expenses and foreign exchange differences if any.

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

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

Depreciation rates and estimated useful lives are:

| <b>Tangible assets</b>                                      | <b>Estimated useful lives (years)</b> | <b>Depreciation Rates (%)</b> |
|---|---------------------------------------|-------------------------------|
| 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 sheet date, the Group evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 - *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

**XIV. INFORMATION ON INVESTMENT PROPERTIES**

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

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

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

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### **ACCOUNTING POLICIES (Continued)**

#### **XV. INFORMATION ON LEASING ACTIVITIES**

##### **Finance leasing activities as the lessee**

Tangible assets acquired through finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the consolidated balance sheet of the Group. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate. If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

##### **Finance leasing activities as the lessor**

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

##### **Operational leases**

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

#### **XVI. Information on provisions and contingent liabilities**

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

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

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

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### ACCOUNTING POLICIES (Continued)

#### XVII. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

##### Provision for severance payments

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

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

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

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

##### Other benefits to employees

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

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

##### Pension fund

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

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

Constitutional Court has indicated the probable losses in acquired rights of fund members as the reason of the cancellation decision. Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 (“the Law”) has been approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

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### **ACCOUNTING POLICIES (Continued)**

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

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

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

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

Law requires the transfer to be completed in three years beginning from 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated 3 May 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 published in Official Gazette dated 30 April 2014 has extended for one year to 8 May 2014.

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

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

#### **XVIII. INFORMATION ON TAXATION**

##### **Corporate tax**

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

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

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25<sup>th</sup> of the fourth month following the close of the accounting period to which they relate.

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### **ACCOUNTING POLICIES (Continued)**

#### **XVIII. INFORMATION ON TAXATION (Continued)**

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The corporate tax rate for the Group’s subsidiary in Austria has been determined as 25%. Prepaid corporate taxes for every three months are computed and paid using the related period’s tax rate. Taxes which have been paid for previous periods can be deducted from corporate taxes computed on annual taxable income. According to the Double Taxation Treaty Agreement between Turkey and Austria, Turkish corporations in Austria possess the right to benefit from tax returns of 10% on interest earned from the investments and loans granted in Turkey.

#### **Deferred taxes**

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

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

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

#### **Transfer pricing**

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

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

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### **ACCOUNTING POLICIES (Continued)**

#### **XVIII. INFORMATION ON TAXATION (Continued)**

##### **Investment incentive**

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

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

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

The clause “The amount which to be deducted as investment incentive to estimate tax base cannot exceed 25% of related income” which has been added to first clause of the temporary 69<sup>th</sup> article of Law No: 193 with the 5<sup>th</sup> article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the 9 February 2012 dated decisions no: E.2010/93 and K.2012/20.

#### **XIX. ADDITIONAL INFORMATION ON BORROWINGS**

Group obtains funding resources such as syndication and securitization transactions in case of need. In the current period, the Parent Bank obtained funds through issuance of bonds and bills domestically and internationally.

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

#### **XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES**

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

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### **ACCOUNTING POLICIES (Continued)**

#### **XXI. CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES**

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

#### **XXII. GOVERNMENT INCENTIVES**

As at 30 September 2014, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 249,570 (31 December 2013: TL 253,039).

#### **XXIII. SEGMENT REPORTING**

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

#### **XXIV. OTHER DISCLOSURES**

##### **Earnings per shares**

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

As at and for the nine-month period 30 September 2014, earning per 100 shares is full TL 0.4309 (30 September 2013: full TL 0.4781).

##### **Related parties**

Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - *Related Party Disclosures Standard*. Transactions made with related parties are disclosed in Section Five Note V.

##### **Cash and cash equivalents**

Cash which is a base for preparation of cash flow statement includes cash in TL, cash in FC, cheques, demand deposits for both Central Bank of Turkey and other banks, whereas cash equivalents consists of money market placements and time deposits at banks and marketable securities whose original maturity is less than 3 months.

##### **Classifications**

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

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### ACCOUNTING POLICIES (Continued)

#### XXIV. OTHER DISCLOSURES (Continued)

##### Insurance operations of the Group

*Written Premiums:* Written premiums represent premiums on policies written during the year net of taxes and premiums of the cancelled policies produced in previous years. Written premiums, net off ceded are recorded under other operating income in the accompanying consolidated statement of income.

*Reserve for unearned premiums:* Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense. Reserve for unearned premiums is calculated for all contracts except for the insurance contracts for which the Group provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long-term insurance contracts. Reserve for unearned premiums is presented under “insurance technical provisions” in the accompanying consolidated financial statements.

*Reserve for outstanding claims:* Reserve for outstanding claims is provided for the outstanding claims, which incurred and reported but not yet settled in current or previous years based on reported balances or estimates when actual balances are not exactly known and incurred but not yet reported claims (“IBNR”). IBNR and subrogation and salvage reimbursements are recognized as the highest of the amount calculated based on historical data and results of actuarial chain ladder method. Reserve for outstanding claims is presented under “insurance technical provisions” in the accompanying consolidated financial statements.

*Mathematical provisions:* Mathematical provisions are the provisions recorded against the liabilities of the Group to the beneficiaries of long-term life and individual accident policies based on actuarial assumptions. Mathematical provisions consist of actuarial mathematical provisions savings and profit sharing reserves.

Actuarial mathematical provisions are calculated as the difference between the net present values of premiums written in return of the risk covered by the Group and the liabilities to policyholders for long-term insurance contracts based on the basis of actuarial mortality assumptions as approved by the Republic of Turkey Prime Ministry Under secretariat of Treasury, which are applicable for Turkish insurance companies. Mathematical provision also includes the saving portion of the provisions for saving life product.

Profit sharing reserves are the reserves provided against income obtained from asset backing saving life insurance contracts. These contracts entitle the beneficiaries of those contracts to a minimum guaranteed crediting rate per annum or, when higher, a bonus rate declared by the Group from the eligible surplus available to date.

Mathematical provisions are presented under “insurance technical provisions” in the accompanying consolidated financial statements.

*Deferred acquisition cost and deferred commission income:* Commissions given to the intermediaries and other acquisition costs that vary with and are related to securing new contracts and renewing existing insurance contracts are capitalized as deferred acquisition cost. Deferred acquisition costs are amortized on a straight-line basis over the life of the contracts. Commission income obtained from the premiums ceded to reinsurance firms are also deferred and amortized on a straight-line basis over the life of the contracts.



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### ACCOUNTING POLICIES (Continued)

#### XXIV. OTHER DISCLOSURES (Continued)

*Liability adequacy test:* At each reporting date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition costs. In performing this test, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision under “insurance technical provisions” in the accompanying consolidated financial statements.

If the result of the test is that a loss is required to be recognised, the first step is to reduce any intangible item arising from business combinations related to insurance. If there is still a loss remaining, then the deferred acquisition cost is reduced to the extent that expense loadings are considered not recoverable. Finally, if there is a still remaining amount of loss, this should be booked as an addition to the reserve for premium deficiency.

#### Individual pension business

*Individual pension system receivables* presented under ‘other assets’ in the accompanying consolidated financial statements consists of ‘receivables from the clearing house on behalf of the participants’. Pension funds are the mutual funds that the individual pension companies invest in, by the contributions of the participants. Shares of the participants are kept at the clearing house on behalf of the participants.

‘Receivables from the clearing house on behalf of the participants’ is the receivable from the clearing house on pension fund basis against the contributions of the participants. The same amount is also recorded as payables to participants for the funds acquired against their contributions under the ‘individual pension system payables’.

In addition to the ‘payables to participants’ account, mentioned in the previous paragraph, individual pension system payables also includes participants’ temporary accounts, and payables to individual pension agencies. The temporary account of participants includes the contributions of participants that have not yet been invested. Individual pension system payables are presented under other liabilities and provisions in the accompanying consolidated financial statements.

Fees received from individual pension business consist of investment management fees, fees levied on contributions and entrance fees. Fees received from individual pension business are recognised in other income in the accompanying consolidated statement of comprehensive income.

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### **SECTION FOUR**

#### **INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP**

##### **I. CONSOLIDATED CAPITAL ADEQUACY RATIO**

As at 30 September 2014 the Bank’s consolidated capital adequacy ratio is 13.69% (31 December 2013: 13.21%). The Parent Bank’s unconsolidated adequacy ratio is 13.87% (31 December 2013: 13.70%).

##### **Risk measurement methods in calculation of capital adequacy ratio**

Consolidated capital adequacy ratio is calculated within the scope of the “Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks (Regulation)”, “Regulation on Credit Risk Mitigation Techniques” and “Communiqué on Risk Weighted Amounts for Securitization Exposures” published in Official Gazette no. 28337 dated 28 June 2012 and “Regulation on the Equity of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

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

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

Trading Book Accounts and the Items Deducted from the Capital Base are not included in the calculation of credit risk. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Information on unconsolidated capital adequacy ratio**

| Current Period   | Unconsolidated Risk Weights- 30 September 2014 |          |                  |                   |                   |                   |                  |                  |               |          |
|--|--|----------|------------------|-------------------|-------------------|-------------------|------------------|------------------|---------------|----------|
|  | 0%   | 10%      | 20%              | 50%               | 75%               | 100%              | 150%             | 200%             | 250%          | 1250%    |
| <b>Surplus credit risk weighted</b>  | <b>49,953,593</b>                              | <b>-</b> | <b>9,024,702</b> | <b>35,869,716</b> | <b>22,629,476</b> | <b>51,912,538</b> | <b>2,928,859</b> | <b>8,781,949</b> | <b>76,907</b> | <b>-</b> |
| Risk classifications:  |  |          |                  |                   |                   |                   |                  |                  |               |          |
| Claims on sovereigns and Central Banks   | 43,361,933                                     | -        | -                | 5,198,169         | -                 | -                 | -                | -                | -             | -        |
| Claims on regional governments or local authorities                                      | 17,467   | -        | 2,261,652        | 388,419           | -                 | -                 | -                | -                | -             | -        |
| Claims on administrative bodies and other non-commercial undertakings                    | 41,861   | -        | 981              | -                 | -                 | 887,874           | -                | -                | -             | -        |
| Claims on multilateral development banks   | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Claims on international organizations  | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Claims on banks and intermediary institutions  | 4,974,634                                      | -        | 5,899,160        | 1,270,098         | -                 | 3,487             | -                | -                | -             | -        |
| Claims on corporate  | 205,787  | -        | 737,006          | 903,800           | -                 | 42,481,734        | -                | -                | -             | -        |
| Claims included in the regulatory retail portfolios                                      | 109,741  | -        | 50,899           | -                 | 22,629,476        | 1,108,181         | -                | -                | -             | -        |
| Claims secured by residential property   | -  | -        | -                | 28,109,230        | -                 | 2,957,457         | -                | -                | -             | -        |
| Past due loans   | -  | -        | -                | -                 | -                 | 239,290           | -                | -                | -             | -        |
| Higher risk categories decided by the Agency   | 9,624  | -        | 1,933            | -                 | -                 | -                 | 2,928,859        | 8,781,949        | 76,907        | -        |
| 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   | 1,232,546                                      | -        | 73,071           | -                 | -                 | 4,234,515         | -                | -                | -             | -        |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Summary information related to unconsolidated capital adequacy ratio**

|  | <b>Bank</b>           |
|--|-----------------------|
|  | <b>Current Period</b> |
| Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR) | 8,861,912             |
| Capital Requirement for Market Risk (MRCR)                             | 34,597                |
| Capital Requirement for Operational Risk (ORCR)                        | 777,799               |
| Shareholders' Equity   | 16,777,502            |
| Shareholders' Equity/((CRCR+MRCR+ORCR) *12.5)*100                      | 13.87                 |
| Core Capital/((CRCR+MRCR+ORCR) *12.5)*100                              | 11.12                 |
| Tier I Capital/((CRCR+MRCR+ORCR) *12.5)*100                            | 11.21                 |
|  |                       |
|  | <b>Prior Period</b>   |
| Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR) | 8,185,603             |
| Capital Requirement for Market Risk (MRCR)                             | 26,097                |
| Capital Requirement for Operational Risk (ORCR) <sup>(*)</sup>         | 655,046               |
| Shareholders' Equity   | 15,179,536            |
| <b>Shareholders' Equity/((CRCR+MRCR+ORCR) *12.5)*100</b>               | <b>13.70%</b>         |

(\*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2013 was measured by taking value at operational risk calculated based on gross incomes for the years ended 2012, 2011 and 2010 into consideration. For the year 2014, value at operational risk is being calculated based on gross incomes for the years ended 2013, 2012 and 2011.

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**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Information on consolidated capital adequacy ratio**

| Current Period   | Consolidated Risk Weights- 30 September 2014 |          |                  |                   |                   |                   |                  |                  |                |          |
|--|--|----------|------------------|-------------------|-------------------|-------------------|------------------|------------------|----------------|----------|
|  | 0%   | 10%      | 20%              | 50%               | 75%               | 100%              | 150%             | 200%             | 250%           | 1250%    |
| <b>Surplus credit risk weighted</b>  | <b>50,512,880</b>                            | <b>-</b> | <b>9,892,523</b> | <b>36,658,693</b> | <b>22,629,899</b> | <b>54,762,155</b> | <b>2,928,859</b> | <b>8,781,949</b> | <b>174,350</b> | <b>-</b> |
| Risk classifications:  |  |          |                  |                   |                   |                   |                  |                  |                |          |
| Claims on sovereigns and Central Banks   | 43,915,674                                   | -        | -                | 5,282,427         | -                 | -                 | -                | -                | -              | -        |
| Claims on regional governments or local authorities                                      | 17,467                                       | -        | 2,297,587        | 388,419           | -                 | -                 | -                | -                | -              | -        |
| Claims on administrative bodies and other non-commercial undertakings                    | 41,860                                       | -        | 981              | -                 | -                 | 887,875           | -                | -                | -              | -        |
| Claims on multilateral development banks   | -  | -        | -                | -                 | -                 | -                 | -                | -                | -              | -        |
| Claims on international organizations  | -  | -        | -                | -                 | -                 | -                 | -                | -                | -              | -        |
| Claims on banks and intermediary institutions  | 4,975,012                                    | -        | 6,731,046        | 1,591,139         | -                 | 4,200             | -                | -                | -              | -        |
| Claims on corporate  | 205,787                                      | -        | 737,006          | 1,287,478         | -                 | 45,483,258        | -                | -                | -              | -        |
| Claims included in the regulatory retail portfolios                                      | 109,741                                      | -        | 50,899           | -                 | 22,629,899        | 1,108,181         | -                | -                | -              | -        |
| Claims secured by residential property   | -  | -        | -                | 28,109,230        | -                 | 2,957,457         | -                | -                | -              | -        |
| Past due loans   | -  | -        | -                | -                 | -                 | 334,461           | -                | -                | -              | -        |
| Higher risk categories decided by the Agency   | 9,624  | -        | 1,933            | -                 | -                 | -                 | 2,928,859        | 8,781,949        | 174,350        | -        |
| 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   | 1,237,715                                    | -        | 73,071           | -                 | -                 | 3,986,723         | -                | -                | -              | -        |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Information on consolidated capital adequacy ratio**

| Prior Period   | Consolidated Risk Weights - 31 December 2013 |          |                  |                   |                   |                   |                  |                  |               |          |
|--|--|----------|------------------|-------------------|-------------------|-------------------|------------------|------------------|---------------|----------|
|  | 0%   | 10%      | 20%              | 50%               | 75%               | 100%              | 150%             | 200%             | 250%          | 1250%    |
| <b>Surplus credit risk weighted</b>  | <b>50,426,929</b>                            | <b>-</b> | <b>7,739,899</b> | <b>29,955,165</b> | <b>22,234,970</b> | <b>48,481,930</b> | <b>2,837,152</b> | <b>9,393,300</b> | <b>11,741</b> | <b>-</b> |
| Risk classifications:  |  |          |                  |                   |                   |                   |                  |                  |               |          |
| Claims on sovereigns and Central Banks   | 42,050,229                                   | -        | -                | 3,957,235         | -                 | -                 | -                | -                | -             | -        |
| Claims on regional governments or local authorities                                      | 15,022                                       | -        | 1,620,366        | 240,085           | -                 | -                 | -                | -                | -             | -        |
| Claims on administrative bodies and other non-commercial undertakings                    | 29,436                                       | -        | -                | -                 | -                 | 368,455           | -                | -                | -             | -        |
| Claims on multilateral development banks   | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Claims on international organizations  | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Claims on banks and intermediary institutions  | 6,664,562                                    | -        | 6,099,949        | 1,968,828         | -                 | 1,486             | -                | -                | -             | -        |
| Claims on corporate  | 402,742                                      | -        | -                | 1,730,922         | -                 | 39,817,450        | -                | -                | -             | -        |
| Claims included in the regulatory retail portfolios                                      | 102,613                                      | -        | -                | -                 | 22,234,970        | 1,490,513         | -                | -                | -             | -        |
| Claims secured by residential property   | -  | -        | -                | 22,058,095        | -                 | 3,132,085         | -                | -                | -             | -        |
| Past due loans   | -  | -        | -                | -                 | -                 | 369,026           | -                | -                | -             | -        |
| Higher risk categories decided by the Agency   | -  | -        | -                | -                 | -                 | -                 | 2,837,152        | 9,393,300        | 11,741        | -        |
| Marketable securities secured by mortgages   | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Securitization exposures   | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Short-term claims and short-term corporate claims on banks and intermediary institutions | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Undertakings for collective investments in mutual funds                                  | -  | -        | -                | -                 | -                 | -                 | -                | -                | -             | -        |
| Other claims   | 1,162,325                                    | -        | 19,584           | -                 | -                 | 3,302,915         | -                | -                | -             | -        |

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**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Summary information related to consolidated capital adequacy ratio**

|  | <b>Consolidated<br/>Current Period</b> |
|--|--|
| Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR) | 9,154,839                              |
| Capital Requirement for Market Risk (MRCR)                             | 41,436                                 |
| Capital Requirement for Operational Risk (ORCR)                        | 768,723                                |
| Shareholders' Equity   | 17,050,799                             |
| Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)                      | 13.69                                  |
| Core Capital/((CRCR+MRCR+ORCR) *12,5*100)                              | 11.01                                  |
| Tier I Capital/((CRCR+MRCR+ORCR) *12,5*100)                            | 11.11                                  |
|  |  |
|  | <b>Prior Period</b>                    |
| Capital Requirement for Credit Risk (Value at Credit Risk*0,08)        | 8,380,432                              |
| Capital Requirement for Market Risk (MRCR)                             | 58,981                                 |
| Capital Requirement for Operational Risk (ORCR) <sup>(*)</sup>         | 764,882                                |
| Shareholders' Equity   | 15,199,794                             |
| <b>Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)</b>               | <b>13.21%</b>                          |

(\*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2013 was measured by taking value at operational risk calculated based on consolidated gross incomes for the years ended 2012, 2011 and 2010 into consideration. For the year 2014, value at operational risk is being calculated based on consolidated gross incomes for the years ended 2013, 2012 and 2011.



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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Information about the unconsolidated shareholder equity items**

|   | <b>Current Period</b> |
|---|-----------------------|
| <b>TIER I CAPITAL</b>   |                       |
| Paid-in Capital to be Entitled for Compensation after all Creditors   | <b>2,500,000</b>      |
| Share Premium   | 723,918               |
| Share Cancellation Profits  | -                     |
| Reserves  | 8,493,619             |
| Other Comprehensive Income according to TAS   | 824,422               |
| Profit  | 1,070,483             |
| Current Period Profit   | 1,070,483             |
| 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                |
| <b>Tier I Capital Before Deductions</b>   | <b>13,681,664</b>     |
| <b>Deductions from Tier I Capital</b>   |                       |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)  | -                     |
| Leasehold Improvements on Operational Leases(-)   | 95,706                |
| Goodwill and Other Intangible Assets and Related Deferred Taxes(-)  | 27,420                |
| 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 (-)   | -                     |
| <b>Total Deductions from Tier I Capital</b>   | <b>123,126</b>        |
| <b>Total Tier I Capital</b>   | <b>13,558,538</b>     |
| <b>ADDITIONAL CORE CAPITAL</b>  |                       |
| Preferred Stock not Included in Tier I Capital and the Related Share Premiums   | -                     |
| Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 1.1.2014)   | -                     |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)   | -                     |
| <b>Additional Core Capital before Deductions</b>  |                       |
| <b>Deductions from Additional Core Capital</b>  |                       |
| Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)  | -                     |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                     |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)                  | -                     |
| Other items to be Defined by the BRSA (-)   | -                     |
| Deductions from Additional Core Capital in cases where are no adequate Tier II Capital (-)  | -                     |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

|  |                   |
|--|-------------------|
| <b>Total Deductions from Additional Core Capital</b>   | -                 |
| <b>Total Additional Core Capital</b>   | -                 |
| <b>Deductions from Core Capital</b>  | <b>109,679</b>    |
| 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 (-)  | 109,679           |
| 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 (-)   | -                 |
| <b>Total Core Capital</b>  | <b>13,448,859</b> |
| <b>TIER II CAPITAL</b>   |                   |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)   | -                 |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)  | 2,073,439         |
| Pledged Assets of the Shareholders to be used for the Bank's Capital Increases   | -                 |
| General Provisions   | 1,384,674         |
| <b>Deductions from Tier II Capital</b>   | <b>3,458,113</b>  |
| 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 (-)  | -                 |
| <b>Total Deductions from Tier II Capital</b>   | <b>-</b>          |
| <b>Total Tier II Capital</b>   | <b>3,458,113</b>  |
| <b>CAPITAL</b>   | <b>16,906,972</b> |
| 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 (-)   | 128,896           |
| 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 (-)  | 574               |
| 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 (-) | -                 |
| <b>EQUITY</b>  | <b>16,777,502</b> |
| <b>Amounts lower than Excesses as per Deduction Rules</b>  | <b>-</b>          |
| 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   | 57,636            |

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**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Information about the consolidated shareholder equity items**

|   | <b>Current Period</b> |
|---|-----------------------|
| <b>TIER I CAPITAL</b>   |                       |
| Paid-in Capital to be Entitled for Compensation after all Creditors   | 2,500,000             |
| Share Premium   | 726,686               |
| Share Cancellation Profits  | -                     |
| Reserves  | 8,820,366             |
| Other Comprehensive Income according to TAS   | 280,868               |
| Profit  | 1,169,281             |
| Current Period Profit   | 1,080,729             |
| Previous Period Profit  | 88,552                |
| General Reserves for Possible Losses  | -                     |
| Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period's Profit   | 3,683                 |
| Minority Shares   | 463,863               |
| <b>Tier I Capital Before Deductions</b>   | <b>13,964,747</b>     |
| <b>Deductions from Tier I Capital</b>   |                       |
| Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)  | -                     |
| Leasehold Improvements on Operational Leases(-)   | 96,946                |
| Goodwill and Other Intangible Assets and Related Deferred Taxes(-)  | 31,552                |
| 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 (-)   | -                     |
| <b>Total Deductions from Tier I Capital</b>   | <b>128,498</b>        |
| <b>Total Tier I Capital</b>   | <b>13,836,249</b>     |

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**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**ADDITIONAL CORE CAPITAL**

|   |                   |
|---|-------------------|
| Preferred Stock not Included in Tier I Capital and the Related Share Premiums   | -                 |
| Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 1.1.2014)   | -                 |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)   | -                 |
| Third Parties' share in additional core capital   | -                 |
| <b>Additional Core Capital before Deductions</b>  | -                 |
| <b>Deductions from Additional Core Capital</b>  | -                 |
| Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)  | -                 |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-) | -                 |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)                  | -                 |
| Other items to be defined by the BRSA (-)   | -                 |
| Deductions from Additional Core Capital in cases where are no adequate Tier II Capital (-)  | -                 |
| <b>Total Deductions from Additional Core Capital</b>  | -                 |
| <b>Total Additional Core Capital</b>  | -                 |
| <b>Deductions from Core Capital</b>   | -                 |
| 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 (-)     | 126,210           |
| 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 (-)                                    | -                 |
| <b>Total Core Capital</b>   | <b>13,710,039</b> |

**TIER II CAPITAL**

|   |                  |
|---|------------------|
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)  | -                |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)   | 2,062,571        |
| Pledged Assets of the Shareholders to be used for the Bank's Capital Increases  | -                |
| General Provisions  | 1,404,658        |
| Third Parties' share in supplementary capital   | 3,001            |
| <b>Tier II Capital before Deductions</b>  | <b>3,470,230</b> |
| <b>Deductions from Tier II Capital</b>  | -                |
| 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 (-)   | -                |
| <b>Total Deductions from Tier II Capital</b>  | -                |
| <b>Total Tier II Capital</b>  | <b>3,470,230</b> |

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**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**CAPITAL**

|  |                   |
|--|-------------------|
| Loans Granted against the Articles 50 and 51 of the Banking Law (-)  | -                 |
| Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)   | 128,896           |
| 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 (-)  | 574               |
| 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 (-) | -                 |
| <b>EQUITY</b>  | <b>17,050,799</b> |
| 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   | 155,079           |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**Information about the consolidated shareholder equity items**

|   | <b>Prior Period</b> |
|---|---------------------|
| <b>CORE CAPITAL</b>   |                     |
| Paid-in Capital   | 2,500,000           |
| Nominal Capital   | 2,500,000           |
| Capital Commitments (-)   | -                   |
| Capital Reserves from Inflation Adjustments to Paid-in Capital  | -                   |
| Share Premium   | 726,686             |
| Share Cancellation Profits  | -                   |
| Reserves  | 7,338,446           |
| Reserves from Inflation Adjustments to Reserves   | -                   |
| Profit  | 1,688,833           |
| Current Period's Profit   | 1,652,474           |
| Prior Years' Profit   | 36,359              |
| Provision for Possible Losses up to 25% of Core Capital   | 70,915              |
| Income on Sale of Equity Shares and Real Estates  | 51,329              |
| Primary Subordinated Debt up to 15% of Core Capital   | -                   |
| Minority shares   | 307,448             |
| Loss excess of Reserves (-)   | -                   |
| Current Year's Loss   | -                   |
| Prior Years' Loss   | -                   |
| Leasehold Improvements (-)  | 84,982              |
| Intangible Assets (-)   | 128,069             |
| Deferred Tax Asset excess of 10% of Core Capital (-)  | -                   |
| Limit excesses as per the 3 <sup>rd</sup> Paragraph of the Article 56 of the Banking Law (-)  | -                   |
| Goodwill(Net)   | -                   |
| <b>Total Core Capital</b>   | <b>12,470,606</b>   |
| <b>SUPPLEMENTARY CAPITAL</b>  |                     |
| General Provisions  | 1,190,739           |
| 45% of Revaluation Surplus on movables  | -                   |
| 45% of Revaluation Surplus on Immovables  | -                   |
| Bonus shares of Associates, Subsidiaries and Joint-Ventures   | 6,282               |
| Primary Subordinated Debt excluding the Portion included in Core Capital  | -                   |
| Secondary Subordinated Debt   | 1,945,816           |
| 45% of value increase fund of financial assets available for sale and associates and subsidiaries   | (149,719)           |
| Adjustment to paid-in capital, profit reserves and previous years losses (except adjustment to legal reserves)  | -                   |
| <b>Minority share</b>   | <b>1,653</b>        |
| <b>Total Supplementary Capital</b>  | <b>2,994,771</b>    |
| <b>CAPITAL</b>  | <b>15,465,377</b>   |
| <b>DEDUCTIONS FROM CAPITAL</b>  | <b>265,583</b>      |
| Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership   | -                   |
| Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals   | -                   |
| Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts | 179,121             |
| Loan granted to Customer against the Articles 50 and 51 of the Banking Law  | -                   |
| Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years                            | 85,083              |
| Securitisation positions that is deducted -preferably- from the shareholders' equity  | -                   |
| Others  | 1,379               |
| <b>TOTAL EQUITY</b>   | <b>15,199,794</b>   |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

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

|   | <b>Bank Only</b>                                     |                     | <b>Consolidated</b>                                  |                     |
|---|--|---------------------|--|---------------------|
|   | <b>Amount Included<br/>in Equity<br/>Calculation</b> | <b>Total Amount</b> | <b>Amount Included<br/>in Equity<br/>Calculation</b> | <b>Total Amount</b> |
| Minorities’ share in Tier I capital   | -  | -                   | -  | -                   |
| Third Parties’ share in additional<br>core capital  | -  | -                   | -  | -                   |
| Third Parties’ share in<br>supplementary capital  | -  | -                   | -  | -                   |
| Debt Instruments and Related<br>Issuance Premiums Defined by the<br>BRSA (Issued before 01.01.2014) | 2,073,439  | 2,073,439           | 2,062,571  | 2,062,571           |

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

|  |  |
|--|--|
| <b>Issuer</b>  | <b>T.Vakıflar Bankası T.A.O.</b>   |
| Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)                               | XS0849728190/<br>US90015NAB91  |
| Governing law(s) of the instrument   | TURKEY   |
| <b>Regulatory treatment</b>  |  |
| Subject to 10% deduction as of 1/1/2015  | Yes  |
| Eligible at solo/group/group&solo  | Available  |
| Instrument type  | Borrowing Instrument   |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)                      | 2,063  |
| Par value of instrument  | 2,029  |
| Accounting classification  | 347011   |
| Original date of issuance  | 1-Nov-12   |
| Perpetual or dated   | Dated (10 years) Maturity<br>Date: 1 November 2022                                     |
| Issue date   | 1-Nov-12   |
| Issuer call subject to prior supervisory approval  | Available  |
| Subsequent call dates, if applicable   | -  |
| <b>Coupons / dividends</b>   |  |
| Fixed or floating dividend/coupon  | Fixed/Interest payment once<br>in six month, principal<br>payment at the maturity date |
| Coupon rate and any related index  | 6.00%  |
| Existence of a dividend stopper  | Nil  |
| Fully discretionary, partially discretionary or mandatory  | Nil  |
| Existence of step up or other incentive to redeem  | Nil  |
| Noncumulative or cumulative  | Nil  |
| <b>Convertible or non-convertible</b>  |  |
| If convertible, conversion trigger (s)   | -  |
| If convertible, fully or partially   | -  |
| If convertible, conversion rate  | -  |
| If convertible, mandatory or optional conversion   | -  |
| If convertible, specify instrument type convertible into   | -  |
| If convertible, specify issuer of instrument it converts into  | -  |
| <b>Write-down feature</b>  |  |
| If write-down, write-down trigger(s)   | -  |
| If write-down, full or partial   | -  |
| If write-down, permanent or temporary  | -  |
| If temporary write-down, description of write-up mechanism   | -  |
| Position in subordination hierarchy in liquidation (specify instrument type immediately<br>senior to instrument) | Deposit and other receivables  |
| Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are<br>possessed or not   | Possess Article 8  |
| According to article 7 and 8 of Banks’ shareholders equity law that are not possessed                            | Not Possess Article 7  |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

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

|   |  |
|---|--|
| <b>Issuer</b>   | <b>T.Vakıflar Bankası T.A.O.</b>   |
| Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)                            | XS0849728190/<br>US90015NAB91  |
| Governing law(s) of the instrument  | TURKEY   |
| <b>Regulatory treatment</b>   |  |
| Subject to 10% deduction as of 1/1/2015   | Yes  |
| Eligible at solo/group/group&solo   | Available  |
| Instrument type   | Borrowing Instrument   |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)                   | 2,073  |
| Par value of instrument   | 2,043  |
| Accounting classification   | 347011   |
| Original date of issuance   | 1-Nov-12   |
| Perpetual or dated  | Dated (10 years) Maturity<br>Date: 1 November 2022                                     |
| Issue date  | 1-Nov-12   |
| Issuer call subject to prior supervisory approval   | Available  |
| Subsequent call dates, if applicable  | -  |
| <b>Coupons / dividends</b>  |  |
| Fixed or floating dividend/coupon   | Fixed/Interest payment once in<br>six month, principal payment<br>at the maturity date |
| Coupon rate and any related index   | 6.00%  |
| Existence of a dividend stopper   | Nil  |
| Fully discretionary, partially discretionary or mandatory   | Nil  |
| Existence of step up or other incentive to redeem   | Nil  |
| Noncumulative or cumulative   | Nil  |
| <b>Convertible or non-convertible</b>   |  |
| If convertible, conversion trigger (s)  | -  |
| If convertible, fully or partially  | -  |
| If convertible, conversion rate   | -  |
| If convertible, mandatory or optional conversion  | -  |
| If convertible, specify instrument type convertible into  | -  |
| If convertible, specify issuer of instrument it converts into   | -  |
| <b>Write-down feature</b>   |  |
| If write-down, write-down trigger(s)  | -  |
| If write-down, full or partial  | -  |
| If write-down, permanent or temporary   | -  |
| If temporary write-down, description of write-up mechanism  | -  |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Deposit and other receivables  |
| Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not   | Possess Article 8  |
| According to article 7 and 8 of Banks' shareholders equity law that are not possessed                         | Not Possess Article 7  |



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### INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

#### II. CONSOLIDATED MARKET RISK

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

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

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

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

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

#### Value at market risk

|   | Current<br>Period | Prior<br>Period |
|---|-------------------|-----------------|
| (I) Capital to be employed for general market risk                                    | 12,494            | 15,935          |
| (II) Capital to be employed for specific risk   | 1,268             | 2,434           |
| Capital to be employed for specific risk in securitisation positions- Standard Method | -                 | -               |
| (III) Capital to be employed for currency risk  | 15,679            | 33,174          |
| (IV) Capital to be employed for stocks  | -                 | -               |
| (V) Capital to be employed for clearing risk  | -                 | -               |
| (VI) Total capital to be employed for market risk because of options                  | 476               | -               |
| (VII) Capital to be employed for counterparty credit risk - Standard Method           | 11,518            | 7,439           |
| (VIII) Capital to be employed for general market risk                                 | -                 | -               |
| (IX) Total capital to be employed for market risk (I+II+III+IV+V+VI)                  | 41,436            | 58,981          |
| (X) Amount subject to market risk (12.5 x VIII) or (12.5 x IX)                        | 517,944           | 737,263         |

#### III. CONSOLIDATED OPERATIONAL RISK

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK**

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

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

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

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

As at 30 September 2014 and 31 December 2013, the Group does not have derivate financial instruments held for risk management purpose.

**Foreign exchange risk management policy**

Risk policy of the Parent Bank is based on the transactions within the limits and keeping the currency position well-balanced. In the light of the national legislations and international applications, the Parent Bank has established a foreign currency risk management policy that enables the Group to take a position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Parent Bank. The effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

|  | <b>US Dollar</b> | <b>Euro</b> |
|--|------------------|-------------|
| <b>The Bank’s foreign currency purchase rate at the balance sheet date</b> | 2.2700           | 2.8659      |
| <u>Foreign currency rates for the days before balance sheet date:</u>      |                  |             |
| Day 1  | 2.2100           | 2.8012      |
| Day 2  | 2.2200           | 2.8285      |
| Day 3  | 2.1800           | 2.7830      |
| Day 4  | 2.1800           | 2.8020      |
| Day 5  | 2.1800           | 2.8013      |
| <b>Last 30-days arithmetical average rate</b>                              | 2.1505           | 2.7938      |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)**

**Information on currency risk**

| <b>Current Period</b>  | <b>Euro</b>        | <b>US Dollar</b>   | <b>Other FCs</b>   | <b>Total</b>       |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Assets:</b>   |                    |                    |                    |                    |
| Cash and balances with the Central Bank of Turkey                    | 1,901,385          | 11,992,978         | 4,064,364          | 17,958,727         |
| Banks  | 318,804            | 2,182,440          | 61,397             | 2,562,641          |
| Financial assets at fair value through profit or loss <sup>(1)</sup> | 4,490              | 29,344             | -                  | 33,834             |
| Interbank money market placements                                    | -                  | -                  | -                  | -                  |
| Available-for-sale financial assets                                  | 1,257,296          | 2,861,461          | -                  | 4,118,757          |
| Loans and receivables <sup>(2)</sup>                                 | 8,667,106          | 20,875,879         | 40,318             | 29,583,303         |
| Associates, subsidiaries and joint-ventures                          | 3                  | -                  | -                  | 3                  |
| Held-to-maturity investments   | -                  | 90,850             | -                  | 90,850             |
| Derivative financial assets held for risk management purpose         | -                  | -                  | -                  | 0                  |
| Tangible assets  | 747                | 1,415              | -                  | 2,162              |
| Intangible assets  | 65                 | 136                | -                  | 201                |
| Other assets <sup>(3) (4)</sup>                                      | 639,990            | 562,749            | 24,023             | 1,226,762          |
| <b>Total assets</b>  | <b>12,789,886</b>  | <b>38,597,252</b>  | <b>4,190,102</b>   | <b>55,577,240</b>  |
| <b>Liabilities:</b>  |                    |                    |                    |                    |
| Bank deposits  | 492,118            | 1,139,796          | 17,905             | 1,649,819          |
| Foreign currency deposits  | 12,257,771         | 12,252,123         | 958,978            | 25,468,872         |
| Interbank money market takings                                       | -                  | 5,533,141          | -                  | 5,533,141          |
| Funds borrowed <sup>(5)</sup>  | 4,948,017          | 6,892,256          | 7,686              | 11,847,959         |
| Securities issued  | 1,564,616          | 5,794,411          | -                  | 7,359,027          |
| Miscellaneous payables   | 249,807            | 71,468             | 28,590             | 349,865            |
| Derivative financial liabilities held for risk management purpose    | -                  | -                  | -                  | -                  |
| Other liabilities <sup>(1) (4) (6)</sup>                             | 60,154             | 2,912,868          | 3,438              | 2,976,460          |
| <b>Total liabilities</b>   | <b>19,572,483</b>  | <b>34,596,063</b>  | <b>1,016,597</b>   | <b>55,185,143</b>  |
| <b>Net 'on balance sheet' position</b>                               | <b>(6,782,597)</b> | <b>4,001,189</b>   | <b>3,173,505</b>   | <b>392,097</b>     |
| <b>Net 'off-balance sheet' position</b>                              | <b>7,000,644</b>   | <b>(3,488,765)</b> | <b>(3,171,657)</b> | <b>340,222</b>     |
| Derivative assets <sup>(7)</sup>                                     | 7,897,241          | 6,490,378          | 180,273            | 14,567,892         |
| Derivative liabilities <sup>(7)</sup>                                | 896,597            | 9,979,143          | 3,351,930          | 14,227,670         |
| Non-cash loans <sup>(8)</sup>  | 1,831,508          | 9,315,569          | 267,189            | 11,414,266         |
| <b>Prior Period</b>  | <b>Euro</b>        | <b>US Dollar</b>   | <b>Other FCs</b>   | <b>Total</b>       |
| Total assets   | 17,020,004         | 30,974,381         | 3,884,587          | 51,878,972         |
| Total liabilities  | 17,625,568         | 31,624,925         | 1,193,432          | 50,443,925         |
| <b>Net on balance sheet position</b>                                 | <b>(605,564)</b>   | <b>(650,544)</b>   | <b>2,691,155</b>   | <b>1,435,047</b>   |
| <b>Net off-balance sheet position</b>                                | <b>749,672</b>     | <b>778,864</b>     | <b>(2,701,033)</b> | <b>(1,172,497)</b> |
| Derivative assets <sup>(7)</sup>                                     | 2,031,264          | 8,258,319          | 1,437,036          | 11,726,619         |
| Derivative liabilities <sup>(7)</sup>                                | 1,281,592          | 7,479,455          | 4,138,069          | 12,899,116         |
| Non-cash loans <sup>(8)</sup>  | 1,539,590          | 7,179,775          | 347,230            | 9,066,595          |

<sup>(1)</sup> Derivative financial assets amounting to TL 18,460 (31 December 2013: TL 60,278) and liabilities amounting to TL 79,709 (31 December 2013: TL 38,006) resulting from changes in foreign exchange rates are not included.

<sup>(2)</sup> Foreign currency indexed loans amounting to TL 2,598,070 (31 December 2013: TL 2,548,480) presented in TL in the financial statements are included in the above table.

<sup>(3)</sup> Foreign currency indexed factoring receivables amounting to TL 55,037 (31 December 2013: TL 9,074) presented in TL column in the accompanying consolidated balance sheet are included.

<sup>(4)</sup> Prepaid expenses amounting to TL 48,252 (31 December 2013: TL 33,376) and deferred tax liabilities amounting to TL 4,554 (31 December 2013: None) are not included. Equities amounting to 491,396 TL (31 December 2013: TL 380,556) are not included.

<sup>(5)</sup> Foreign currency indexed funds borrowed amounting to TL 41,228 (31 December 2013: TL 1,914) presented in TL column in the accompanying consolidated balance sheet are included.

<sup>(6)</sup> Unearned income amounting to TL 49,536 (31 December 2013: TL 37,464) are not included.

<sup>(7)</sup> Asset purchase commitments amounting to TL 330,161 (31 December 2013: TL 1,716,683), asset sales commitments amounting to TL 506,050 (31 December 2013: TL 1,919,728) and gold purchase swaps amounting to TL 3,217,256 (31 December 2013: TL 3,961,577) are included.

<sup>(8)</sup> Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

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**IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)**

**Exposure to currency risk**

10 percent devaluation of the TL against the following currencies as at and for the nine-month periods ended 30 September 2014 and 2013 would affect consolidated equity and the consolidated statement of income (without tax effects) by the amounts shown in the table below.

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

|                   | 30 September 2014 |                       | 30 September 2013 |                       |
|-------------------|-------------------|-----------------------|-------------------|-----------------------|
|                   | Profit or loss    | Equity <sup>(*)</sup> | Profit or loss    | Equity <sup>(*)</sup> |
| US Dollar         | 51,087            | 51,087                | 29,324            | 29,324                |
| EUR               | (11,666)          | 24,303                | (11,573)          | (11,573)              |
| Other currencies  | 185               | 185                   | (1,433)           | (1,433)               |
| <b>Total, net</b> | <b>39,606</b>     | <b>75,575</b>         | <b>16,318</b>     | <b>16,318</b>         |

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

10 percent revaluation of the TL against the following currencies as at and for the nine-month periods ended 30 September 2014 and 2013 would affect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

|                   | 30 September 2014 |                       | 30 September 2013 |                       |
|-------------------|-------------------|-----------------------|-------------------|-----------------------|
|                   | Profit or loss    | Equity <sup>(*)</sup> | Profit or loss    | Equity <sup>(*)</sup> |
| US Dollar         | (49,522)          | (49,522)              | (27,689)          | (27,689)              |
| Euro              | 11,666            | (24,303)              | 11,573            | 11,573                |
| Other currencies  | 41                | 41                    | 1,936             | 1,936                 |
| <b>Total, net</b> | <b>(37,815)</b>   | <b>(73,784)</b>       | <b>(14,180)</b>   | <b>(14,180)</b>       |

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**V. CONSOLIDATED INTEREST RATE RISK**

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

The Parent Bank's interest rate risk is measured by the standard method. Measurements for standard method are carried out monthly using the maturity ladder table.

**Interest rate sensitivity of assets, liabilities and off balance sheet items (based on re-pricing dates)**

| <b>Current Period</b>                              | <b>Up to 1 Month</b> | <b>1-3 Months</b>  | <b>3-12 Months</b> | <b>1-5 Years</b>  | <b>5 Years and Over</b> | <b>Non-Interest Bearing</b> | <b>Total</b>       |
|--|----------------------|--------------------|--------------------|-------------------|-------------------------|-----------------------------|--------------------|
| <i>Assets:</i>                                     |                      |                    |                    |                   |                         |                             |                    |
| Cash and balances with CBT                         | -                    | -                  | -                  | -                 | -                       | 19,436,119                  | 19,436,119         |
| Banks  | 2,324,847            | 313,825            | 39,053             | -                 | -                       | 565,085                     | 3,242,810          |
| Financial assets at fair value through profit/loss | 172,326              | 209,935            | 46,738             | 27,469            | 17,739                  | 3,585                       | 477,792            |
| Interbank money market placements                  | 3,605                | -                  | -                  | -                 | -                       | -                           | 3,605              |
| Available-for-sale financial assets                | 3,027,338            | 2,464,616          | 4,271,519          | 3,805,961         | 3,045,826               | 10,765                      | 16,626,025         |
| Loans and receivables                              | 30,924,653           | 12,876,197         | 27,919,806         | 16,952,323        | 10,422,841              | 332,714                     | 99,428,534         |
| Held-to-maturity investments                       | 43,802               | 3,008,343          | 1,635,910          | 284,402           | 1,509,668               | -                           | 6,482,125          |
| Other assets <sup>(*)</sup>                        | 90,803               | 204,342            | 184,667            | 869,621           | 137,456                 | 5,212,312                   | 6,699,201          |
| <b>Total assets</b>                                | <b>36,587,374</b>    | <b>19,077,258</b>  | <b>34,097,693</b>  | <b>21,939,776</b> | <b>15,133,530</b>       | <b>25,560,580</b>           | <b>152,396,211</b> |
| <i>Liabilities:</i>                                |                      |                    |                    |                   |                         |                             |                    |
| Bank deposits                                      | 3,061,394            | 424,520            | 228,270            | -                 | -                       | 63,916                      | 3,778,100          |
| Other deposits                                     | 44,207,001           | 18,825,952         | 6,548,461          | 792,345           | 19,393                  | 16,491,036                  | 86,884,188         |
| Interbank money market takings                     | 13,245,692           | 408,706            | 460,473            | -                 | -                       | -                           | 14,114,871         |
| Miscellaneous payables                             | -                    | -                  | -                  | -                 | -                       | 3,220,163                   | 3,220,163          |
| Securities issued                                  | 959,798              | 1,546,680          | 2,320,070          | 4,936,305         | -                       | -                           | 9,762,853          |
| Funds borrowed                                     | 2,938,922            | 4,952,639          | 3,309,613          | 575,276           | 739,433                 | -                           | 12,515,883         |
| Other liabilities <sup>(**)</sup>                  | 104,239              | 87,237             | 110,322            | 457,947           | 1,622,969               | 19,737,439                  | 22,120,153         |
| <b>Total liabilities</b>                           | <b>64,517,046</b>    | <b>26,245,734</b>  | <b>12,977,209</b>  | <b>6,761,873</b>  | <b>2,381,795</b>        | <b>39,512,554</b>           | <b>152,396,211</b> |
| On balance sheet long position                     | -                    | -                  | 21,120,484         | 15,177,903        | 12,751,735              | -                           | 49,050,122         |
| On balance sheet short position                    | (27,929,672)         | (7,168,476)        | -                  | -                 | -                       | (13,951,974)                | (49,050,122)       |
| Off-balance sheet long position                    | 640,200              | 1,399,203          | -                  | -                 | -                       | -                           | 2,039,403          |
| Off-balance sheet short position                   | -                    | -                  | (165,203)          | (834,215)         | (737,750)               | -                           | (1,737,168)        |
| <b>Position, Net</b>                               | <b>(27,289,472)</b>  | <b>(5,769,273)</b> | <b>20,955,281</b>  | <b>14,343,688</b> | <b>12,013,985</b>       | <b>(13,951,974)</b>         | <b>302,235</b>     |

<sup>(\*)</sup> Subsidiaries, associates and tangible and intangible assets are included in non-interest bearing column.

<sup>(\*\*)</sup> Equity is included in non-interest bearing column in other liabilities line.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**V. CONSOLIDATED INTEREST RATE RISK (Continued)**

| Prior Period                                       | Up to 1 Month       | 1-3 Months         | 3-12 Months       | 1-5 Years         | 5 Years and Over  | Non-Interest Bearing | Total              |
|--|---------------------|--------------------|-------------------|-------------------|-------------------|----------------------|--------------------|
| <i>Assets:</i>                                     |                     |                    |                   |                   |                   |                      |                    |
| Cash and balances with CBT                         | -                   | -                  | -                 | -                 | -                 | 18,975,182           | 18,975,182         |
| Banks  | 2,215,980           | 182,222            | 2,239             | -                 | -                 | 757,910              | 3,158,351          |
| Financial assets at fair value through profit/loss | 240,057             | 245,314            | 141,141           | 24,050            | 2,034             | 3,023                | 655,619            |
| Interbank money market placements                  | 5,095               | -                  | -                 | -                 | -                 | -                    | 5,095              |
| Available-for-sale financial assets                | 5,352,344           | 2,440,347          | 2,697,991         | 3,296,050         | 2,857,302         | 13,375               | 16,657,409         |
| Loans and receivables                              | 26,238,283          | 19,283,647         | 17,078,087        | 16,099,655        | 9,604,374         | 369,012              | 88,673,058         |
| Held-to-maturity investments                       | 914,868             | 427,664            | 2,022,196         | 495,822           | 1,552,621         | -                    | 5,413,171          |
| Other assets <sup>(*)</sup>                        | 49,138              | 161,056            | 230,216           | 679,202           | 10,000            | 5,120,085            | 6,249,697          |
| <b>Total assets</b>                                | <b>35,015,765</b>   | <b>22,740,250</b>  | <b>22,171,870</b> | <b>20,594,779</b> | <b>14,026,331</b> | <b>25,238,587</b>    | <b>139,787,582</b> |
| <i>Liabilities:</i>                                |                     |                    |                   |                   |                   |                      |                    |
| Bank deposits                                      | 3,105,830           | 869,432            | 103,153           | -                 | -                 | 25,537               | 4,103,952          |
| Other deposits                                     | 38,796,173          | 19,294,057         | 6,040,869         | 898,335           | 26,140            | 13,879,873           | 78,935,447         |
| Interbank money market takings                     | 12,723,139          | 237,295            | 1,005,685         | 809,269           | -                 | -                    | 14,775,388         |
| Miscellaneous payables                             | -                   | -                  | -                 | -                 | -                 | 2,841,068            | 2,841,068          |
| Securities issued                                  | 401,593             | 1,427,439          | 1,726,683         | 3,265,020         | -                 | -                    | 6,820,735          |
| Funds borrowed                                     | 681,189             | 4,553,844          | 5,637,765         | 691,124           | 721,739           | -                    | 12,285,661         |
| Other liabilities <sup>(**)</sup>                  | 124,797             | 17,333             | 141,104           | 410,218           | 1,493,102         | 17,838,777           | 20,025,331         |
| <b>Total liabilities</b>                           | <b>55,832,721</b>   | <b>26,399,400</b>  | <b>14,655,259</b> | <b>6,073,966</b>  | <b>2,240,981</b>  | <b>34,585,255</b>    | <b>139,787,582</b> |
| On balance sheet long position                     | -                   | -                  | 7,516,611         | 14,520,813        | 11,785,350        | -                    | 33,822,774         |
| On balance sheet short position                    | (20,816,956)        | (3,659,150)        | -                 | -                 | -                 | (9,346,668)          | (33,822,774)       |
| Off-balance sheet long position                    | 545,993             | 1,482,402          | -                 | -                 | -                 | -                    | 2,028,395          |
| Off-balance sheet short position                   | -                   | -                  | (77,250)          | (979,931)         | (695,500)         | -                    | (1,752,681)        |
| <b>Position, Net</b>                               | <b>(20,270,963)</b> | <b>(2,176,748)</b> | <b>7,439,361</b>  | <b>13,540,882</b> | <b>11,089,850</b> | <b>(9,346,668)</b>   | <b>275,714</b>     |

<sup>(\*)</sup> Subsidiaries, associates and tangible and intangible assets are stated in non-interest bearing column.

<sup>(\*\*)</sup> Equity is included in non-interest bearing column in other liabilities line.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**V. CONSOLIDATED INTEREST RATE RISK (Continued)**

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

|  | <b>Euro</b> | <b>US Dollar</b> | <b>Japanese Yen</b> | <b>TL</b> |
|--|-------------|------------------|---------------------|-----------|
| <b>Current Period</b>                              | <b>%</b>    | <b>%</b>         | <b>%</b>            | <b>%</b>  |
| <i><b>Assets:</b></i>                              |             |                  |                     |           |
| Cash and balance with CBT                          | -           | -                | -                   | -         |
| Banks  | 0.96        | 0.34             | -                   | 10.02     |
| Financial assets at fair value through profit/loss | 5.14        | 7.12             | -                   | 10.73     |
| Interbank money market placements                  | -           | -                | -                   | 9.20      |
| Available-for-sale financial assets                | 4.26        | 6.91             | -                   | 7.22      |
| Loans and receivables                              | 4.29        | 5.48             | -                   | 12.69     |
| Held-to-maturity investments                       | -           | 1.88             | -                   | 5.45      |
| <i><b>Liabilities:</b></i>                         |             |                  |                     |           |
| Bank deposits                                      | 0.78        | 0.70             | -                   | 10.24     |
| Other deposits                                     | 2.10        | 2.00             | -                   | 8.67      |
| Interbank money market takings                     | -           | 0.74             | -                   | 9.55      |
| Miscellaneous payables                             | -           | -                | -                   | -         |
| Securities issued                                  | 3.30        | 3.56             | -                   | 9.36      |
| Funds borrowed                                     | 1.06        | 1.59             | -                   | 9.54      |
|  |             |                  |                     |           |
| <b>Prior Period</b>                                | <b>Euro</b> | <b>US Dollar</b> | <b>Japanese Yen</b> | <b>TL</b> |
|  | <b>%</b>    | <b>%</b>         | <b>%</b>            | <b>%</b>  |
| <i><b>Assets:</b></i>                              |             |                  |                     |           |
| Cash and balance with CBT                          | -           | -                | -                   | -         |
| Banks  | 0.10        | 0.35             | -                   | 9.43      |
| Financial assets at fair value through profit/loss | 5.26        | 7.21             | -                   | 10.11     |
| Interbank money market placements                  | -           | -                | -                   | 7.35      |
| Available-for-sale financial assets                | 5.04        | 7.05             | -                   | 7.58      |
| Loans and receivables                              | 5.17        | 6.88             | -                   | 13.49     |
| Held-to-maturity investments                       | 6.50        | 3.31             | -                   | 6.83      |
| <i><b>Liabilities:</b></i>                         |             |                  |                     |           |
| Bank deposits                                      | 1.00        | 0.71             | -                   | 8.21      |
| Other deposits                                     | 2.71        | 2.51             | -                   | 8.16      |
| Interbank money market takings                     | 0.37        | 1.19             | -                   | 7.62      |
| Miscellaneous payables                             | -           | -                | -                   | -         |
| Securities issued                                  | 1.53        | 4.06             | -                   | 8.74      |
| Funds borrowed                                     | 1.19        | 1.66             | -                   | 8.26      |

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**V. CONSOLIDATED INTEREST RATE RISK (Continued)**

**The interest rate risk of the banking book items:**

***Measurement Frequency of Interest Rate Risk***

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

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

| <b>Currency Unit-Current Period</b> | <b>Applied Shock<br/>(+/- x base point)</b> | <b>Gain/<br/>Loss</b>   | <b>Gain/<br/>Equity-Loss/<br/>Equity</b> |
|-------------------------------------|---|-------------------------|--|
| 1. TL                               | 500 / (400)                                 | (2,446,778) / 2,461,898 | (14.58%) / 14.67%                        |
| 2. EURO                             | 200 / (200)                                 | 153,338 / (8,174)       | 0.91% / (0.05%)                          |
| 3. USD                              | 200 / (200)                                 | 443,125 / (393,432)     | 2.65% / (2.35%)                          |
| <b>Total (For Negative Shocks)</b>  | <b>-</b>                                    | <b>2,060,292</b>        | <b>12.27%</b>                            |
| <b>Total (For Positive Shocks)</b>  | <b>-</b>                                    | <b>(1,850,315)</b>      | <b>(11.02%)</b>                          |

  

| <b>Currency Unit-Prior Period</b>  | <b>Applied Shock<br/>(+/- x base point)</b> | <b>Gain/<br/>Loss</b>   | <b>Gain/<br/>Equity-Loss/<br/>Equity</b> |
|------------------------------------|---|-------------------------|--|
| 1. TL                              | 500 / (400)                                 | (2,412,990) / 2,441,246 | (15.89%) / 16.08%                        |
| 2. EURO                            | 200 / (200)                                 | 34,736 / 10,115         | 0.23% / 0.07%                            |
| 3. USD                             | 200 / (200)                                 | 457,473 / (383,076)     | 3.01% / (2.52%)                          |
| <b>Total (For Negative Shocks)</b> | <b>-</b>                                    | <b>2,068,285</b>        | <b>13.63%</b>                            |
| <b>Total (For Positive Shocks)</b> | <b>-</b>                                    | <b>(1,920,781)</b>      | <b>(12.65%)</b>                          |



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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**V. CONSOLIDATED INTEREST RATE RISK (Continued)**

**Stock position risks arising from banking book items:**

**Information on separations of risks according to objectives including their relation with gains presented under 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:

| <b>Current Period</b>                             | <b>Comparison</b>     |                   |                     |
|---|-----------------------|-------------------|---------------------|
| <b>Stock Investments</b>                          | <b>Carrying Value</b> | <b>Fair Value</b> | <b>Market Value</b> |
| <b>Stocks quoted in exchange<sup>(*)</sup></b>    |                       |                   |                     |
| 1.Stocks Investments Group A                      | -                     | -                 | -                   |
| 2.Stock Investments Group B                       | -                     | -                 | -                   |
| 3.Stock Investment Group C                        | -                     | -                 | -                   |
| <b>Stocks unquoted in exchange<sup>(**)</sup></b> | <b>291,074</b>        | <b>291,074</b>    | <b>-</b>            |

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

<sup>(\*\*)</sup> The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

| <b>Prior Period</b>                               | <b>Comparison</b>     |                   |                     |
|---|-----------------------|-------------------|---------------------|
| <b>Stock Investments</b>                          | <b>Carrying Value</b> | <b>Fair Value</b> | <b>Market Value</b> |
| <b>Stocks quoted in exchange<sup>(*)</sup></b>    |                       |                   |                     |
| 1.Stocks Investments Group A                      | -                     | -                 | -                   |
| 2.Stock Investments Group B                       | -                     | -                 | -                   |
| 3.Stock Investment Group C                        | -                     | -                 | -                   |
| <b>Stocks unquoted in exchange<sup>(**)</sup></b> | <b>282,457</b>        | <b>282,457</b>    | <b>-</b>            |

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

<sup>(\*\*)</sup> The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**V. CONSOLIDATED INTEREST RATE RISK (Continued)**

**Total unrealized gain or loss, total revaluation surplus and values included to principal and supplementary capital**

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

| Portfolio-Prior Period         | Realized<br>Gain/Loss<br>in Current<br>Period | Revaluation Surplus |                             | Unrealized Gain and Loss |                             |   |
|--------------------------------|---|---------------------|-----------------------------|--------------------------|-----------------------------|---|
|                                |   | Total (*)           | Included in<br>Core Capital | Total (*)                | Included in<br>Core Capital | Included in<br>Supplementary<br>Capital |
| 1. Private Capital Investments | -   | -                   | -                           | -                        | -                           | -                                       |
| 2. Publicly Traded Stocks      | -   | -                   | -                           | -                        | -                           | -                                       |
| 3. Other Stocks                | -   | 53,767              | 53,767                      | -                        | -                           | -                                       |
| <b>4. Total</b>                | <b>-</b>                                      | <b>53,767</b>       | <b>53,767</b>               | <b>-</b>                 | <b>-</b>                    | <b>-</b>                                |

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

| Portfolio-Prior Period         | Realized<br>Gain/Loss<br>in Current<br>Period | Revaluation Surplus |   | Unrealized Gain and Loss |                             |   |
|--------------------------------|---|---------------------|---|--------------------------|-----------------------------|---|
|                                |   | Total (*)           | Included in<br>Supplementary<br>Capital | Total (*)                | Included in<br>Core Capital | Included in<br>Supplementary<br>Capital |
| 1. Private Capital Investments | -   | -                   | -                                       | -                        | -                           | -                                       |
| 2. Publicly Traded Stocks      | -   | -                   | -                                       | -                        | -                           | -                                       |
| 3. Other Stocks                | -   | 52,966              | 23,835                                  | -                        | -                           | -                                       |
| <b>4. Total</b>                | <b>-</b>                                      | <b>52,966</b>       | <b>23,835</b>                           | <b>-</b>                 | <b>-</b>                    | <b>-</b>                                |

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**VI. CONSOLIDATED LIQUIDITY RISK**

In order to avoid the liquidity risk, the Parent Bank diverts funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Parent Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitization transactions, and transactions and international bond issues. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

| <b>Current Period</b>                              | <b>Demand</b>     | <b>Up to<br/>1 Month</b> | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5<br/>Years</b> | <b>5 Years<br/>And Over</b> | <b>Undistributed<sup>(*)</sup></b> | <b>Total</b>       |
|--|-------------------|--------------------------|-----------------------|------------------------|----------------------|-----------------------------|------------------------------------|--------------------|
| <b>Assets:</b>                                     |                   |                          |                       |                        |                      |                             |                                    |                    |
| Cash and balance with CBT                          | 19,436,119        | -                        | -                     | -                      | -                    | -                           | -                                  | 19,436,119         |
| Banks  | 1,472,494         | 1,417,438                | 313,825               | 39,053                 | -                    | -                           | -                                  | 3,242,810          |
| Financial assets at fair value through profit/loss | 3,310             | 53,305                   | 62,934                | 81,983                 | 253,488              | 19,187                      | 3,585                              | 477,792            |
| Interbank money market placements                  | -                 | 3,605                    | -                     | -                      | -                    | -                           | -                                  | 3,605              |
| Available-for-sale financial assets                | -                 | 316,426                  | 54,095                | 1,902,682              | 7,175,979            | 7,166,079                   | 10,764                             | 16,626,025         |
| Loans and receivables                              | 45,979            | 8,883,384                | 3,565,615             | 19,421,882             | 44,459,989           | 22,717,224                  | 334,461                            | 99,428,534         |
| Held-to-maturity investments                       | -                 | -                        | 90,850                | 207,872                | 1,198,082            | 4,985,321                   | -                                  | 6,482,125          |
| Other assets                                       | 15,998            | 857,040                  | 204,342               | 185,064                | 1,024,700            | 137,456                     | 4,274,601                          | 6,699,201          |
| <b>Total assets</b>                                | <b>20,973,900</b> | <b>11,531,198</b>        | <b>4,291,661</b>      | <b>21,838,536</b>      | <b>54,112,238</b>    | <b>35,025,267</b>           | <b>4,623,411</b>                   | <b>152,396,211</b> |
| <b>Liabilities:</b>                                |                   |                          |                       |                        |                      |                             |                                    |                    |
| Bank deposits                                      | 63,916            | 3,061,394                | 424,520               | 228,270                | -                    | -                           | -                                  | 3,778,100          |
| Other deposits                                     | 16,734,608        | 44,028,796               | 18,837,301            | 6,466,801              | 797,289              | 19,393                      | -                                  | 86,884,188         |
| Funds borrowed                                     | -                 | 322,932                  | 685,056               | 7,024,624              | 1,996,043            | 2,487,228                   | -                                  | 12,515,883         |
| Interbank money market takings                     | -                 | 13,245,692               | 408,706               | 460,473                | -                    | -                           | -                                  | 14,114,871         |
| Securities issued                                  | -                 | 901,788                  | 1,518,246             | 2,200,855              | 5,141,964            | -                           | -                                  | 9,762,853          |
| Miscellaneous payables                             | -                 | 2,688,869                | 53,753                | -                      | -                    | -                           | 477,541                            | 3,220,163          |
| Other liabilities                                  | -                 | 716,248                  | 149,068               | 49,082                 | 46,286               | 2,168,768                   | 18,990,701                         | 22,120,153         |
| <b>Total liabilities</b>                           | <b>16,798,524</b> | <b>64,965,719</b>        | <b>22,076,650</b>     | <b>16,430,105</b>      | <b>7,981,582</b>     | <b>4,675,389</b>            | <b>19,468,242</b>                  | <b>152,396,211</b> |
| <b>Liquidity (Gap)/Surplus</b>                     |                   |                          |                       |                        |                      |                             |                                    |                    |
|  | <b>4,175,376</b>  | <b>(53,434,521)</b>      | <b>(17,784,989)</b>   | <b>5,408,431</b>       | <b>46,130,656</b>    | <b>30,349,878</b>           | <b>(14,844,831)</b>                | <b>-</b>           |
| <b>Prior Period</b>                                |                   |                          |                       |                        |                      |                             |                                    |                    |
|  | <b>Demand</b>     | <b>Up to<br/>1Month</b>  | <b>1-3<br/>Months</b> | <b>3-12<br/>Months</b> | <b>1-5<br/>Years</b> | <b>5 Years<br/>And Over</b> | <b>Undistributed<sup>(*)</sup></b> | <b>Total</b>       |
| Total assets                                       | 21,531,041        | 11,683,161               | 4,958,498             | 18,641,641             | 49,590,632           | 28,935,212                  | 4,447,397                          | 139,787,582        |
| Total liabilities                                  | 13,905,410        | 58,253,310               | 22,785,926            | 15,351,609             | 7,902,712            | 3,932,345                   | 17,656,270                         | 139,787,582        |
| <b>Liquidity (Gap)/Surplus</b>                     | <b>7,625,631</b>  | <b>(46,570,149)</b>      | <b>(17,827,428)</b>   | <b>3,290,032</b>       | <b>41,687,920</b>    | <b>25,002,867</b>           | <b>(13,208,873)</b>                | <b>-</b>           |

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash on short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and equity are included in this column.

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**VI. CONSOLIDATED LIQUIDITY RISK (Continued)**

*Residual contractual maturities of monetary liabilities*

| <b>Current period</b>  | <b>Carrying amount</b> | <b>Gross nominal outflow</b> | <b>Demand</b>     | <b>Less than one month</b> | <b>1-3 months</b> | <b>3 months to 1 year</b> | <b>1-5 years</b> | <b>More than 5 years</b> |
|------------------------|------------------------|------------------------------|-------------------|----------------------------|-------------------|---------------------------|------------------|--------------------------|
| Bank deposits          | 3,778,100              | 3,787,197                    | 63,916            | 3,065,048                  | 427,784           | 230,449                   | -                | -                        |
| Other deposits         | 86,884,188             | 87,427,989                   | 16,734,608        | 44,143,214                 | 19,027,090        | 6,635,762                 | 863,965          | 23,350                   |
| Funds borrowed         | 12,515,883             | 13,267,665                   | -                 | 325,527                    | 695,430           | 7,131,486                 | 2,199,501        | 2,915,721                |
| Money market takings   | 14,114,871             | 14,131,616                   | -                 | 13,259,508                 | 408,916           | 463,192                   | -                | -                        |
| Securities issued      | 9,762,853              | 10,654,029                   | -                 | 903,733                    | 1,525,190         | 2,241,743                 | 5,983,363        | -                        |
| Miscellaneous payables | 3,220,163              | 3,220,163                    | 477,541           | 2,688,869                  | 53,753            | -                         | -                | -                        |
| Other liabilities      | 3,599,066              | 4,557,493                    | 774,564           | 508,211                    | 52,155            | 49,082                    | 46,286           | 3,127,195                |
| <b>Total</b>           | <b>133,875,124</b>     | <b>137,046,152</b>           | <b>18,050,629</b> | <b>64,894,110</b>          | <b>22,190,318</b> | <b>16,751,714</b>         | <b>9,093,115</b> | <b>6,066,266</b>         |
| <b>Non-Cash Loans</b>  | <b>27,333,081</b>      | <b>27,333,081</b>            | <b>191,562</b>    | <b>803,994</b>             | <b>15,454,719</b> | <b>6,754,162</b>          | <b>3,367,736</b> | <b>760,908</b>           |
| <b>Prior period</b>    | <b>Carrying amount</b> | <b>Gross nominal outflow</b> | <b>Demand</b>     | <b>Less than one month</b> | <b>1-3 months</b> | <b>3 months to 1 year</b> | <b>1-5 years</b> | <b>More than 5 years</b> |
| Bank deposits          | 4,103,952              | 4,114,689                    | 25,538            | 3,107,386                  | 876,802           | 104,963                   | -                | -                        |
| Other deposits         | 78,935,447             | 79,485,635                   | 13,879,873        | 38,895,639                 | 19,480,650        | 6,216,492                 | 981,498          | 31,483                   |
| Funds borrowed         | 12,285,661             | 12,992,694                   | -                 | 362,195                    | 822,749           | 6,412,167                 | 2,591,033        | 2,804,550                |
| Money market takings   | 14,775,388             | 14,801,868                   | -                 | 12,726,351                 | 237,537           | 1,011,566                 | 826,414          | -                        |
| Securities issued      | 6,820,735              | 7,572,794                    | -                 | 400,920                    | 1,436,319         | 1,775,217                 | 3,960,338        | -                        |
| Miscellaneous payables | 2,841,068              | 2,841,068                    | 282,397           | 2,408,857                  | 115,277           | 33,169                    | 1,368            | -                        |
| Other liabilities      | 3,401,687              | 4,391,985                    | 992,300           | 295,469                    | 15,496            | 147,863                   | 516,347          | 2,424,510                |
| <b>Total</b>           | <b>123,163,938</b>     | <b>126,200,733</b>           | <b>15,180,108</b> | <b>58,196,817</b>          | <b>22,984,830</b> | <b>15,701,437</b>         | <b>8,876,998</b> | <b>5,260,543</b>         |
| <b>Non-Cash Loans</b>  | <b>23,406,706</b>      | <b>23,406,706</b>            | <b>264,268</b>    | <b>370,339</b>             | <b>13,670,929</b> | <b>5,657,505</b>          | <b>2,788,347</b> | <b>655,318</b>           |

This table shows the undiscounted cash flows on the Group’s financial liabilities on the basis of their earliest possible contractual maturities. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the consolidated financial statements.

*Securitisation Positions*

None.

*Credit risk mitigation techniques*

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

*Applications on guarantees’ valuation and method*

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

*Types of main guarantees received*

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

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**VI. CONSOLIDATED LIQUIDITY RISK (Continued)**

*Main guarantors, credit derivatives' counterparties and their credit worthiness*

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

*Information about market and credit risk concentration in credit risk mitigation*

Market risk and credit risk concentrations are carefully avoided.

*Information about guarantees according to risk classifications*

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

| <b>Risk Classification-Current Period</b>  | <b>Amount</b>      | <b>Financial Guarantees</b> | <b>Other/Physical Guarantees</b> | <b>Guarantees and credit derivatives</b> |
|--|--------------------|-----------------------------|----------------------------------|--|
| Claims on sovereigns and Central Banks   | 49,198,101         | 5,781,875                   | -                                | -  |
| Claims on regional governments or local authorities                                      | 2,703,473          | 19,381                      | -                                | -  |
| Claims on administrative bodies and other non-commercial undertakings                    | 930,716            | 69,559                      | -                                | -  |
| Claims on multilateral development banks   | -                  | -                           | -                                | -  |
| Claims on international organizations  | -                  | -                           | -                                | -  |
| Claims on banks and intermediary institutions  | 13,301,397         | 4,975,920                   | -                                | -  |
| Claims on corporates   | 47,713,529         | 478,793                     | -                                | 535,029                                  |
| Claims included in the regulatory retail portfolios                                      | 23,898,720         | 196,793                     | -                                | -  |
| Claims secured by residential property   | 31,066,687         | -                           | -                                | -  |
| Past due loans   | 334,461            | -                           | -                                | -  |
| Higher risk categories decided by the Agency   | 11,896,715         | 11,557                      | -                                | -  |
| 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  | 5,297,509          | -                           | -                                | -  |
| <b>Total</b>   | <b>186,341,308</b> | <b>11,533,878</b>           | <b>-</b>                         | <b>535,029</b>                           |

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**VI. CONSOLIDATED LIQUIDITY RISK (Continued)**

| <b>Risk Classification-Prior Period</b>  | <b>Amount</b>      | <b>Financial Guarantees</b> | <b>Other/Physical Guarantees</b> | <b>Guarantees and credit derivatives</b> |
|--|--------------------|-----------------------------|----------------------------------|--|
| Claims on sovereigns and Central Banks   | 46,007,464         | 4,283,181                   | -                                | -  |
| Claims on regional governments or local authorities                                      | 1,875,473          | 18,209                      | -                                | -  |
| Claims on administrative bodies and other non-commercial undertakings                    | 397,891            | 48,355                      | -                                | -  |
| Claims on multilateral development banks   | -                  | -                           | -                                | -  |
| Claims on international organizations  | -                  | -                           | -                                | -  |
| Claims on banks and intermediary institutions  | 14,734,825         | 6,664,579                   | -                                | -  |
| Claims on corporates   | 41,951,114         | 449,994                     | -                                | -  |
| Claims included in the regulatory retail portfolios                                      | 23,828,096         | 117,634                     | -                                | -  |
| Claims secured by residential property   | 25,190,180         | -                           | -                                | -  |
| Past due loans   | 369,026            | -                           | -                                | -  |
| Higher risk categories decided by the Agency   | 12,242,193         | -                           | -                                | -  |
| 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  | 4,484,824          | -                           | -                                | -  |
| <b>Total</b>   | <b>171,081,086</b> | <b>11,581,952</b>           | <b>-</b>                         | <b>-</b>                                 |

***Risk management strategies and policies***

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

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

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

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**VII. CONSOLIDATED SEGMENT REPORTING**

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

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

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)**

**VII. CONSOLIDATED SEGMENT REPORTING (Continued)**

Major financial statement items according to business lines:

| <b>Current Period</b>                                     | <b>Retail<br/>Banking</b> | <b>Corporate<br/>Banking</b> | <b>Investment<br/>Banking</b> | <b>Other</b>       | <b>Total<br/>Operations</b> |
|---|---------------------------|------------------------------|-------------------------------|--------------------|-----------------------------|
| <b>OPERATING INCOME/ EXPENSES</b>                         |                           |                              |                               |                    |                             |
| Interest Income   | 2,617,987                 | 4,320,396                    | 1,595,889                     | 9,186              | 8,543,458                   |
| <i>Interest income from loans</i>                         | 2,617,987                 | 4,230,439                    | -                             | -                  | 6,848,426                   |
| <i>Interest income from securities portfolio</i>          | -                         | -                            | 1,543,539                     | -                  | 1,543,539                   |
| <i>Interest income from banks</i>                         | -                         | -                            | 51,671                        | -                  | 51,671                      |
| <i>Interest income from money market transactions</i>     | -                         | -                            | 679                           | -                  | 679                         |
| <i>Other interest income</i>                              | -                         | 89,957                       | -                             | 9,186              | 99,143                      |
| Interest Expense  | 1,580,734                 | 2,071,172                    | 1,414,563                     | 27,024             | 5,093,493                   |
| <i>Interest expense on deposits</i>                       | 1,580,734                 | 2,071,172                    | 118,595                       | -                  | 3,770,501                   |
| <i>Interest expense on funds borrowed</i>                 | -                         | -                            | 168,029                       | -                  | 168,029                     |
| <i>Interest expense on money market transactions</i>      | -                         | -                            | 724,020                       | -                  | 724,020                     |
| <i>Interest expense on securities issued</i>              | -                         | -                            | 314,626                       | -                  | 314,626                     |
| <i>Other interest expenses</i>                            | -                         | -                            | 89,293                        | 27,024             | 116,317                     |
| Net Interest Income                                       | 1,037,253                 | 2,249,224                    | 181,326                       | (17,838)           | 3,449,965                   |
| Net Fees and Commissions Income                           | 367,474                   | 133,473                      | -                             | -                  | 500,947                     |
| Trading Income/ Losses (Net)                              | -                         | -                            | 198,687                       | -                  | 198,687                     |
| Dividend Income   | -                         | -                            | 11,911                        | -                  | 11,911                      |
| Other Income  | -                         | -                            | -                             | 1,494,617          | 1,494,617                   |
| Provision For Losses on Loans and Other Receivables       | 374,479                   | 602,459                      | 31,354                        | 278,989            | 1,287,281                   |
| Other Expenses  | -                         | -                            | -                             | 3,006,863          | 3,006,863                   |
| Income/Loss From Investments Under Equity Accounting      | -                         | -                            | 24,961                        | -                  | 24,961                      |
| <b>Profit Before Taxes</b>                                | <b>1,030,248</b>          | <b>1,780,238</b>             | <b>385,531</b>                | <b>(1,809,073)</b> | <b>1,386,944</b>            |
| Provision for taxes                                       | -                         | -                            | -                             | (309,655)          | -309,655                    |
| <b>Net Profit/ Loss</b>                                   | <b>1,030,248</b>          | <b>1,780,238</b>             | <b>385,531</b>                | <b>(2,118,728)</b> | <b>1,077,289</b>            |
| <b>SEGMENT ASSETS</b>                                     |                           |                              |                               |                    |                             |
| Securities Portfolio                                      | -                         | -                            | 23,179,375                    | -                  | 23,179,375                  |
| Derivative financial assets held for trading purpose      | -                         | -                            | 406,567                       | -                  | 406,567                     |
| Banks and Receivables From Money Markets                  | -                         | -                            | 3,246,415                     | -                  | 3,246,415                   |
| Investments in Associates and Subsidiaries(Net)           | -                         | -                            | 472,263                       | -                  | 472,263                     |
| Loans   | 32,032,135                | 67,396,400                   | -                             | -                  | 99,428,534                  |
| Other Assets  | -                         | 1,425,664                    | 18,282,043                    | 5,955,350          | 25,663,057                  |
| <b>TOTAL ASSETS</b>                                       | <b>32,032,135</b>         | <b>68,822,064</b>            | <b>45,586,663</b>             | <b>5,955,350</b>   | <b>152,396,211</b>          |
| <b>SEGMENT LIABILITIES</b>                                |                           |                              |                               |                    |                             |
| Deposits  | 37,835,384                | 49,796,277                   | 3,030,627                     | -                  | 90,662,288                  |
| Derivative Financial Liabilities Held for Trading Purpose | -                         | -                            | 249,043                       | -                  | 249,043                     |
| Interbank Money Market                                    | -                         | -                            | 14,114,871                    | -                  | 14,114,871                  |
| Funds Borrowed  | -                         | -                            | 12,515,883                    | -                  | 12,515,883                  |
| Securities Issued   | -                         | -                            | 9,762,853                     | -                  | 9,762,853                   |
| Other Liabilities   | -                         | 688                          | 2,340,443                     | 4,558,875          | 6,900,006                   |
| Provisions and Tax Liabilities                            | -                         | -                            | -                             | 4,223,519          | 4,223,519                   |
| Equity  | -                         | -                            | -                             | 13,967,748         | 13,967,748                  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                       | <b>37,835,384</b>         | <b>49,796,965</b>            | <b>42,013,720</b>             | <b>22,750,142</b>  | <b>152,396,211</b>          |



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**VII. CONSOLIDATED SEGMENT REPORTING (Continued)**

| <b>Prior Period</b>  | <b>Retail<br/>Banking</b> | <b>Corporate<br/>Banking</b> | <b>Investment<br/>Banking</b> | <b>Other</b>       | <b>Total<br/>Operations</b> |
|--|---------------------------|------------------------------|-------------------------------|--------------------|-----------------------------|
| <b>OPERATING INCOME/ EXPENSES</b>                            |                           |                              |                               |                    |                             |
| Interest Income  | 2,416,013                 | 3,256,571                    | 1,168,971                     | 62,634             | 6,904,189                   |
| <i>Interest income from loans</i>                            | <i>2,416,013</i>          | <i>3,209,474</i>             | -                             | 889                | <i>5,626,376</i>            |
| <i>Interest income from securities portfolio</i>             | -                         | -                            | <i>1,123,030</i>              | -                  | <i>1,123,030</i>            |
| <i>Interest income from banks</i>                            | -                         | -                            | <i>45,132</i>                 | -                  | <i>45,132</i>               |
| <i>Interest income from money market transactions</i>        | -                         | -                            | <i>809</i>                    | -                  | <i>809</i>                  |
| <i>Other interest income</i>                                 | -                         | <i>47,097</i>                | -                             | <i>61,745</i>      | <i>108,842</i>              |
| Interest Expense   | 1,052,750                 | 1,358,295                    | 627,568                       | 129,273            | 3,167,886                   |
| <i>Interest expense on deposits</i>                          | <i>1,052,750</i>          | <i>1,358,295</i>             | <i>72,642</i>                 | -                  | <i>2,483,687</i>            |
| <i>Interest expense on funds borrowed</i>                    | -                         | -                            | <i>126,294</i>                | -                  | <i>126,294</i>              |
| <i>Interest expense on money market transactions</i>         | -                         | -                            | <i>263,409</i>                | -                  | <i>263,409</i>              |
| <i>Interest expense on securities issued</i>                 | -                         | -                            | <i>165,223</i>                | -                  | <i>165,223</i>              |
| <i>Other interest expenses</i>                               | -                         | -                            | -                             | <i>129,273</i>     | <i>129,273</i>              |
| Net Interest Income  | 1,363,263                 | 1,898,276                    | 541,403                       | (66,639)           | 3,736,303                   |
| Net Fees and Commissions Income                              | 314,825                   | 184,451                      | -                             | -                  | 499,276                     |
| Trading Income/ Losses (Net)                                 | -                         | -                            | 228,221                       | -                  | 228,221                     |
| Dividend Income  | -                         | -                            | 16,293                        | -                  | 16,293                      |
| Other Income   | -                         | -                            | -                             | 1,093,258          | 1,093,258                   |
| Provision For Losses on Loans and Other<br>Receivables       | 235,600                   | 809,132                      | 120,480                       | 298,783            | 1,463,995                   |
| Other Expenses   | -                         | -                            | -                             | 2,588,621          | 2,588,621                   |
| Income/Loss From Investments Under Equity<br>Accounting      | -                         | -                            | 21,988                        | -                  | 21,988                      |
| <b>Profit Before Taxes</b>                                   | <b>1,442,488</b>          | <b>1,273,596</b>             | <b>687,425</b>                | <b>(2,208,229)</b> | <b>1,195,279</b>            |
| Provision for taxes  | -                         | -                            | -                             | (347,444)          | (347,444)                   |
| <b>Net Profit/ Loss</b>                                      | <b>1,442,488</b>          | <b>1,273,596</b>             | <b>687,425</b>                | <b>(2,208,29)</b>  | <b>1,195,279</b>            |
| <b>SEGMENT ASSETS</b>  |                           |                              |                               |                    |                             |
| Securities Portfolio   | -                         | -                            | 22,287,804                    | -                  | 22,287,804                  |
| Derivative financial assets held for trading<br>purpose      | -                         | -                            | 438,395                       | -                  | 438,395                     |
| Banks and Receivables From Money Markets                     | -                         | -                            | 3,163,446                     | -                  | 3,163,446                   |
| Investments in Associates and Subsidiaries(Net)              | -                         | -                            | 438,101                       | -                  | 438,101                     |
| Loans  | 30,428,168                | 58,244,889                   | -                             | -                  | 88,673,057                  |
| Other Assets   | -                         | 132,443                      | 17,951,402                    | 6,702,934          | 24,786,779                  |
| <b>TOTAL ASSETS</b>  | <b>30,428,168</b>         | <b>58,377,332</b>            | <b>44,279,148</b>             | <b>6,702,934</b>   | <b>139,787,582</b>          |
| <b>SEGMENT LIABILITIES</b>                                   |                           |                              |                               |                    |                             |
| Deposits   | 33,348,410                | 45,466,219                   | 4,224,770                     | -                  | 83,039,399                  |
| Derivative Financial Liabilities Held for Trading<br>Purpose | -                         | -                            | 219,480                       | -                  | 219,480                     |
| Interbank Money Market                                       | -                         | -                            | 14,775,388                    | -                  | 14,775,388                  |
| Funds Borrowed   | -                         | -                            | 12,285,661                    | -                  | 12,285,661                  |
| Securities Issued  | -                         | -                            | 6,820,735                     | -                  | 6,820,735                   |
| Other Liabilities  | -                         | -                            | 2,148,605                     | 4,191,172          | 6,339,777                   |
| Provisions and Tax Liabilities                               | -                         | -                            | -                             | 3,836,183          | 3,836,183                   |
| Equity   | -                         | -                            | -                             | 12,470,958         | 12,470,958                  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          | <b>33,348,410</b>         | <b>45,466,219</b>            | <b>40,474,639</b>             | <b>20,498,313</b>  | <b>139,787,581</b>          |

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**SECTION FIVE**

**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS**

**1. Information on cash and balances with the Central Bank**

|                                       | Current Period   |                   | Prior Period     |                   |
|---------------------------------------|------------------|-------------------|------------------|-------------------|
|                                       | TL               | FC                | TL               | FC                |
| Cash                                  | 960,148          | 272,218           | 860,483          | 295,962           |
| Central Bank of Turkey <sup>(*)</sup> | 444,122          | 17,681,108        | 922,802          | 16,870,433        |
| Others                                | 73,122           | 5,401             | 19,591           | 5,911             |
| <b>Total</b>                          | <b>1,477,392</b> | <b>17,958,727</b> | <b>1,802,876</b> | <b>17,172,306</b> |

(\*) TL 16,523,858 (31 December 2013: TL 14,542,489) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits.

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

***Balances with the Central Bank of Turkey***

|                              | Current Period |                   | Prior Period   |                   |
|------------------------------|----------------|-------------------|----------------|-------------------|
|                              | TL             | FC                | TL             | FC                |
| Unrestricted demand deposits | 444,112        | 1,157,250         | 922,799        | 1,043,944         |
| Unrestricted time deposits   | 2              | -                 | -              | -                 |
| Restricted time deposits     | 8              | -                 | 3              | 1,284,000         |
| Reserve Deposits             | -              | 16,523,858        | -              | 14,542,489        |
| <b>Total</b>                 | <b>444,122</b> | <b>17,681,108</b> | <b>922,802</b> | <b>16,870,433</b> |

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

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

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

|  | Current Period |              | Prior Period   |              |
|--|----------------|--------------|----------------|--------------|
|  | TL             | FC           | TL             | FC           |
| Equity shares  | -              | -            | -              | -            |
| Bonds, treasury bills and similar<br>marketable securities | 101            | 2,783        | 105,248        | 8,403        |
| Others   | -              | -            | -              | -            |
| <b>Total</b>   | <b>101</b>     | <b>2,783</b> | <b>105,248</b> | <b>8,403</b> |

*Trading securities subject to repurchase agreements*

None.

*Trading purpose derivative financial assets*

|                      | Current Period |               | Prior Period   |               |
|----------------------|----------------|---------------|----------------|---------------|
|                      | TL             | FC            | TL             | FC            |
| Forward transactions | 6,469          | 592           | 28,203         | 375           |
| Swap transactions    | 355,338        | 38,070        | 327,932        | 79,820        |
| Futures              | -              | -             | -              | -             |
| Options              | 666            | 5,432         | 15             | 2,050         |
| Others               | -              | -             | -              | -             |
| <b>Total</b>         | <b>362,473</b> | <b>44,094</b> | <b>356,150</b> | <b>82,245</b> |

**3. Information on banks**

|                                   | Current Period |                  | Prior Period   |                  |
|-----------------------------------|----------------|------------------|----------------|------------------|
|                                   | TL             | FC               | TL             | FC               |
| <b>Banks</b>                      | <b>680,169</b> | <b>2,562,641</b> | <b>379,923</b> | <b>2,778,428</b> |
| Domestic                          | 680,136        | 515,083          | 379,110        | 86,557           |
| Foreign                           | 33             | 2,047,558        | 813            | 2,691,871        |
| Foreign head offices and branches | -              | -                | -              | -                |
| <b>Total</b>                      | <b>680,169</b> | <b>2,562,641</b> | <b>379,923</b> | <b>2,778,428</b> |

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

**4. Information on available-for-sale financial assets**

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

|   | Current Period |                | Prior Period   |                |
|---|----------------|----------------|----------------|----------------|
|   | TL             | FC             | TL             | FC             |
| Equity shares   | -              | -              | -              | -              |
| Bonds, treasury bills and similar marketable securities | 782,463        | 263,393        | 241,746        | 261,615        |
| Others  | 32,700         | -              | -              | -              |
| <b>Total</b>  | <b>815,163</b> | <b>263,393</b> | <b>241,746</b> | <b>261,615</b> |

*Available-for-sale financial assets subject to repurchase agreements*

|                                     | Current Period   |                  | Prior Period     |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|
|                                     | TL               | FC               | TL               | FC               |
| Government bonds                    | 6,676,676        | 305,047          | 8,312,947        | 111,436          |
| Treasury bills                      | -                | -                | -                | -                |
| Other debt securities               | -                | 2,943,605        | -                | 2,988,480        |
| Bonds issued or guaranteed by banks | -                | 51,918           | -                | 76,750           |
| Asset backed securities             | -                | -                | -                | -                |
| <b>Total</b>                        | <b>6,676,676</b> | <b>3,300,570</b> | <b>8,312,947</b> | <b>3,176,666</b> |

*Information on available-for-sale financial assets*

|   | Current Period    |    | Prior Period      |    |
|---|-------------------|----|-------------------|----|
|   | TL                | FC | TL                | FC |
| <b>Debt securities</b>                      | <b>16,737,668</b> |    | <b>16,992,896</b> |    |
| Quoted                                      | 16,737,668        |    | 16,992,896        |    |
| Unquoted                                    | -                 |    | -                 |    |
| <b>Equity securities</b>                    | <b>10,765</b>     |    | <b>13,375</b>     |    |
| Quoted                                      | -                 |    | -                 |    |
| Unquoted                                    | 10,765            |    | 13,375            |    |
| <b>Provisions for impairment losses (-)</b> | <b>122,408</b>    |    | <b>348,862</b>    |    |
| <b>Total</b>                                | <b>16,626,025</b> |    | <b>16,657,409</b> |    |

**5. Information on loans**

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

|  | Current Period |              | Prior Period  |               |
|--|----------------|--------------|---------------|---------------|
|  | Cash           | Non-Cash     | Cash          | Non-Cash      |
| <b>Direct loans provided to the shareholders</b>   | <b>-</b>       | <b>6,989</b> | <b>-</b>      | <b>27,065</b> |
| Legal entities                                     | -              | 6,989        | -             | 27,065        |
| Real persons                                       | -              | -            | -             | -             |
| <b>Indirect loans provided to the shareholders</b> | <b>-</b>       | <b>-</b>     | <b>-</b>      | <b>-</b>      |
| <b>Loans provided to the employees</b>             | <b>82,998</b>  | <b>28</b>    | <b>79,959</b> | <b>29</b>     |
| <b>Total</b>                                       | <b>82,998</b>  | <b>7,017</b> | <b>79,959</b> | <b>27,094</b> |

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

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

| Cash Loans                      | Standard loans and other receivables |                               |                         | Loans and other receivables under close monitoring |                               |          |
|---------------------------------|--------------------------------------|-------------------------------|-------------------------|--|-------------------------------|----------|
|                                 | Loans and other receivables          | Agreement conditions modified | Payment plan extensions | Loans and other receivables                        | Agreement conditions modified | Other    |
|                                 |                                      |                               |                         |  |                               |          |
| <b>Non-specialized loans</b>    | <b>94,514,864</b>                    | <b>228,197</b>                | <b>-</b>                | <b>3,618,186</b>                                   | <b>721,430</b>                | <b>-</b> |
| Loans given to enterprises      | 27,286,927                           | 145,239                       | -                       | 1,204,391  | 426,811                       | -        |
| Export loans                    | 3,823,211                            | 6,663                         | -                       | 79,037   | 7,370                         | -        |
| Import loans                    | -                                    | -                             | -                       | -  | -                             | -        |
| Loans given to financial sector | 2,963,556                            | -                             | -                       | 106  | -                             | -        |
| Consumer loans                  | 27,207,843                           | 75,073                        | -                       | 1,330,390  | 240,672                       | -        |
| Credit cards                    | 3,959,409                            | -                             | -                       | 271,118  | 7,195                         | -        |
| Other                           | 29,273,918                           | 1,222                         | -                       | 733,144  | 39,382                        | -        |
| <b>Specialized lending</b>      | <b>4,344</b>                         | <b>-</b>                      | <b>-</b>                | <b>-</b>   | <b>-</b>                      | <b>-</b> |
| <b>Other receivables</b>        | <b>7,052</b>                         | <b>-</b>                      | <b>-</b>                | <b>-</b>   | <b>-</b>                      | <b>-</b> |
| <b>Total</b>                    | <b>94,526,260</b>                    | <b>228,197</b>                | <b>-</b>                | <b>3,618,186</b>                                   | <b>721,430</b>                | <b>-</b> |

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

| <i>Number of modifications to extend payment plans</i> | <i>Standard Loans and Other Receivables (*)</i> | <i>Loans and other receivables under close monitoring (*)</i> |
|--|---|---|
| Extended for 1 or 2 times                              | 228,197   | 514,882   |
| Extended for 3,4 or 5 times                            | -   | -   |
| Extended for more than 5 times                         | -   | -   |

  

| <i>Extended period of time</i> | <i>Standard Loans and Other Receivables (*)</i> | <i>Loans and other receivables under close monitoring (*)</i> |
|--------------------------------|---|---|
| 0-6 Months                     | 106   | 2   |
| 6-12 Months                    | 456   | 137   |
| 1-2 Years                      | 11,729  | 5,775   |
| 2-5 Years                      | 118,257   | 169,447   |
| 5 Years and Over               | 97,649  | 339,521   |

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

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS  
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*Consumer loans, retail credit cards, personnel loans and personnel credit cards*

|  | Short-Term       | Medium and Long-Term | Total             |
|--|------------------|----------------------|-------------------|
| <b>Consumer loans – TL</b>                                 | <b>343,307</b>   | <b>27,084,388</b>    | <b>27,427,695</b> |
| Housing loans  | 4,584            | 14,272,924           | 14,277,508        |
| Automobile loans   | 3,350            | 449,886              | 453,236           |
| General purpose loans                                      | 267,373          | 10,187,283           | 10,454,656        |
| Others   | 68,000           | 2,174,295            | 2,242,295         |
| <b>Consumer loans – FC indexed</b>                         | -                | -                    | -                 |
| Housing loans  | -                | -                    | -                 |
| Automobile loans   | -                | -                    | -                 |
| General purpose loans                                      | -                | -                    | -                 |
| Others   | -                | -                    | -                 |
| <b>Consumer loans – FC</b>                                 | <b>1,874</b>     | <b>6,749</b>         | <b>8,623</b>      |
| Housing loans  | -                | -                    | -                 |
| Automobile loans   | -                | -                    | -                 |
| General purpose loans                                      | 1,874            | 6,749                | 8,623             |
| Others   | -                | -                    | -                 |
| <b>Retail credit cards – TL</b>                            | <b>2,987,599</b> | <b>48,436</b>        | <b>3,036,035</b>  |
| With instalment  | 1,313,309        | 37,516               | 1,350,825         |
| Without instalment   | 1,674,290        | 10,920               | 1,685,210         |
| <b>Retail credit cards – FC</b>                            | <b>2,188</b>     | -                    | <b>2,188</b>      |
| With instalment  | -                | -                    | -                 |
| Without instalment   | 2,188            | -                    | 2,188             |
| <b>Personnel loans – TL</b>                                | <b>2,268</b>     | <b>33,205</b>        | <b>35,473</b>     |
| Housing loans  | -                | -                    | -                 |
| Automobile loans   | -                | -                    | -                 |
| General purpose loans                                      | 2,254            | 33,205               | 35,459            |
| Others   | 14               | -                    | 14                |
| <b>Personnel loans – FC indexed</b>                        | -                | -                    | -                 |
| Housing loans  | -                | -                    | -                 |
| Automobile loans   | -                | -                    | -                 |
| General purpose loans                                      | -                | -                    | -                 |
| Others   | -                | -                    | -                 |
| <b>Personnel loans – FC</b>                                | <b>545</b>       | <b>8</b>             | <b>553</b>        |
| Housing loans  | -                | -                    | -                 |
| Automobile loans   | -                | -                    | -                 |
| General purpose loans                                      | 545              | 8                    | 553               |
| Others   | -                | -                    | -                 |
| <b>Personnel credit cards – TL</b>                         | <b>46,731</b>    | <b>66</b>            | <b>46,797</b>     |
| With instalment  | 19,125           | 54                   | 19,179            |
| Without instalment   | 27,606           | 12                   | 27,618            |
| <b>Personnel credit cards – FC</b>                         | <b>175</b>       | -                    | <b>175</b>        |
| With instalment  | -                | -                    | -                 |
| Without instalment   | 175              | -                    | 175               |
| <b>Overdraft Checking Accounts – TL<br/>(Real persons)</b> | <b>1,381,575</b> | -                    | <b>1,381,575</b>  |
| <b>Overdraft Checking Accounts – FC<br/>(Real persons)</b> | <b>59</b>        | -                    | <b>59</b>         |
| <b>Total</b>   | <b>4,766,321</b> | <b>27,172,852</b>    | <b>31,939,173</b> |

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

*Instalment based commercial loans and corporate credit cards*

|   | Short-Term       | Medium and Long-Term | Total             |
|---|------------------|----------------------|-------------------|
| <b>Instalment-based commercial loans – TL</b>         | <b>876,185</b>   | <b>18,696,438</b>    | <b>19,572,623</b> |
| Real estate loans                                     | 931              | 520,150              | 521,081           |
| Automobile loans                                      | 26,997           | 1,557,976            | 1,584,973         |
| General purpose loans                                 | 848,257          | 16,618,312           | 17,466,569        |
| Others  | -                | -                    | -                 |
| <b>Instalment-based commercial loans – FC indexed</b> | <b>29,486</b>    | <b>680,656</b>       | <b>710,142</b>    |
| Real estate loans                                     | -                | -                    | -                 |
| Automobile loans                                      | -                | -                    | -                 |
| General purpose loans                                 | 29,486           | 680,656              | 710,142           |
| Others  | -                | -                    | -                 |
| <b>Instalment-based commercial loans – FC</b>         | <b>389,595</b>   | <b>5,016,464</b>     | <b>5,406,059</b>  |
| Real estate loans                                     | -                | -                    | -                 |
| Automobile loans                                      | -                | -                    | -                 |
| General purpose loans                                 | 389,595          | 1,409,817            | 1,799,412         |
| Others  | -                | 3,606,647            | 3,606,647         |
| <b>Corporate credit cards – TL</b>                    | <b>1,152,165</b> | <b>132</b>           | <b>1,152,297</b>  |
| With instalment                                       | 446,558          | 132                  | 446,690           |
| Without instalment                                    | 705,607          | -                    | 705,607           |
| <b>Corporate credit cards – FC</b>                    | <b>230</b>       | <b>-</b>             | <b>230</b>        |
| With instalment                                       | -                | -                    | -                 |
| Without instalment                                    | 230              | -                    | 230               |
| <b>Overdraft Checking Accounts – TL (Corporate)</b>   | <b>745,485</b>   | <b>-</b>             | <b>745,485</b>    |
| <b>Overdraft Checking Accounts – FC (Corporate)</b>   | <b>-</b>         | <b>-</b>             | <b>-</b>          |
| <b>Total</b>  | <b>3,193,146</b> | <b>24,393,690</b>    | <b>27,586,836</b> |

*Allocation of domestic and foreign loans*

|                | Current Period    | Prior Period      |
|----------------|-------------------|-------------------|
| Domestic loans | 98,706,062        | 87,928,337        |
| Foreign loans  | 388,011           | 375,709           |
| <b>Total</b>   | <b>99,094,073</b> | <b>88,304,046</b> |

*Loans to associates and subsidiaries*

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Directly loans to associates and subsidiaries   | 3,275          | 13           |
| Indirectly loans to associates and subsidiaries | -              | -            |
| <b>Total</b>                                    | <b>3,275</b>   | <b>13</b>    |

*Specific provisions for loans*

| Specific Provisions                                | Current Period   | Prior Period     |
|--|------------------|------------------|
| Loans and receivables with limited collectability  | 62,421           | 83,075           |
| Loans and receivables with doubtful collectability | 580,724          | 660,691          |
| Uncollectible loans and receivables                | 3,146,356        | 2,623,687        |
| <b>Total</b>                                       | <b>3,789,501</b> | <b>3,367,453</b> |

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*Information on non-performing loans (Net)*

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

|  | <b>Group III</b>   | <b>Group IV</b>   | <b>Group V</b>                                     |
|--|--|---|--|
|  | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>Uncollectible<br/>loans and<br/>receivables</b> |
| <b>Current period</b>                              | <b>43,232</b>  | <b>84,921</b>   | <b>74,811</b>                                      |
| (Gross amounts before the specific reserves)       |  |   |  |
| Loans and other receivables which are restructured | -  | -   | -  |
| Rescheduled loans and other receivables            | 43,232   | 84,921  | 74,811   |
| <b>Prior period</b>                                | <b>46,682</b>  | <b>72,045</b>   | <b>65,263</b>                                      |
| (Gross amounts before the specific reserves)       |  |   |  |
| Loans and other receivables which are restructured | -  | -   | -  |
| Rescheduled loans and other receivables            | 46,682   | 72,045  | 65,263   |

*Movements in non-performing loan groups*

|   | <b>Group III</b>   | <b>Group IV</b>   | <b>Group V</b>                                     |
|---|--|---|--|
|   | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>Uncollectible<br/>loans and<br/>receivables</b> |
| <b>Balance at the beginning of the period</b>                             | <b>381,577</b>   | <b>692,399</b>  | <b>2,662,489</b>                                   |
| Additions (+)   | 976,876  | 37,730  | 23,579   |
| Transfers from other categories of loans under follow-up (+)              | -  | 914,365   | 892,505  |
| Transfers to other categories of loans under follow-up (-) <sup>(*)</sup> | 932,690  | 919,856   | 42,119   |
| Collections (-)   | 105,373  | 106,398   | 352,863  |
| Write-offs (-)  | -  | -   | 2  |
| <i>Corporate and commercial loans</i>                                     | -  | -   | -  |
| <i>Retail loans</i>   | -  | -   | -  |
| <i>Credit cards</i>   | -  | -   | -  |
| <i>Others</i>   | -  | -   | 2  |
| Currency differences  | -  | 1,635   | 108  |
| <b>Balance at the end of the period</b>                                   | <b>320,390</b>   | <b>619,875</b>  | <b>3,183,697</b>                                   |
| Specific provisions (-)   | 62,421   | 580,724   | 3,146,356  |
| <b>Net balance on balance sheet</b>                                       | <b>257,969</b>   | <b>39,151</b>   | <b>37,341</b>                                      |

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

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



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

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

|                                     | <b>Group III</b>   | <b>Group IV</b>   | <b>Group V</b>                                     |
|-------------------------------------|--|---|--|
|                                     | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>Uncollectible<br/>loans and<br/>receivables</b> |
| <b>Current Period</b>               |  |   |  |
| Balance at the end of the year      | 20,673   | 47,426  | 360,419  |
| Specific provisions (-)             | 2,257  | 30,739  | 340,208  |
| <b>Net balance on balance sheet</b> | <b>18,416</b>  | <b>16,687</b>   | <b>20,211</b>                                      |
| <b>Prior Period</b>                 |  |   |  |
| Balance at the end of the year      | 33,864   | 1,980   | 324,226  |
| Specific provisions (-)             | 6,773  | 1,980   | 321,412  |
| <b>Net balance on balance sheet</b> | <b>27,091</b>  | <b>-</b>  | <b>2,814</b>                                       |

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

***Write-off policy for uncollectible loans and receivables***

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

***Loan customer concentration of non-performing loans***

|                                       | <b>Group III</b>   | <b>Group IV</b>   | <b>Group V</b>                                     |
|---------------------------------------|--|---|--|
|                                       | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>Uncollectible<br/>loans and<br/>receivables</b> |
| <b>Current Period (Net)</b>           | <b>257,969</b>   | <b>39,151</b>   | <b>37,341</b>                                      |
| Consumer and commercial loans (Gross) | 317,529  | 611,841   | 3,120,919  |
| Specific provisions (-)               | 61,849   | 572,690   | 3,083,578  |
| Consumer and commercial loans (Net)   | 255,680  | 39,151  | 37,341   |
| Banks (Gross)                         | -  | -   | 7,818  |
| Specific provisions (-)               | -  | -   | 7,818  |
| Banks (Net)                           | -  | -   | -  |
| Other loans and receivables (Gross)   | 2,861  | 8,034   | 54,960   |
| Specific provisions (-)               | 572  | 8,034   | 54,960   |
| Other loans and receivables (Net)     | 2,289  | -   | -  |
| <b>Prior Period (Net)</b>             | <b>329,125</b>   | <b>1,085</b>  | <b>38,802</b>                                      |
| Consumer and commercial loans (Gross) | 409,372  | 655,123   | 2,604,871  |
| Specific provisions (-)               | 82,509   | 654,038   | 2,566,069  |
| Consumer and commercial loans (Net)   | 326,863  | 1,085   | 38,802   |
| Banks (Gross)                         | -  | -   | 7,462  |
| Specific provisions (-)               | -  | -   | 7,462  |
| Banks (Net)                           | -  | -   | -  |
| Other loans and receivables (Gross)   | 2,828  | 6,653   | 50,156   |
| Specific provisions (-)               | 566  | 6,653   | 50,156   |
| Other loans and receivables (Net)     | 2,262  | -   | -  |

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

**6. Information on held-to-maturity investments**

*Held-to-maturity debt securities issued by the governments*

|  | Current Period   |          | Prior Period     |               |
|--|------------------|----------|------------------|---------------|
|  | TL               | FC       | TL               | FC            |
| Government bonds                           | 6,391,275        | -        | 5,358,742        | -             |
| Treasury bills                             | -                | -        | -                | -             |
| Other securities issued by the governments | -                | -        | -                | 11,590        |
| <b>Total</b>                               | <b>6,391,275</b> | <b>-</b> | <b>5,358,742</b> | <b>11,590</b> |

*Information on held-to-maturity investment securities*

|                              | Current Period   | Prior Period     |
|------------------------------|------------------|------------------|
| <b>Debt Securities</b>       | <b>6,486,259</b> | <b>5,470,531</b> |
| Quoted at stock exchanges    | 6,395,409        | 5,427,692        |
| Unquoted at stock exchanges  | 90,850           | 42,839           |
| <b>Impairment losses (-)</b> | <b>4,134</b>     | <b>57,360</b>    |
| <b>Total</b>                 | <b>6,482,125</b> | <b>5,413,171</b> |

*The movement table of the held-to-maturity investments*

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Balances at the beginning of the period</b>  | <b>5,413,171</b> | <b>4,261,060</b> |
| Foreign currency differences on monetary assets | (52,074)         | 54,323           |
| Purchases during the period                     | 2,330,616        | 2,530,205        |
| Transfers to available for sale portfolio       | -                | -                |
| Disposals through sales/redemptions             | (1,396,133)      | (1,507,738)      |
| Impairment losses                               | 53,226           | 13,979           |
| Change in amortized costs of the securities (*) | 133,319          | 61,342           |
| <b>Balances at the end of the period</b>        | <b>6,482,125</b> | <b>5,413,171</b> |

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

*Information about held-to-maturity investments*

| Current Period                               | Cost             |               | Carrying Value   |               |
|--|------------------|---------------|------------------|---------------|
|  | TL               | FC            | TL               | FC            |
| Collateralized/blocked investment securities | 677,590          | 90,800        | 698,212          | 90,850        |
| Investments subject to repurchase agreements | 5,088,223        | -             | 5,319,236        | -             |
| Held for structural position                 | -                | -             | -                | -             |
| Receivable from security borrowing markets   | -                | -             | -                | -             |
| Collateral for security borrowing markets    | -                | -             | -                | -             |
| Others (*)                                   | 331,847          | -             | 373,827          | -             |
| <b>Total</b>                                 | <b>6,097,660</b> | <b>90,800</b> | <b>6,391,275</b> | <b>90,850</b> |

(\*) 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 CONSOLIDATED ASSETS  
(Continued)**

| Prior Period                                 | Cost             |               | Carrying Value   |               |
|--|------------------|---------------|------------------|---------------|
|  | TL               | FC            | TL               | FC            |
| Collateralized/blocked investment securities | 287,360          | 42,800        | 281,131          | 42,839        |
| Investments subject to repurchase agreements | 4,716,595        | -             | 4,831,384        | -             |
| Held for structural position                 | -                | -             | -                | -             |
| Receivable from security borrowing markets   | -                | -             | -                | -             |
| Collateral for security borrowing markets    | -                | -             | -                | -             |
| Others <sup>(*)</sup>                        | 247,800          | 10,908        | 246,227          | 11,590        |
| <b>Total</b>                                 | <b>5,251,755</b> | <b>53,708</b> | <b>5,358,742</b> | <b>54,429</b> |

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

**7. Investments in associates**

*Unconsolidated investments in associates*

| Title  | Address (City/<br>Country) | Parent Bank’s Share –<br>If Different, Voting<br>Rights (%) | Bank Risk<br>Group’s Share<br>(%) |
|--|----------------------------|---|-----------------------------------|
| 1 Roketsan Roket Sanayi ve Ticaret AŞ <sup>(*)</sup> | Ankara/Turkey              | 9.93  | 9.93                              |
| 2 Bankalararası Kart Merkezi AŞ                      | İstanbul/ Turkey           | 9.70  | 9.70                              |
| 3 Kredi Kayıt Bürosu AŞ                              | İstanbul/ Turkey           | 9.09  | 9.09                              |
| 4 Güçbirliği Holding AŞ                              | İzmir/ Turkey              | 0.07  | 0.07                              |
| 5 İzmir Enternasyonal Otelcilik AŞ                   | İstanbul/ Turkey           | 5.00  | 5.00                              |
| 6 İstanbul Takas ve Saklama Bankası AŞ               | İstanbul/ Turkey           | 4.37  | 4.37                              |
| 7 Kredi Garanti Fonu AŞ                              | Ankara/ Turkey             | 1.75  | 1.75                              |
| 8 World Vakıf UBB Ltd. in Liquidation                | Lefkosa/NCTR               | 82.00   | 85.24                             |

|   | Total<br>Assets | Equity   | Tangible<br>Assets | Interest<br>Income | Income on<br>Securities Portfolio | Current Year’s<br>Profit/(Loss) | Prior Year’s<br>Profit/Loss | Fair<br>Value |
|---|-----------------|----------|--------------------|--------------------|-----------------------------------|---------------------------------|-----------------------------|---------------|
| 1 | 2,378,762       | 487,752  | 404,795            | 10,160             | -                                 | 87,089                          | 16,339                      | -             |
| 2 | 52,777          | 30,264   | 32,405             | 681                | -                                 | 7,882                           | 4,171                       | -             |
| 3 | 105,453         | 88,452   | 47,272             | 3,178              | -                                 | 18,547                          | 28,150                      | -             |
| 4 | 131,180         | (11,594) | 88,005             | 334                | -                                 | (5,556)                         | (7,114)                     | -             |
| 5 | 96,808          | 15,581   | 92,347             | 4                  | -                                 | (8,536)                         | (10,855)                    | -             |
| 6 | 5,265,146       | 776,726  | 20,740             | 116,803            | 18,797                            | 96,179                          | 53,588                      | -             |
| 7 | 287,208         | 282,357  | 2,731              | 9,979              | -                                 | 10,212                          | 10,729                      | -             |
| 8 | 1,323           | (53,453) | -                  | -                  | -                                 | (4,039)                         | (3,145)                     | -             |

<sup>(\*)</sup> Financial information as at and for the year ended 30 June 2014 has been presented for these associates.

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

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

In the current period, upon the decision of ordinary General Assembly meeting dated 28 March 2014 of İstanbul Takas ve Saklama Bankası, an associate of the Bank, its capital has been increased by TL 180,000 from TL 420,000 to TL 600,000, by increasing TL 120,000 from bonus shares and TL 60,000 in cash. The stock right in cash capital commitment has been removed and Banks’ share has decreased from 4.86% to %4.37.

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

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

In the prior period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total.

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

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

#### *Consolidated investments in associates*

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

|   |              |           |                    |                    | Income on<br>Securities<br>Portfolio | Current<br>Year's<br>Profit/Loss | Prior<br>Years'<br>Profit/Loss | Fair<br>Value |
|---|--------------|-----------|--------------------|--------------------|--------------------------------------|----------------------------------|--------------------------------|---------------|
|   | Total Assets | Equity    | Tangible<br>Assets | Interest<br>Income |                                      |                                  |                                |               |
| 1 | 816,668      | 66,183    | 9,763              | 47,380             | 6,077                                | 1,459                            | 2,263                          | -             |
| 2 | 15,204,455   | 2,291,356 | 280,803            | 393,017            | 210,154                              | 296,115                          | 254,863                        | 2,818,555     |

(\*) These figures are obtained from reviewed 30 September 2014 financial statements announced at Public Disclosure Platform.

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

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

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

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

***Movement of consolidated investments in associates***

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Balance at the beginning of the period</b>    | <b>203,241</b>        | <b>217,563</b>      |
| <b>Movements during the period</b>               | <b>39,073</b>         | <b>(14,322)</b>     |
| Transfers  | -                     | -                   |
| Acquisitions                                     | -                     | -                   |
| Bonus shares received                            | 16,755                | 16,755              |
| Share of current year profit                     | -                     | -                   |
| Sales/liquidations                               | -                     | -                   |
| Fair value changes                               | 22,318                | (31,077)            |
| Impairment losses                                | -                     | -                   |
| <b>Balance at the end of the period</b>          | <b>242,314</b>        | <b>203,241</b>      |
| <b>Capital commitments</b>                       | -                     | -                   |
| <b>Share percentage at the end of period (%)</b> | -                     | -                   |

***Sectorial distribution of consolidated investments and associates***

|                            | <b>Current Period</b> | <b>Prior Period</b> |
|----------------------------|-----------------------|---------------------|
| Banks                      | 242,314               | 203,241             |
| Insurance companies        | -                     | -                   |
| Factoring companies        | -                     | -                   |
| Leasing companies          | -                     | -                   |
| Finance companies          | -                     | -                   |
| Other financial associates | -                     | -                   |
| <b>Total</b>               | <b>242,314</b>        | <b>203,241</b>      |

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

*Quoted associates*

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Quoted at domestic stock exchanges      | 236,195               | 197,122             |
| Quoted at international stock exchanges | -                     | -                   |
| <b>Total</b>                            | <b>236,195</b>        | <b>197,122</b>      |

*Investments in associates disposed during the period*

None.

*Investments in associates acquired during the period*

There is not any associate acquired in the current period.

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

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

**8. Investments in subsidiaries**

*Information on significant subsidiaries*

|   | Vakıfbank<br>International<br>AG | Vakıf<br>Finansal<br>Kiralama AŞ | Vakıf<br>Yatırım<br>Menkul<br>Değerler AŞ | Vakıf Finans<br>Factoring<br>Hizm. AŞ | Güneş<br>Sigorta AŞ | Vakıf<br>Emeklilik<br>AŞ | Vakıf<br>Portföy<br>Yönetimi AŞ | Vakıf<br>Gayrimenkul<br>Yat. Ort. AŞ | Vakıf Menkul<br>Kıymet Yat.<br>Ort. AŞ |
|---|----------------------------------|----------------------------------|---|---------------------------------------|---------------------|--------------------------|---------------------------------|--------------------------------------|--|
| Paid in Capital   | 114,483                          | 65,000                           | 35,000                                    | 22,400                                | 150,000             | 26,500                   | 3,000                           | 203,320                              | 15,000                                 |
| Share Premium   | -                                | -                                | -   | -                                     | -                   | -                        | -                               | 246,731                              | -                                      |
| Adjustment to paid-in capital   | -                                | 353                              | 137                                       | 28,817                                | 1,448               | 10,424                   | 15                              | 21,973                               | 93                                     |
| Valuation changes in marketable securities  | 13,758                           | 2,577                            | 25,507                                    | -                                     | 142,617             | 515                      | -                               | -                                    | -                                      |
| Profit on sale of associates, subsidiaries and buildings  | -                                | -                                | -   | -                                     | 17,734              | (1,201)                  | -                               | -                                    | -                                      |
| Free shares from investment and associates, subsidiaries and joint ventures (business partners) | -                                | -                                | -   | -                                     | 59                  | 191                      | -                               | -                                    | -                                      |
| Legal Reserves  | 7,237                            | 3,890                            | 5,455                                     | 4,988                                 | 17,179              | 15,921                   | 872                             | 3,639                                | 395                                    |
| Extraordinary Reserves  | -                                | 36,845                           | 3,788                                     | 32,280                                | 18,851              | 33,816                   | 6,006                           | 54,773                               | -                                      |
| Other Profit Reserves   | 119,600                          | 217                              | 2,345                                     | 66                                    | (569)               | (96)                     | 17                              | 7                                    | (20)                                   |
| Profit/Loss   | 121,094                          | 953                              | 3,645                                     | 310                                   | (145,339)           | 56,433                   | 1,918                           | 14,465                               | (2,831)                                |
| <i>Prior Years' Profit/Loss</i>   | 96,215                           | -                                | 810                                       | (8,962)                               | (124,742)           | 41,213                   | -                               | -                                    | (2,509)                                |
| <i>Current Years' Profit/Loss</i>   | 24,879                           | 953                              | 2,835                                     | 9,272                                 | (20,597)            | 15,220                   | 1,918                           | 14,465                               | (322)                                  |
| Minority Rights   | -                                | 99                               | -   | -                                     | -                   | -                        | -                               | -                                    | -                                      |
| <b>Total Core Capital</b>   | <b>376,172</b>                   | <b>109,934</b>                   | <b>75,877</b>                             | <b>88,861</b>                         | <b>201,980</b>      | <b>142,503</b>           | <b>11,828</b>                   | <b>544,908</b>                       | <b>12,637</b>                          |
| <b>SUPPLEMENTARY CAPITAL</b>  |                                  |                                  |   |                                       |                     |                          |                                 |                                      |  |
| <b>CAPITAL</b>  | <b>376,172</b>                   | <b>109,934</b>                   | <b>75,877</b>                             | <b>88,861</b>                         | <b>201,980</b>      | <b>142,503</b>           | <b>11,828</b>                   | <b>544,908</b>                       | <b>12,637</b>                          |
| <b>NET AVAILABLE EQUITY</b>   | <b>376,172</b>                   | <b>109,934</b>                   | <b>75,877</b>                             | <b>88,861</b>                         | <b>201,980</b>      | <b>142,503</b>           | <b>11,828</b>                   | <b>544,908</b>                       | <b>12,637</b>                          |

The figures from reviewed BRSA financial statements as at 30 September 2014 are presented.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

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

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

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Parent Bank, calculates capital adequacy in accordance with “Communiqué on Capital and Capital Adequacy of Intermediary Firms” of CMB every 6 months. 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 Under secretariat of Treasury every 6 months. According to the calculations at 30 September 2014, there is no capital requirement for the subsidiaries mentioned.

#### *Unconsolidated investments in subsidiaries*

|   | <b>Title</b>                                 | <b>Address (City / Country)</b> | <b>Bank’s Share –If Different, Voting Rights (%)</b> | <b>Bank’s Risk Group Share (%)</b> |
|---|--|---------------------------------|--|------------------------------------|
| 1 | Vakıf Enerji ve Madencilik AŞ <sup>(*)</sup> | Ankara/ Turkey                  | 65.50  | 84.92                              |
| 2 | Taksim Otelcilik AŞ                          | Istanbul/ Turkey                | 51.00  | 51.52                              |
| 3 | Vakıf Pazarlama Sanayi ve Ticaret AŞ         | Istanbul/ Turkey                | 69.33  | 74.98                              |
| 4 | Vakıf Gayrimenkul Değerleme AŞ               | Ankara/ Turkey                  | 54.29  | 58.54                              |

|   | <b>Total Assets</b> | <b>Equity</b> | <b>Tangible Assets</b> | <b>Interest Income</b> | <b>Income on Securities Portfolio</b> | <b>Current Year’s Profit/(Loss)</b> | <b>Prior Years’ Profit/(Loss)</b> | <b>Fair Value</b> |
|---|---------------------|---------------|------------------------|------------------------|---------------------------------------|-------------------------------------|-----------------------------------|-------------------|
| 1 | 17,015              | 8,796         | 1,063                  | 310                    | -                                     | 182                                 | (548)                             | 12,500            |
| 2 | 309,232             | 303,566       | 182,275                | 7,620                  | -                                     | 6,080                               | 4,836                             | 304,682           |
| 3 | 51,331              | 42,325        | 786                    | 1,885                  | 192                                   | 5,046                               | 1,475                             | 41,626            |
| 4 | 30,885              | 25,468        | 635                    | 1,879                  | 128                                   | 4,362                               | 5,790                             | 28,940            |

<sup>(\*)</sup> Financial information as at 30 June 2014 has been presented for these subsidiaries.

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

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

In the current period, at the Extraordinary General Assembly of Taksim Otelcilik AŞ dated 24 June 2014, the decision of increasing the capital from TL 269,257 to TL 334,257 through rights offering by TL 65,000. The related change has been registered on 22 July 2014. The nominal share of the Bank TL 137,324 has been increased by cash TL 33,151 to TL 170,474. The share proportion of the Bank is remained the same (51.001%). TL 8,288 of the cash commitment amounting to TL 33,151 is paid on 15 July 2014, TL 24,863 of the cash commitment is presented in the capital commitment in the movement table of investments in subsidiaries.



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

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

*Investments in consolidated subsidiaries*

|   | <b>Title</b>                                 | <b>Address(City / Country)</b> | <b>Bank's Share –If<br/>Different Voting<br/>Rights (%)</b> | <b>Bank's Risk Group<br/>Share (%)</b> |
|---|--|--------------------------------|---|--|
| 1 | Güneş Sigorta AŞ (*)                         | Istanbul/Turkey                | 36.35   | 36.35                                  |
| 2 | Vakıf Emeklilik AŞ                           | Istanbul/Turkey                | 53.90   | 75.30                                  |
| 3 | Vakıf Finans Factoring Hizmetleri AŞ         | Istanbul/Turkey                | 78.39   | 86.97                                  |
| 4 | Vakıf Finansal Kiralama AŞ (*)               | Istanbul/Turkey                | 58.71   | 64.40                                  |
| 5 | Vakıf Yatırım Menkul Değerler AŞ             | Istanbul/Turkey                | 99.00   | 99.44                                  |
| 6 | Vakıfbank International AG                   | Vienna/Austria                 | 90.00   | 90.00                                  |
| 7 | Vakıf Portföy Yönetimi AŞ                    | Istanbul/Turkey                | 99.99   | 99.99                                  |
| 8 | Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (*) | Istanbul/Turkey                | 11.75   | 21.77                                  |
| 9 | Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)   | Istanbul/Turkey                | 38.70   | 40.64                                  |

|   | <b>Total<br/>Assets</b> | <b>Equity</b> | <b>Tangible<br/>Assets</b> | <b>Interest<br/>Income</b> | <b>Income on<br/>Securities<br/>Portfolio</b> | <b>Current<br/>Year's Profit<br/>/ (Loss)</b> | <b>Prior Year's<br/>Profit / (Loss)</b> | <b>Fair<br/>Value</b> |
|---|-------------------------|---------------|----------------------------|----------------------------|---|---|---|-----------------------|
| 1 | 1,139,731               | 236,575       | 329,814                    | 17,490                     | 678   | 4,630   | (66,962)                                | 277,494               |
| 2 | 2,822,175               | 180,271       | 84,906                     | 24,101                     | 436   | 21,162  | 28,265                                  | 412,309               |
| 3 | 454,817                 | 88,861        | 2,401                      | 30,490                     | -   | 7,558   | 2,406                                   | 111,245               |
| 4 | 1,147,446               | 109,934       | 6,510                      | 61,349                     | 5   | 953   | 3,835                                   | 74,300                |
| 5 | 343,995                 | 75,876        | 328                        | 12,138                     | 388   | 2,835   | 5,567                                   | 56,904                |
| 6 | 2,789,203               | 376,172       | 819                        | 55,251                     | 11,369  | 24,880  | 4,784                                   | 300,641               |
| 7 | 12,254                  | 11,823        | 146                        | 839                        | 14  | 1,913   | 1,433                                   | 29,006                |
| 8 | 12,946                  | 12,639        | 42                         | 370                        | 534   | (320)   | (1,164)                                 | 13,355                |
| 9 | 546,482                 | 544,908       | 157,376                    | 15,082                     | 993   | 14,465  | 3,277                                   | 580,562               |

(\*) These figures are obtained from reviewed 30 September 2014 financial statements announced at Public Disclosure Platform.

*Movement table of consolidated investments in subsidiaries in unconsolidated financial statements*

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Balance at the beginning of the period</b>        | <b>1,163,983</b>      | <b>912,209</b>      |
| <b>Movements during the period</b>                   | <b>(127,891)</b>      | <b>251,774</b>      |
| Transfers  | -                     | -                   |
| Acquisitions   | 169,747               | 51,626              |
| Bonus shares received                                | -                     | 3,267               |
| Share of current year profit                         | (32,388)              | (15,272)            |
| Sales and liquidations                               | -                     | -                   |
| Fair value changes                                   | (267,351)             | 212,153             |
| Impairment losses                                    | 2,101                 | -                   |
| <b>Balance at the end of the period</b>              | <b>1,036,092</b>      | <b>1,163,983</b>    |
| <b>Capital commitments</b>                           | <b>-</b>              | <b>-</b>            |
| <b>Share percentage at the end of the period (%)</b> | <b>-</b>              | <b>-</b>            |

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

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

*Valuation of consolidated subsidiaries in unconsolidated financial statements*

|                             | <b>Current Period</b> | <b>Prior Period</b> |
|-----------------------------|-----------------------|---------------------|
| Measured at cost            | -                     | -                   |
| Measured at fair value      | 1,036,092             | 1,163,983           |
| Equity method of accounting | -                     | -                   |
| <b>Total</b>                | <b>1,036,092</b>      | <b>1,163,983</b>    |

*Sectorial distribution of consolidated investments in subsidiaries*

|                              | <b>Current Period</b> | <b>Prior Period</b> |
|------------------------------|-----------------------|---------------------|
| Insurance companies          | 323,104               | 341,751             |
| Banks                        | 270,577               | 270,577             |
| Factoring companies          | 87,205                | 87,205              |
| Leasing companies            | 43,622                | 36,636              |
| Financing companies          | -                     | -                   |
| Other financial subsidiaries | 311,584               | 427,814             |
| <b>Total</b>                 | <b>1,036,092</b>      | <b>1,163,983</b>    |

*Quoted consolidated subsidiaries*

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Quoted at domestic stock exchanges      | 370,738               | 478,631             |
| Quoted at international stock exchanges | -                     | -                   |
| <b>Total</b>                            | <b>370,738</b>        | <b>478,631</b>      |

*Consolidated subsidiaries disposed during the year*

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

*Consolidated investments in subsidiaries acquired during the period*

There is no subsidiary acquired in the current period.

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

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

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

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

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

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

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

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

#### 8. Investments in joint-ventures

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

#### 9. Information on finance lease receivables (net)

*Finance lease receivables disclosed according to remaining maturities*

|                     | Current Period   |                  | Prior Period     |                |
|---------------------|------------------|------------------|------------------|----------------|
|                     | Gross            | Net              | Gross            | Net            |
| Less than 1 year    | 49,757           | 48,130           | 294,378          | 248,630        |
| Between 1-4 years   | 694,220          | 599,310          | 645,869          | 567,960        |
| Longer than 4 years | 432,005          | 363,897          | 88,692           | 83,633         |
| <b>Total</b>        | <b>1,175,982</b> | <b>1,011,337</b> | <b>1,028,939</b> | <b>900,223</b> |

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

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

*Net investments in finance lease receivables*

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Gross finance lease receivables                  | 1,175,982             | 1,028,939           |
| Unearned income on finance lease receivables (-) | (164,645)             | (128,716)           |
| Terminated lease contracts (-)                   | -                     | -                   |
| <b>Net finance lease receivables</b>             | <b>1,011,337</b>      | <b>900,223</b>      |

*Finance lease agreements*

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

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

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

None.

**12. Information on investment properties**

As at 30 Jun September 2014, the Group has investment property amounting to TL 23,941 (31 December 2013: TL 20,829) which consists of the subsidiaries operating in the insurance business and TL 156,970 (31 December 2013: None) which consists of the subsidiaries operating in real estate investment.

**13. Information on deferred tax assets**

**a) Current tax assets**

As at 30 September 2014 the current tax assets amounts to TL 7,310 (31 December 2013: 6,891).

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

**b) Deferred tax assets**

Items generating deferred tax assets or liabilities are listed below as at 30 September 2014 and 31 December 2013:

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Provision for employee termination benefits and unused vacations        | 77,690                | 73,189              |
| Other provisions  | 25,070                | 45,538              |
| Tax losses carried forward  | -                     | 24,601              |
| Valuation difference for associates and subsidiaries                    | 56,934                | 26,465              |
| Investment incentives   | 18,397                | 21,053              |
| Valuation differences of financial assets and liabilities               | 44,019                | 16,172              |
| Reporting Standards - Tax Code depreciation differences                 | 10,968                | 8,802               |
| Other differences   | 16,298                | 14,568              |
| <b>Deferred tax assets</b>  | <b>249,376</b>        | <b>230,388</b>      |
| Net-off of the deferred tax assets and liabilities from the same entity | (94,297)              | (72,752)            |
| <b>Deferred tax assets, (net)</b>                                       | <b>155,079</b>        | <b>157,636</b>      |
| Valuation differences of financial assets and liabilities               | 67,225                | 64,672              |
| Valuation difference for associates and subsidiaries                    | 31,626                | 1,161               |
| Other differences   | 4,916                 | 10,894              |
| <b>Deferred tax liabilities</b>   | <b>103,767</b>        | <b>76,727</b>       |
| Net-off of the deferred tax assets and liabilities from the same entity | (94,297)              | (72,752)            |
| <b>Deferred tax liabilities, (net)</b>                                  | <b>9,470</b>          | <b>3,975</b>        |

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

As at 30 September 2014, net book value of assets held for sale of the Group is amounting to TL 703,516 (31 December 2013: TL 566,913).

**15. Information on other assets**

As at 30 September 2014 and 31 December 2013, the details of other assets are as follows:

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Receivables from insurance operations             | 762,726               | 293,382             |
| Receivables from credit cards                     | 697,911               | 596,284             |
| Prepaid expenses                                  | 686,503               | 518,826             |
| Guarantees given for repurchase agreements        | 157,854               | 392,641             |
| Receivables from derivative financial instruments | 79,590                | 61,219              |
| Receivables from term sale of assets              | 77,223                | 96,948              |
| Receivables from reinsurance companies            | 66,859                | 598,482             |
| Deferred commission expenses                      | 6,423                 | 86,788              |
| Others  | 298,932               | 374,050             |
| <b>Total</b>                                      | <b>2,834,021</b>      | <b>3,018,620</b>    |

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

**1. Information on maturity profile of deposits**

| Current Period            | Demand            | 7 Days' Notice | Up to 1 Month     | 1-3 Months        | 3-6 Months       | 6-12 Months      | 1 Year and Over  | Accumulating Deposit Accounts | Total             |
|---------------------------|-------------------|----------------|-------------------|-------------------|------------------|------------------|------------------|-------------------------------|-------------------|
| Saving deposits           | 3,702,892         | -              | 338,823           | 17,272,534        | 1,393,837        | 239,765          | 139,596          | -                             | 23,087,447        |
| Foreign currency deposits | 3,654,031         | -              | 1,839,814         | 11,381,021        | 2,042,443        | 829,340          | 4,856,709        | -                             | 24,603,358        |
| Residents in Turkey       | 3,202,100         | -              | 1,836,358         | 11,185,555        | 1,819,033        | 581,582          | 810,674          | -                             | 19,435,302        |
| Residents in abroad       | 451,931           | -              | 3,456             | 195,466           | 223,410          | 247,758          | 4,046,035        | -                             | 5,168,056         |
| Public sector deposits    | 3,468,639         | -              | 2,365,849         | 4,885,102         | 564,486          | 1,878,949        | 184,096          | -                             | 13,347,121        |
| Commercial deposits       | 1,924,798         | -              | 4,179,358         | 8,740,764         | 1,492,761        | 43,544           | 2,709            | -                             | 16,383,934        |
| Others                    | 3,118,738         | -              | 1,536,059         | 2,657,680         | 789,985          | 465,792          | 28,564           | -                             | 8,596,818         |
| Precious metal deposits   | 865,510           | -              | -                 | -                 | -                | -                | -                | -                             | 865,510           |
| Bank deposits             | 63,916            | -              | 2,234,618         | 1,183,493         | 256,222          | 27,335           | 12,516           | -                             | 3,778,100         |
| Central Bank              | 347               | -              | -                 | -                 | -                | -                | -                | -                             | 347               |
| Domestic banks            | 2,646             | -              | 2,121,876         | 601,264           | 80,349           | 27,335           | 12,516           | -                             | 2,845,986         |
| Foreign banks             | 52,668            | -              | 112,742           | 582,229           | 175,873          | -                | -                | -                             | 923,512           |
| Participation banks       | 8,255             | -              | -                 | -                 | -                | -                | -                | -                             | 8,255             |
| Others                    | -                 | -              | -                 | -                 | -                | -                | -                | -                             | -                 |
| <b>Total</b>              | <b>16,798,524</b> | <b>-</b>       | <b>12,494,521</b> | <b>46,120,594</b> | <b>6,539,734</b> | <b>3,484,725</b> | <b>5,224,190</b> | <b>-</b>                      | <b>90,662,288</b> |

| Prior Period              | Demand            | 7 Days' Notice | Up to 1 Month     | 1-3 Months        | 3-6 Months       | 6-12 Months      | 1 Year and Over  | Accumulating Deposit Accounts | Total             |
|---------------------------|-------------------|----------------|-------------------|-------------------|------------------|------------------|------------------|-------------------------------|-------------------|
| Saving deposits           | 2,981,927         | -              | 303,254           | 15,576,713        | 1,449,324        | 403,340          | 180,434          | -                             | 20,894,992        |
| Foreign currency deposits | 2,217,395         | -              | 1,999,960         | 9,026,515         | 1,271,482        | 1,587,254        | 4,217,950        | -                             | 20,320,556        |
| Residents in Turkey       | 1,653,073         | -              | 1,995,186         | 8,786,795         | 1,124,231        | 1,183,491        | 981,537          | -                             | 15,724,313        |
| Residents in abroad       | 564,322           | -              | 4,774             | 239,720           | 147,251          | 403,763          | 3,236,413        | -                             | 4,596,243         |
| Public sector deposits    | 3,132,866         | -              | 1,811,779         | 5,896,887         | 595,073          | 330,113          | 173,382          | -                             | 11,940,100        |
| Commercial deposits       | 1,756,803         | -              | 2,924,845         | 10,395,210        | 1,268,039        | 418,441          | 114,238          | -                             | 16,877,576        |
| Others                    | 2,732,077         | -              | 908,535           | 2,707,201         | 526,608          | 949,011          | 19,986           | -                             | 7,843,418         |
| Precious metal deposits   | 1,058,805         | -              | -                 | -                 | -                | -                | -                | -                             | 1,058,805         |
| Bank deposits             | 25,537            | -              | 2,113,701         | 1,282,805         | 375,303          | 213,701          | 92,905           | -                             | 4,103,952         |
| Central Bank              | 297               | -              | -                 | -                 | -                | -                | -                | -                             | 297               |
| Domestic banks            | 9,639             | -              | 2,012,419         | 323,664           | 281,629          | 30,992           | -                | -                             | 2,658,343         |
| Foreign banks             | 9,065             | -              | 101,282           | 959,141           | 93,674           | 182,709          | 92,905           | -                             | 1,438,776         |
| Participation banks       | 6,536             | -              | -                 | -                 | -                | -                | -                | -                             | 6,536             |
| Others                    | -                 | -              | -                 | -                 | -                | -                | -                | -                             | -                 |
| <b>Total</b>              | <b>13,905,410</b> | <b>-</b>       | <b>10,062,074</b> | <b>44,885,331</b> | <b>5,485,829</b> | <b>3,901,860</b> | <b>4,798,895</b> | <b>-</b>                      | <b>83,039,399</b> |

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM  
ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES**

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

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

**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED 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<br>Deposit Insurance Fund |                   | Exceeding the<br>Deposit Insurance Limit |                   |
|---|--------------------------------------|-------------------|--|-------------------|
|   | Current<br>Period                    | Prior<br>Period   | Current<br>Period                        | Prior<br>Period   |
| Saving deposits   | 12,519,265                           | 10,798,600        | 10,568,182                               | 10,096,392        |
| Foreign currency saving deposits                            | 3,662,732                            | 3,422,906         | 8,818,620                                | 7,000,952         |
| Other saving deposits                                       | -                                    | -                 | -  | -                 |
| Foreign branches' deposits under foreign insurance coverage | -                                    | -                 | -  | -                 |
| Off-Shore deposits under foreign insurance coverage         | -                                    | -                 | -  | -                 |
| <b>Total</b>  | <b>16,181,997</b>                    | <b>14,221,506</b> | <b>19,386,802</b>                        | <b>17,097,344</b> |

*Saving deposits out of insurance coverage limits*

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Deposits and other accounts at foreign branches  | 21,313         | 16,584       |
| Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children   | -              | -            |
| Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children | 3,147          | 2,354        |
| Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004  | -              | -            |
| Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking  | -              | -            |

**2. Information on derivative financial liabilities held for trading purpose**

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

|              | Current Period |                | Prior Period   |               |
|--------------|----------------|----------------|----------------|---------------|
|              | TL             | FC             | TL             | FC            |
| Forwards     | 6,125          | 584            | 47,540         | 362           |
| Swaps        | 107,094        | 128,698        | 83,783         | 85,730        |
| Futures      | -              | -              | -              | -             |
| Options      | 769            | 5,773          | 15             | 2,050         |
| <b>Total</b> | <b>113,988</b> | <b>135,055</b> | <b>131,338</b> | <b>88,142</b> |

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM  
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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

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

**3. Information on banks and other financial institutions**

|                                       | Current Period |                   | Prior Period   |                   |
|---------------------------------------|----------------|-------------------|----------------|-------------------|
|                                       | TL             | FC                | TL             | FC                |
| Central Bank of Turkey                | -              | -                 | -              | -                 |
| Domestic banks and institutions       | 522,086        | 238,227           | 190,750        | 310,394           |
| Foreign banks, institutions and funds | 187,066        | 11,568,504        | 221,472        | 11,563,045        |
| <b>Total</b>                          | <b>709,152</b> | <b>11,806,731</b> | <b>412,222</b> | <b>11,873,439</b> |

***Maturity information of funds borrowed***

|                          | Current Period |                   | Prior Period   |                   |
|--------------------------|----------------|-------------------|----------------|-------------------|
|                          | TL             | FC                | TL             | FC                |
| Short-term (*)           | 453,562        | 6,873,458         | 135,039        | 6,757,418         |
| Medium and Long-term (*) | 255,590        | 4,933,273         | 277,183        | 5,116,021         |
| <b>Total</b>             | <b>709,152</b> | <b>11,806,731</b> | <b>412,222</b> | <b>11,873,439</b> |

(\*) Maturity profile of funds borrowed has been prepared in accordance with their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 9.04% (31 December 2013: 9.65%) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

On 16 April 2014, the Parent Bank has obtained syndicated loan at the amount of US Dollar 270,5 million and Euro 525 million with the interest rate of US Libor +0.90% and Euribor +0.90% at a maturity of one year, with participation of 35 banks with the coordination of Wells Fargo Bank, N.A., London Branch and Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent.

On 20 September 2013, the Parent Bank has obtained syndicated loan at the amount of US Dollar 166 million and Euro 471 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year, with the participation of 27 banks with the coordination and agency of ING Bank N.V. London. On 22 September 2014, the loan has been renewed with a new syndicated loan amounting to US Dollar 168,5 million and Euro 528,75 million with interest rates of US Libor + 0.90% and Euribor + 0.9% at a maturity of one year, with the participation of 26 banks, ING Bank, London Branch acting as coordinator and agent bank.

On 13 May 2011, the Parent Bank has realized securitization transaction amounting to US Dollar 346,5 million. The transaction has been realized in three segments. The segments of 2011-A and 2011-B, amounting to US Dollar 215 million of new finance at a maturity of twelve years provided by European Bank for Reconstruction and Development Bank (EBRD, WellsFargo and Portigon AG (old title: West LB) has been realized. 2011-C segment amounting to US Dollar 131,5 million that was realized in 2007, has been reconstructed by removing the insurance. The coordinator banks of the segments of 2011-A and 2011-B amounting to US Dollar 215 million have become Portigon AG and WellsFargo. The coordinator bank of the segment of 2011-C amounting to US Dollar 131,5 has become ING. As at 30 September 2014, total securitization loan amounts to US Dollar 492,8 billion.



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(Continued)**

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

*Information on securities issued*

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

|                | Current period   |                  | Prior period     |                  |
|----------------|------------------|------------------|------------------|------------------|
|                | TL               | FC               | TL               | FC               |
| Nominal        | 2,461,175        | 7,285,752        | 2,357,636        | 4,499,865        |
| Cost           | 2,356,168        | 7,251,072        | 2,256,108        | 4,477,363        |
| Net Book Value | <b>2,403,826</b> | <b>7,359,027</b> | <b>2,301,798</b> | <b>4,518,937</b> |

| Current Period |               |             |               |            |               |                  |                  |                  |                  |
|----------------|---------------|-------------|---------------|------------|---------------|------------------|------------------|------------------|------------------|
| ISIN Code      | Security Type | Coupon Rate | Currency Type | Issue Date | Maturity Date | Days to Maturity | Nominal          | Cost             | Net Book Value   |
| TRQVKFB41512   | Discounted    | -           | TL            | 02.05.2014 | 17.04.2015    | 350              | 12,290           | 11,239           | 11,667           |
| TRQVKFB51511   | Discounted    | -           | TL            | 06.06.2014 | 29.05.2015    | 357              | 34,404           | 31,569           | 32,451           |
| TRQVKFB21514   | Discounted    | -           | TL            | 22.08.2014 | 13.02.2015    | 175              | 658,075          | 629,927          | 636,265          |
| TRQVKFBA1415   | Discounted    | -           | TL            | 20.06.2014 | 12.12.2014    | 175              | 154,888          | 148,616          | 152,243          |
| TRQVKFB81518   | Discounted    | -           | TL            | 22.08.2014 | 07.08.2015    | 350              | 43,853           | 40,065           | 40,478           |
| TRQVKFBA1423   | Discounted    | -           | TL            | 19.09.2014 | 12.12.2014    | 84               | 142,562          | 139,749          | 140,147          |
| TRQVKFBE1411   | Discounted    | -           | TL            | 02.05.2014 | 24.10.2014    | 175              | 550,123          | 525,769          | 546,796          |
| TRQVKFB31513   | Discounted    | -           | TL            | 19.09.2014 | 13.03.2015    | 175              | 377,643          | 361,383          | 362,471          |
| TRQVKFBK1413   | Discounted    | -           | TL            | 06.06.2014 | 21.11.2014    | 168              | 487,337          | 467,851          | 481,308          |
| XS0916347759   | Fixed         | 3.75        | USD           | 15.04.2013 | 15.04.2018    | 1,826            | 1,360,997        | 1,353,499        | 1,379,445        |
| XS0987355939   | Fixed         | 5           | USD           | 31.10.2013 | 31.10.2018    | 1,826            | 1,135,000        | 1,127,623        | 1,152,982        |
| XS1061703473   | Fixed         | 2           | USD           | 25.04.2014 | 22.10.2014    | 180              | 62,198           | 62,198           | 62,741           |
| XS1062027617   | Fixed         | 1.9         | USD           | 29.04.2014 | 30.10.2014    | 184              | 59,928           | 59,928           | 60,170           |
| XS1063395971   | Fixed         | 1.88        | USD           | 02.05.2014 | 28.10.2014    | 179              | 15,663           | 15,661           | 15,786           |
| XS1064875294   | Fixed         | 1.8         | USD           | 07.05.2014 | 06.11.2014    | 183              | 95,340           | 95,340           | 96,033           |
| XS1065183276   | Fixed         | 1.79        | USD           | 07.05.2014 | 06.11.2014    | 183              | 136,200          | 136,193          | 137,183          |
| XS1066884278   | Fixed         | 1.75        | USD           | 14.05.2014 | 13.11.2014    | 183              | 111,230          | 111,230          | 111,979          |
| XS1067930930   | Fixed         | 1.75        | USD           | 15.05.2014 | 10.11.2014    | 179              | 61,290           | 61,290           | 61,700           |
| XS1069999610   | Fixed         | 1.75        | USD           | 21.05.2014 | 20.05.2015    | 364              | 11,350           | 11,350           | 11,422           |
| XS1070666836   | Fixed         | 1.5         | USD           | 22.05.2014 | 20.11.2014    | 182              | 145,280          | 145,280          | 146,070          |
| XS1084474862   | Fixed         | 1.45        | USD           | 03.07.2014 | 07.01.2015    | 188              | 17,933           | 17,933           | 17,965           |
| XS1085273230   | Fixed         | 1.2         | USD           | 09.07.2014 | 09.10.2014    | 92               | 72,640           | 72,640           | 72,846           |
| XS1085714621   | Fixed         | 1.45        | USD           | 09.07.2014 | 07.01.2015    | 182              | 90,800           | 90,800           | 91,100           |
| XS1087783269   | Fixed         | 1.45        | USD           | 14.07.2014 | 08.01.2015    | 178              | 41,768           | 41,768           | 41,899           |
| XS1087831175   | Fixed         | 1.2         | USD           | 15.07.2014 | 16.10.2014    | 93               | 46,308           | 46,308           | 46,427           |
| XS1087831506   | Fixed         | 1.45        | USD           | 15.07.2014 | 15.01.2015    | 184              | 95,340           | 95,340           | 95,636           |
| XS1089029810   | Fixed         | 1.2         | USD           | 18.07.2014 | 18.10.2014    | 92               | 22,700           | 22,700           | 22,756           |
| XS1089992686   | Fixed         | 1.4         | USD           | 22.07.2014 | 15.01.2015    | 177              | 47,670           | 47,670           | 47,800           |
| XS1090076768   | Fixed         | 1.4         | USD           | 22.07.2014 | 22.01.2015    | 184              | 56,750           | 56,750           | 56,905           |
| XS1091762812   | Fixed         | 1.4         | USD           | 25.07.2014 | 22.01.2015    | 181              | 47,216           | 47,216           | 47,339           |
| XS1091762903   | Fixed         | 1.15        | USD           | 25.07.2014 | 30.10.2014    | 97               | 34,050           | 34,050           | 34,068           |
| XS1091766482   | Fixed         | 1.4         | USD           | 01.08.2014 | 26.01.2015    | 178              | 70,370           | 70,370           | 70,535           |
| XS1096098030   | Fixed         | 1.4         | USD           | 08.08.2014 | 05.02.2015    | 181              | 74,683           | 74,679           | 74,835           |
| XS1096471526   | Fixed         | 1.4         | USD           | 08.08.2014 | 29.01.2015    | 174              | 34,504           | 34,504           | 34,576           |
| XS1096471799   | Fixed         | 1.15        | USD           | 08.08.2014 | 06.11.2014    | 90               | 15,436           | 15,436           | 15,462           |
| XS1097465766   | Fixed         | 1.4         | USD           | 13.08.2014 | 18.02.2015    | 189              | 27,240           | 27,240           | 27,291           |
| XS1097466574   | Fixed         | 1.15        | USD           | 13.08.2014 | 13.11.2014    | 92               | 22,246           | 22,246           | 22,280           |
| XS1101735634   | Fixed         | 1.4         | USD           | 20.08.2014 | 19.02.2015    | 183              | 39,725           | 39,725           | 39,789           |
| XS1101735980   | Fixed         | 1.15        | USD           | 20.08.2014 | 20.11.2014    | 92               | 29,056           | 29,056           | 29,095           |
| XS1101839170   | Fixed         | 1.4         | USD           | 21.08.2014 | 17.02.2015    | 180              | 68,100           | 68,100           | 68,207           |
| XS1105745761   | Fixed         | 1.4         | USD           | 02.09.2014 | 05.03.2015    | 184              | 63,560           | 63,560           | 63,595           |
| XS1107482306   | Fixed         | 1.38        | USD           | 09.09.2014 | 12.03.2015    | 184              | 82,855           | 82,847           | 82,917           |
| XS1110657050   | Fixed         | 1.4         | USD           | 16.09.2014 | 19.03.2015    | 184              | 113,500          | 113,500          | 113,565          |
| XS1112872954   | Fixed         | 1.15        | USD           | 23.09.2014 | 23.12.2014    | 91               | 54,480           | 54,480           | 54,494           |
| XS1112873176   | Fixed         | 1.4         | USD           | 23.09.2014 | 26.03.2015    | 184              | 83,990           | 83,990           | 84,016           |
| XS1113320888   | Fixed         | 1.75        | USD           | 24.09.2014 | 23.09.2015    | 364              | 14,074           | 14,072           | 14,077           |
| XS1115283571   | Fixed         | 1.75        | USD           | 30.09.2014 | 07.10.2015    | 372              | 9,080            | 9,078            | 9,079            |
| XS1115485010   | Fixed         | 1.4         | USD           | 29.09.2014 | 27.03.2015    | 179              | 34,050           | 34,050           | 34,053           |
| US90015NAA19   | Fixed         | 5.75        | USD           | 24.04.2012 | 24.04.2017    | 1,826            | 1,122,103        | 1,112,079        | 1,146,292        |
| XS1063444001   | Floating      | 3 ME+2,15%  | EUR           | 06.05.2014 | 06.05.2016    | 731              | 30,092           | 29,941           | 30,090           |
| XS1077629225   | Fixed         | 3.5         | EUR           | 17.06.2014 | 17.06.2019    | 1,826            | 1,418,619        | 1,409,024        | 1,424,079        |
| XS1090515781   | Fixed         | 1           | EUR           | 24.07.2014 | 24.10.2014    | 92               | 40,123           | 40,118           | 40,197           |
| XS1100378642   | Fixed         | 1           | EUR           | 19.08.2014 | 19.11.2014    | 92               | 31,525           | 31,520           | 31,560           |
| XS1115932995   | Fixed         | 0.85        | EUR           | 29.09.2014 | 29.12.2014    | 91               | 38,690           | 38,690           | 38,691           |
| <b>Total</b>   |               |             |               |            |               |                  | <b>9,746,927</b> | <b>9,607,240</b> | <b>9,762,853</b> |

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

| Prior Period |               |             |               |            |               |                  |                  |                  |                  |
|--------------|---------------|-------------|---------------|------------|---------------|------------------|------------------|------------------|------------------|
| ISIN Code    | Security Type | Coupon Rate | Currency Type | Issue Date | Maturity Date | Days to Maturity | Nominal          | Cost             | Net Book Value   |
| TRQVKFB51438 | Discounted    | -           | TL            | 08.11.2013 | 02.05.2014    | 175              | 617,443          | 594,194          | 601,272          |
| TRQVKFB61411 | Discounted    | -           | TL            | 20.12.2013 | 06.06.2014    | 168              | 613,114          | 589,153          | 590,850          |
| TRQVKFB21415 | Discounted    | -           | TL            | 06.09.2013 | 28.02.2014    | 175              | 648,883          | 620,788          | 639,392          |
| TRQVKFB21423 | Discounted    | -           | TL            | 06.09.2013 | 28.02.2014    | 175              | 187,216          | 179,130          | 184,485          |
| TRQVKFB11416 | Discounted    | -           | TL            | 18.01.2013 | 17.01.2014    | 364              | 145,464          | 136,844          | 144,999          |
| TRQVKFB51412 | Discounted    | -           | TL            | 17.05.2013 | 16.05.2014    | 364              | 61,522           | 58,211           | 60,210           |
| TRQVKFB51420 | Discounted    | -           | TL            | 05.07.2013 | 16.05.2014    | 315              | 53,415           | 49,922           | 51,859           |
| TRQVKFB81419 | Discounted    | -           | TL            | 06.09.2013 | 22.08.2014    | 350              | 30,579           | 27,866           | 28,731           |
| XS0916347759 | Fixed         | 3.75        | USD           | 15.04.2013 | 15.04.2018    | 1,826            | 1,282,968        | 1,275,986        | 1,287,414        |
| US90015NAA19 | Fixed         | 5.75        | USD           | 24.04.2012 | 24.04.2017    | 1,826            | 1,056,730        | 1,048,377        | 1,063,882        |
| XS0957643801 | Fixed         | 1.9         | USD           | 06.08.2013 | 06.02.2014    | 184              | 154,508          | 154,462          | 155,705          |
| XS0960939857 | Fixed         | 1.97        | USD           | 15.08.2013 | 13.02.2014    | 182              | 118,984          | 118,966          | 119,884          |
| XS0963672950 | Fixed         | 1.95        | USD           | 20.08.2013 | 13.02.2014    | 177              | 117,700          | 117,688          | 118,550          |
| XS0977254621 | Fixed         | 1.66        | USD           | 02.10.2013 | 09.01.2014    | 99               | 43,442           | 43,437           | 43,624           |
| XS0976659234 | Fixed         | 1.73        | USD           | 03.10.2013 | 03.04.2014    | 182              | 64,200           | 64,161           | 64,458           |
| XS0979045886 | Fixed         | 1.67        | USD           | 07.10.2013 | 06.01.2014    | 91               | 51,360           | 51,356           | 51,565           |
| XS0982276528 | Fixed         | 1.67        | USD           | 11.10.2013 | 16.01.2014    | 97               | 64,200           | 64,192           | 64,443           |
| XS0986042439 | Fixed         | 1.62        | USD           | 28.10.2013 | 21.01.2014    | 85               | 63,344           | 63,340           | 63,528           |
| XS0987355939 | Fixed         | 5           | USD           | 31.10.2013 | 31.10.2018    | 1,826            | 1,070,000        | 1,063,045        | 1,072,420        |
| XS0993260933 | Fixed         | 1.25        | USD           | 12.11.2013 | 10.02.2014    | 90               | 47,080           | 47,080           | 47,162           |
| XS0973201444 | Fixed         | 1.83        | USD           | 20.09.2013 | 24.03.2014    | 185              | 41,516           | 41,512           | 41,731           |
| XS0997543896 | Fixed         | 1.49        | USD           | 22.11.2013 | 28.05.2014    | 187              | 23,540           | 23,534           | 23,574           |
| XS0974147695 | Fixed         | 1.66        | USD           | 23.09.2013 | 06.01.2014    | 105              | 38,306           | 38,302           | 38,482           |
| XS1000211968 | Fixed         | 1.3         | USD           | 04.12.2013 | 06.03.2014    | 92               | 118,984          | 118,984          | 119,104          |
| XS1008673540 | Fixed         | 1.59        | USD           | 24.12.2013 | 23.06.2014    | 181              | 85,600           | 85,596           | 85,626           |
| XS0943035328 | Floating      | 1.53        | EUR           | 14.06.2013 | 16.06.2014    | 367              | 29,489           | 29,445           | 29,720           |
| XS0942820803 | Fixed         | 1           | CHF           | 12.06.2013 | 13.06.2014    | 366              | 27,914           | 27,900           | 28,065           |
| <b>Total</b> |               |             |               |            |               |                  | <b>6,857,501</b> | <b>6,733,471</b> | <b>6,820,735</b> |

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

- 4. Components of “other external resources payable” in the consolidated financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments.**

Other external resources payable in the consolidated financials do not exceed 10% of total liabilities and equity.

- 5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts**

*Obligations under finance leases*

None.

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

*Negative differences related to the derivative financial liabilities held for risk management purpose*

None.

- 7. Information on provisions**

*Information on general provisions*

|   | <b>Current<br/>Period</b> | <b>Prior<br/>period</b> |
|---|---------------------------|-------------------------|
| Provisions for loans and receivables in Group I             | 1,160,023                 | 1,004,336               |
| -Additional provision for loans with extended payment plans | 15,875                    | 13,327                  |
| Provisions for loans and receivables in Group II            | 157,842                   | 105,037                 |
| -Additional provision for loans with extended payment plans | 14,257                    | 3,297                   |
| Provisions for non-cash loans                               | 81,744                    | 76,647                  |
| Others  | 5,049                     | 4,719                   |
| <b>Total</b>  | <b>1,404,658</b>          | <b>1,190,739</b>        |

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

As at 30 September 2014 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 15,947 (31 December 2013: TL 90) and has reflected the related foreign exchange loss amount in the consolidated financial statements by offsetting from related loans.

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

As of 30 September 2014, the Bank has recorded TL 67,492 (31 December 2013: TL 54,771) as specific provisions for non-cash loans that are not indemnified or converted into cash.

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

**Information on other provisions**

***Information on other provisions exceeding 10% of total provisions***

|  | <b>Current<br/>Period</b> | <b>Prior<br/>Period</b> |
|--|---------------------------|-------------------------|
| Provision for loans under follow-up                                  | -                         | 70,915                  |
| Specific provisions for non-cash loans                               | 67,492                    | 54,771                  |
| Provision for World Vakıf UBB Ltd with regard to its negative equity | 494                       | 38,510                  |
| Provision for cheques  | 36,031                    | 27,825                  |
| Provisions for lawsuits against the Group                            | 17,054                    | 16,023                  |
| Provisions for credit card promotions                                | 10,064                    | 9,469                   |
| Other provisions   | 88,937                    | 72,608                  |
| <b>Total</b>   | <b>220,072</b>            | <b>290,121</b>          |

**8. Taxation**

***Current Taxes***

***Tax provision***

As at and for the nine-month period ended 30 September 2014, the tax liability of the Group is amounting to TL 96,913 (31 December 2013: TL 61,399).

***Information on taxes payable***

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Corporate taxes payable                      | 96,913                | 61,399              |
| Taxation on securities                       | 115,918               | 89,264              |
| Capital gains tax on property                | 2,161                 | 1,903               |
| Banking and Insurance Transaction Tax (BITT) | 52,620                | 44,929              |
| Taxes on foreign exchange transactions       | -                     | -                   |
| Value added tax payable                      | 4,197                 | 4,360               |
| Others                                       | 28,727                | 32,870              |
| <b>Total</b>                                 | <b>300,536</b>        | <b>234,725</b>      |

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

*Information on premiums payable*

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Social security premiums- employee share                    | 724                   | 656                 |
| Social security premiums- employer share                    | 1,724                 | 1,538               |
| Bank pension fund premium- employee share                   | -                     | -                   |
| Bank pension fund premium- employer share                   | -                     | -                   |
| Pension fund membership fees and provisions- employee share | 2                     | 3                   |
| Pension fund membership fees and provisions- employer share | 3                     | -                   |
| Unemployment insurance- employee share                      | 629                   | 590                 |
| Unemployment insurance- employer share                      | 1,323                 | 1,237               |
| Others  | 9                     | 8                   |
| <b>Total</b>  | <b>4,414</b>          | <b>4,032</b>        |

*Information on deferred tax liabilities*

As of 30 September 2014, the Bank has recorded deferred tax asset amounting to TL 155,079 (31 December 2013: TL 157,636) and deferred tax liability amounting to TL 9,470 (31 December 2013: TL 3,975) in the financial statements.

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

None.

**10. Information on subordinated loans**

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

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

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

**11. Information on shareholders’ equity**

**Paid-in capital**

|                 | <b>Current Period</b> | <b>Prior Period</b> |
|-----------------|-----------------------|---------------------|
| Common stock    | 2,500,000             | 2,500,000           |
| Preferred stock | -                     | -                   |

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

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

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

| <b>Capital System</b>     | <b>Paid-in Capital</b> | <b>Ceiling per Registered Share Capital</b> |
|---------------------------|------------------------|---|
| Registered capital system | 2,500,000              | 5,000,000                                   |

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

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

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

*Information on share capital increases from revaluation funds*

None.

*Capital commitments for current financial year and following year*

None.

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

None.

*Information on the privileges given to stocks representing the capital*

None.

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

*Valuation differences of the securities*

|   | Current Period |                | Prior Period     |                |
|---|----------------|----------------|------------------|----------------|
|   | TL             | FC             | TL               | FC             |
| Associates, subsidiaries and joint ventures             | 53,766         | -              | 52,966           | -              |
| Fair value differences of available-for-sale securities | (49,179)       | 224,321        | (325,543)        | 122,858        |
| Foreign exchange differences                            | -              | -              | -                | -              |
| <b>Total</b>  | <b>4,587</b>   | <b>224,321</b> | <b>(272,577)</b> | <b>122,858</b> |

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

**1. Disclosures related to other contingent liabilities**

*Type and amount of irrevocable commitments*

|                                    | Current Period    | Prior Period      |
|------------------------------------|-------------------|-------------------|
| Commitments for credit card limits | 7,436,558         | 6,261,117         |
| Loan granting commitments          | 7,531,601         | 6,739,356         |
| Commitments for cheque payments    | 1,524,585         | 1,320,438         |
| Asset purchase commitments         | 1,302,684         | 4,175,776         |
| Other                              | 842,950           | 682,963           |
| <b>Total</b>                       | <b>18,638,378</b> | <b>19,179,650</b> |

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

*Type and amount of possible losses from off-balance sheet items*

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

The Parent Bank provided specific provision amounting to TL 67,492 (31 December 2013: TL 54,771) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 137,678 (31 December 2013: TL 114,834).

*Final guarantees, provisional guarantees, sureties and similar transactions*

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Final letters of guarantee                   | 7,295,466             | 6,262,616           |
| Letters of guarantee for advances            | 2,532,176             | 2,617,441           |
| Letters of guarantee given to custom offices | 945,098               | 650,221             |
| Provisional letters of guarantee             | 873,750               | 780,782             |
| Other letters of guarantee                   | 8,513,587             | 7,590,763           |
| <b>Total</b>                                 | <b>20,160,077</b>     | <b>17,901,823</b>   |

**2. Non-cash loans**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Non-cash loans given for cash loan risks   | 2,930,439             | 1,424,617           |
| With original maturity of 1 year or less   | 2,018,634             | 915,858             |
| With original maturity of more than 1 year | 911,805               | 508,759             |
| Other non-cash loans                       | 24,402,642            | 21,982,089          |
| <b>Total</b>                               | <b>27,333,081</b>     | <b>23,406,706</b>   |



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

**3. Sectorial risk concentrations of non-cash loans**

|                            | Current Period    |               |                   |               | Prior Period      |               |                  |               |
|----------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|------------------|---------------|
|                            | TL                | %             | FC                | %             | TL                | %             | FC               | %             |
| <b>Agricultural</b>        | <b>83,027</b>     | <b>0.52</b>   | <b>171,458</b>    | <b>1.50</b>   | <b>82,111</b>     | <b>0.57</b>   | <b>102,147</b>   | <b>1.13</b>   |
| Farming and cattle         | 74,834            | 0.47          | 169,135           | 1.48          | 73,609            | 0.51          | 88,829           | 0.98          |
| Forestry                   | 7,292             | 0.05          | 53                | -             | 6,919             | 0.05          | 11,003           | 0.12          |
| Fishing                    | 901               | 0.01          | 2,270             | 0.02          | 1,583             | 0.01          | 2,315            | 0.03          |
| <b>Manufacturing</b>       | <b>6,669,597</b>  | <b>41.90</b>  | <b>5,308,778</b>  | <b>46.51</b>  | <b>6,294,048</b>  | <b>43.89</b>  | <b>4,055,439</b> | <b>44.73</b>  |
| Mining                     | 157,648           | 0.99          | 9,702             | 0.08          | 157,070           | 1.10          | 65,192           | 0.72          |
| Production                 | 4,487,632         | 28.19         | 5,160,865         | 45.22         | 3,598,968         | 25.10         | 3,836,908        | 42.32         |
| Electric, gas and water    | 2,024,317         | 12.72         | 138,211           | 1.21          | 2,538,010         | 17.69         | 153,339          | 1.69          |
| <b>Construction</b>        | <b>2,571,093</b>  | <b>16.15</b>  | <b>2,400,396</b>  | <b>21.03</b>  | <b>2,676,835</b>  | <b>18.67</b>  | <b>2,194,165</b> | <b>24.20</b>  |
| <b>Services</b>            | <b>5,599,317</b>  | <b>35.17</b>  | <b>2,655,955</b>  | <b>23.27</b>  | <b>4,954,666</b>  | <b>34.55</b>  | <b>2,666,356</b> | <b>29.41</b>  |
| Wholesale and retail trade | 2,261,164         | 14.20         | 1,547,892         | 13.56         | 1,995,623         | 13.92         | 1,149,683        | 12.69         |
| Hotel, food and beverage   |                   |               |                   |               |                   |               |                  |               |
| services                   | 130,097           | 0.82          | 5,545             | 0.05          | 100,888           | 0.70          | 19,908           | 0.22          |
| Transportation and         |                   |               |                   |               |                   |               |                  |               |
| Telecommunication          | 878,226           | 5.52          | 1,010,612         | 8.86          | 833,163           | 5.81          | 1,405,673        | 15.50         |
| Financial institutions     | 1,487,880         | 9.34          | 13,239            | 0.12          | 1,344,214         | 9.37          | 38,324           | 0.42          |
| Real estate and renting    |                   |               |                   |               |                   |               |                  |               |
| services                   | 227,096           | 1.43          | 28,328            | 0.25          | 185,000           | 1.29          | 14,871           | 0.16          |
| Self-employment services   | 495,545           | 3.11          | 36,911            | 0.32          | 373,920           | 2.61          | 24,229           | 0.27          |
| Education services         | 19,307            | 0.12          | 1,453             | 0.01          | 15,556            | 0.11          | 1,644            | 0.02          |
| Health and social services | 100,002           | 0.63          | 11,975            | 0.10          | 106,302           | 0.74          | 12,024           | 0.13          |
| <b>Others</b>              | <b>995,781</b>    | <b>6.26</b>   | <b>877,679</b>    | <b>7.69</b>   | <b>332,451</b>    | <b>2.32</b>   | <b>48,488</b>    | <b>0.53</b>   |
| <b>Total</b>               | <b>15,918,815</b> | <b>100.00</b> | <b>11,414,266</b> | <b>100.00</b> | <b>14,340,111</b> | <b>100.00</b> | <b>9,066,595</b> | <b>100.00</b> |

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

| Current Period                            | Group I           |                   | Group II       |              |
|---|-------------------|-------------------|----------------|--------------|
|   | TL                | FC                | TL             | FC           |
| Letters of guarantee                      | 15,670,003        | 4,240,252         | 117,821        | 9,801        |
| Confirmed bills of exchange and           |                   |                   |                |              |
| acceptances                               | 21,533            | 2,061,347         | -              | 104          |
| Letters of credit                         | 7,575             | 5,025,769         | -              | -            |
| Endorsements                              | -                 | -                 | -              | -            |
| Purchase guarantees for securities issued | -                 | -                 | -              | -            |
| Factoring guarantees                      | 31,174            | 7,185             | -              | -            |
| Other guarantees and sureties             | -                 | 2,839             | -              | -            |
| <b>Total Non-Cash Loans</b>               | <b>15,730,285</b> | <b>11,337,392</b> | <b>117,821</b> | <b>9,905</b> |

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

| Prior Period                              | Group I           |                  | Group II      |              |
|---|-------------------|------------------|---------------|--------------|
|   | TL                | FC               | TL            | FC           |
| Letters of guarantee                      | 14,118,035        | 3,579,601        | 85,579        | 5,476        |
| Confirmed bills of exchange and           | 12,129            | 1,039,635        | -             | 514          |
| Letters of credit                         | 7,866             | 4,381,798        | -             | 232          |
| Endorsements                              | -                 | -                | -             | -            |
| Purchase guarantees for securities issued | -                 | -                | -             | -            |
| Factoring guarantees                      | 52,069            | 6,666            | -             | -            |
| Other guarantees and sureties             | -                 | 1,919            | -             | -            |
| <b>Total Non-Cash Loans</b>               | <b>14,190,099</b> | <b>9,009,619</b> | <b>85,579</b> | <b>6,222</b> |

**5. Information on credit derivatives and related imposed risks**

None.

**6. Contingent assets and liabilities**

Bank allocates TL 17,054 as provision for lawsuits against Bank (31 December 2013: TL 16,023).

**7. Services rendered on behalf of third parties**

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Parent Bank's custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

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

**1. Interest income**

*Information on interest income received from loans*

|   | Current Period   |                | Prior Period     |                |
|---|------------------|----------------|------------------|----------------|
|   | TL               | FC             | TL               | FC             |
| Short-term loans  | 2,031,369        | 121,409        | 1,499,604        | 118,282        |
| Medium and long-term loans                                  | 3,847,890        | 724,959        | 3,305,283        | 593,059        |
| Loans under follow-up                                       | 122,799          | -              | 110,148          | -              |
| Premiums received from resource<br>utilization support fund | -                | -              | -                | -              |
| <b>Total</b>  | <b>6,002,058</b> | <b>846,368</b> | <b>4,915,035</b> | <b>711,341</b> |

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

*Information on interest income received from banks*

|                                  | Current Period |              | Prior Period  |              |
|----------------------------------|----------------|--------------|---------------|--------------|
|                                  | TL             | FC           | TL            | FC           |
| Central Bank of Turkey           | -              | -            | -             | -            |
| Domestic banks                   | 46,785         | 1,386        | 41,956        | 2,545        |
| Foreign banks                    | -              | 3,500        | 79            | 552          |
| Foreign head office and branches | -              | -            | -             | -            |
| <b>Total</b>                     | <b>46,785</b>  | <b>4,886</b> | <b>42,035</b> | <b>3,097</b> |

*Information on interest income received from marketable securities portfolio*

|  | Current Period   |                | Prior Period   |                |
|--|------------------|----------------|----------------|----------------|
|  | TL               | FC             | TL             | FC             |
| Financial assets held for trading  | 8,580            | 1,941          | 9,082          | 741            |
| Financial assets where fair value change<br>is reflected to income statement | -                | -              | -              | -              |
| Financial assets available for sale  | 975,945          | 161,512        | 688,242        | 146,706        |
| Investments held to maturity   | 395,212          | 349            | 277,471        | 788            |
| <b>Total</b>   | <b>1,379,737</b> | <b>163,802</b> | <b>974,795</b> | <b>148,235</b> |

*Information on interest income received from associates and subsidiaries*

None.

**2. Interest Expense**

*Interest expenses on funds borrowed*

|                                   | Current Period |                | Prior Period  |                |
|-----------------------------------|----------------|----------------|---------------|----------------|
|                                   | TL             | FC             | TL            | FC             |
| <b>Banks</b>                      | <b>40,303</b>  | <b>113,486</b> | <b>14,935</b> | <b>104,804</b> |
| Central Bank of Turkey            | -              | -              | -             | -              |
| Domestic banks                    | 29,592         | 5,266          | 13,532        | 9,205          |
| Foreign banks                     | 10,711         | 108,220        | 1,403         | 95,599         |
| Foreign head offices and branches | -              | -              | -             | -              |
| <b>Other institutions</b>         | <b>-</b>       | <b>14,240</b>  | <b>-</b>      | <b>6,555</b>   |
| <b>Total</b>                      | <b>40,303</b>  | <b>127,726</b> | <b>14,935</b> | <b>111,359</b> |

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

*Interest expenses paid to associates and subsidiaries*

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Interests paid to the associates and subsidiaries | 8,459                 | 10,167              |

*Interest expense on securities issued*

As at for the nine-month period ending at 30 September 2014, interest paid to securities issued is TL 314,626 (30 September 2013: TL 165,223).

*Maturity structure of the interest expense on deposits*

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

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

| Account Name       | Prior Period-Time Deposits |               |                |                |              |                  | Cumulative deposit | Total     |
|--------------------|----------------------------|---------------|----------------|----------------|--------------|------------------|--------------------|-----------|
|                    | Demand Deposits            | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | More than 1 Year |                    |           |
| TL                 |                            |               |                |                |              |                  |                    |           |
| Interbank deposits | -                          | 49,206        | -              | -              | -            | -                | -                  | 49,206    |
| Saving deposits    | 12                         | 10,443        | 737,465        | 109,638        | 24,243       | 7,736            | -                  | 889,537   |
| Public sector      | 8                          | 69,918        | 319,225        | 36,453         | 11,858       | 902              | -                  | 438,364   |
| Commercial         | -                          | 103,293       | 335,098        | 84,129         | 41,292       | 2,767            | -                  | 566,579   |
| Other deposits     | -                          | 22,160        | 108,335        | 43,642         | 35,946       | 779              | -                  | 210,862   |
| Deposits with 7    | -                          | -             | -              | -              | -            | -                | -                  | -         |
| Total              | 20                         | 255,020       | 1,500,123      | 273,862        | 113,339      | 12,184           | -                  | 2,154,548 |
| FC                 |                            |               |                |                |              |                  |                    |           |
| Foreign Currency   |                            |               |                |                |              |                  |                    |           |
| Deposits           | 2,896                      | 11,158        | 163,427        | 38,546         | 24,126       | 66,893           | -                  | 307,046   |
| Interbank deposits | -                          | 22,093        | -              | -              | -            | -                | -                  | 22,093    |
| Deposits with 7    | -                          | -             | -              | -              | -            | -                | -                  | -         |
| Precious metal     | -                          | -             | -              | -              | -            | -                | -                  | -         |
| Total              | 2,896                      | 33,251        | 163,427        | 38,546         | 24,126       | 66,893           | -                  | 329,139   |
| Grand Total        |                            |               |                |                |              |                  |                    |           |
| Grand Total        | 2,916                      | 288,271       | 1,663,550      | 312,408        | 137,465      | 79,077           | -                  | 2,483,687 |

**3. Trading income/losses**

|  | Current Period     | Prior Period       |
|--|--------------------|--------------------|
| <b>Income</b>                                | <b>5,167,020</b>   | <b>4,374,207</b>   |
| Income from capital market transactions      | 1,883,173          | 150,993            |
| Income from derivative financial instruments | 1,387,070          | 649,412            |
| Foreign exchange gains                       | 1,896,777          | 3,573,802          |
| <b>Losses</b>                                | <b>(4,968,333)</b> | <b>(4,145,986)</b> |
| Losses from capital market transactions      | (1,747,731)        | (3,528)            |
| Losses from derivative financial instruments | (1,398,341)        | (581,441)          |
| Foreign exchange losses                      | (1,822,261)        | (3,561,017)        |
| <b>Trading income/losses, net</b>            | <b>198,687</b>     | <b>228,221</b>     |

Net loss arising from changes in foreign exchange rate that relate to the Group's derivative financial instruments based on foreign exchange rate is TL 876 as at and for the nine-month period ended 30 September 2014 (30 September 2013: net gain of TL 45,553).

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

**4. Other operating income**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Income from reversal of the impairment losses        | 540,149               | 333,379             |
| Earned insurance premiums (net of reinsurance share) | 500,948               | 492,455             |
| Communication income                                 | 65,696                | 63,177              |
| Gain on sale of assets                               | 53,995                | 45,615              |
| Income from private pension business                 | 34,842                | 27,605              |
| Rent income  | 830                   | 896                 |
| Other income   | 298,157               | 130,131             |
| <b>Total</b>   | <b>1,494,617</b>      | <b>1,093,258</b>    |

**5. Provision expenses for losses on loans and other receivables**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Specific provisions on loans and other receivables | 959,551               | 1,013,963           |
| <i>Loans and receivables in Group III</i>          | <i>110,577</i>        | <i>202,543</i>      |
| <i>Loans and receivables in Group IV</i>           | <i>605,313</i>        | <i>781,450</i>      |
| <i>Loans and receivables in Group V</i>            | <i>243,661</i>        | <i>29,970</i>       |
| Non-performing commissions and other receivables   | -                     | -                   |
| General provision expenses                         | 214,766               | 244,796             |
| Provision for possible losses                      | -                     | 2,579               |
| Impairment losses on securities                    | 11,875                | 82,984              |
| <i>Trading securities</i>                          | <i>32</i>             | <i>19,967</i>       |
| <i>Investment securities available-for-sale</i>    | <i>11,843</i>         | <i>63,017</i>       |
| Other impairment losses                            | 19,511                | 58,112              |
| <i>Associates</i>                                  | <i>-</i>              | <i>-</i>            |
| <i>Subsidiaries</i>                                | <i>-</i>              | <i>-</i>            |
| <i>Joint ventures</i>                              | <i>-</i>              | <i>-</i>            |
| <i>Investment securities held-to-maturity</i>      | <i>19,511</i>         | <i>58,112</i>       |
| Others (*)   | 81,578                | 61,561              |
| <b>Total</b>                                       | <b>1,287,281</b>      | <b>1,463,995</b>    |

(\*) Other provision expenses amounting to TL 81,578 (30 September 2013: TL 61,561) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 31,097 (30 September 2013: TL 27,856), other provision expenses related to loans amounting to TL 19,645 (30 September 2013: TL 25,680) and other provision expenses amounting to TL 30,836 (30 September 2013: TL 8,025).

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

**6. Other operating expenses**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Personnel costs                                | 1,028,748             | 906,439             |
| Reserve for employee termination benefits      | 35,255                | 23,714              |
| Provision for deficit in pension funds         | -                     | -                   |
| Impairment losses on tangible assets           | 281                   | -                   |
| Depreciation expenses on tangible assets       | 85,471                | 82,057              |
| Impairment losses on intangible assets         | -                     | -                   |
| Amortisation expenses on intangible assets     | 11,477                | 10,259              |
| Impairment losses on assets to be disposed     | 2,210                 | 2,940               |
| Depreciation expenses on assets to be disposed | 9,553                 | 8,203               |
| Impairment losses on assets held for sale      | -                     | 469                 |
| Other operating expenses                       | 1,148,319             | 726,170             |
| <i>Operational lease related expenses</i>      | 141,144               | 120,286             |
| <i>Repair and maintenance expenses</i>         | 21,678                | 18,650              |
| <i>Advertisement expenses</i>                  | 53,368                | 73,764              |
| <i>Other expenses</i>                          | 932,129               | 513,470             |
| Loss on sale of assets                         | 1,776                 | 876                 |
| Others*  | 683,773               | 827,494             |
| <b>Total</b>                                   | <b>3,006,863</b>      | <b>2,588,621</b>    |

(\*) Other operating expenses amounting to TL 683,773 (30 September 2013: TL 827,494) is comprised of provision expenses for dividends to the personnel amounting to TL 96,102 (30 September 2013: TL 86,450), tax, fees and funds expenses amounting to TL 85,817 (30 September 2013: TL 68,364), Saving Deposits Insurance Fund expenses amounting to TL 68,046 (30 September 2013: TL 67,645) and other operating expenses amounting to TL 433,808 (30 September 2013: TL 605,035).

**7. Provision for taxes on income**

***Current year taxation benefit or charge and deferred tax benefit or charge***

In the current year, the Group recorded a tax provision of TL 370,620 (30 September 2013: TL 325,139) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

| <b>Sources of deferred tax benefit/charge</b>                                  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Arising from origination (+)/ reversal (-) of deductible temporary differences | (7,031)               | (25,325)            |
| Arising from origination (-)/ reversal (+) of taxable temporary differences    | 67,996                | 3,020               |
| Arising from origination (+)/ reversal (-) of tax losses                       | -                     | -                   |
| Arising from tax rate change   | -                     | -                   |
| <b>Total</b>   | <b>60,965</b>         | <b>(22,305)</b>     |

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

**8. Net profit and loss**

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

Group has earned TL 8,543,458 interest income and TL 500,947 net fee and commission income also incurred TL 5,093,493 amount of interest expense from its ordinary banking operations (30 September 2013: TL 6,904,189 interest income, TL 499,276 net fee and commission income, TL 3,167,886 interest expense).

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

None.

**9. Income/loss related to non-controlling interest**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Income/(losses) related to non-controlling interest | (3,440)               | (24,160)            |

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

Other fees and commission income of the Group mainly consist of credit card fees and commissions, receipt and payment commissions, money transfer commissions, research fees.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks.



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

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

| Current Period                       | Associates and Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholders |          | Other Components in Risk Group |          |
|--------------------------------------|--|----------|---|----------|--------------------------------|----------|
|                                      | Cash   | Non-Cash | Cash                                    | Non-Cash | Cash                           | Non-Cash |
| Loans and other receivables          |  |          |   |          |                                |          |
| Balance at the beginning of the year | 13   | 659,911  | -                                       | 27,065   | 26,102                         | 24,339   |
| Balance at the end of the year       | 3,275  | 662,414  | -                                       | 6,989    | 20,459                         | 19,525   |
| Interest and commission income       | -  | 293      | -                                       | 16       | 708                            | 48       |

| Prior Period                         | Associates and Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholders |          | Other Components in Risk Group |          |
|--------------------------------------|--|----------|---|----------|--------------------------------|----------|
|                                      | Cash   | Non-Cash | Cash                                    | Non-Cash | Cash                           | Non-Cash |
| Loans and other receivables          |  |          |   |          |                                |          |
| Balance at the beginning of the year | -  | 552,273  | -                                       | 37,919   | 9,372                          | 13,136   |
| Balance at the end of the year       | 13   | 659,911  | -                                       | 27,065   | 26,102                         | 24,339   |
| Interest and commission income       | -  | 269      | -                                       | 18       | 576                            | 15       |

**Information on deposits held by the Parent Bank's risk group**

| The Parent Bank's Risk Group | Associates and Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholders |              | Other Components in Risk Group |              |
|------------------------------|--|--------------|---|--------------|--------------------------------|--------------|
|                              | Current Period                                 | Prior Period | Current Period                          | Prior Period | Current Period                 | Prior Period |
| Deposits                     |  |              |   |              |                                |              |
| Balance at the beginning of  | 419,918  | 817,244      | 968,601                                 | 443,103      | 46,793                         | 76,597       |
| Balance at the end of the    | 165,790  | 419,918      | 959,085                                 | 968,601      | 98,773                         | 46,793       |
| Interest on deposits         | 8,459  | 10,167       | 16,188                                  | 25,286       | 1,862                          | 5            |

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

None.

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

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

***Relations with entities in the risk group of / or controlled by the Bank***

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

The branches of the Bank engage with insurance agency activities in relation with the operations of Güneş Sigorta AŞ and Vakıf Emeklilik AŞ, subsidiaries operating in the insurance sector. Vakıf Yatırım Menkul Değerler AŞ engages with the management of the funds established by the Bank.

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

The pricing of transactions with the risk group companies is set in compliance with the market prices. The ratio of cash and non-cash loans extended to the risk group to the overall cash and non-cash loans are 0.02% (31 December 2013: 0.03%) and 2.52% (31 December 2013: 3.26%) respectively.

| <b>Current Period</b> | <b>Amount</b> | <b>Compared with the Financial<br/>Statement Amount %</b> |
|-----------------------|---------------|---|
| Cash Loans            | 23,734        | 0.02  |
| Non-Cash Loans        | 688,928       | 2.52  |
| Deposits              | 1,223,648     | 1.35  |

  

| <b>Prior Period</b> | <b>Amount</b> | <b>Compared with the Financial<br/>Statement Amount %</b> |
|---------------------|---------------|---|
| Cash Loans          | 26,115        | 0.03  |
| Non-Cash Loans      | 711,315       | 3.26  |
| Deposits            | 1,435,312     | 1.83  |

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**SECTION SIX**

**OTHER DISCLOSURES AND FOOTNOTES**

**I. OTHER DISCLOSURES ON THE PARENT BANK'S ACTIVITY**

As per the resolution of 60<sup>th</sup> Annual General Assembly held on 28 March 2014, the net profit of year 2013 is decided to be distributed as follows:

| <b>Profit Distribution Table of Year 2013</b>   |                  |
|---|------------------|
| <b>Current year's profit of the Parent Bank's unconsolidated financial statements</b> | <b>1,585,539</b> |
| Deferred tax income   | -                |
| <b>Net profit of the year subject to distribution</b>                                 | <b>1,585,539</b> |
| Legal reserves  | 158,556          |
| <i>First legal reserves</i>   | 79,278           |
| <i>Reserves allocated, according to banking law and articles of association.</i>      | 79,278           |
| <b>Net profit of the year subject to distribution</b>                                 | <b>1,426,983</b> |
| Other reserves  | 1,501            |
| Extraordinary reserves  | 1,325,482        |
| <b>Dividends to the shareholders</b>  | <b>100,000</b>   |

**II. INFORMATION ON THE PARENT BANK'S RATING GIVEN BY INTERNATIONAL INSTITUTIONS**

| <b>June 2014 <sup>(*)</sup></b>     | <b>Moody's Investors' Service</b> |
|-------------------------------------|-----------------------------------|
| Financial Strength Rating           | D+ (ba1)                          |
| Local Currency Deposit Rating       | Baa3 / P-3                        |
| Local Currency Outlook              | Negative                          |
| Foreign Currency Deposit Rating     | Baa3 / P-3                        |
| Foreign Currency Outlook            | Negative                          |
| <b>February 2014 <sup>(*)</sup></b> | <b>Standard &amp; Poors</b>       |
| Foreign Currency Credit Rating      | BB+ / Negative / B                |
| Foreign Currency Deposit Rating     | BB+ / Negative / B                |
| National                            | trAA+ / -- / trA-1                |
| Continuance Rating                  | NR                                |
| <b>March 2013 <sup>(*)</sup></b>    | <b>Capital Intelligence</b>       |
| Financial Strength Rate             | BBB-                              |
| Short Term Foreign Currency         | B                                 |
| Long Term Foreign Currency          | BB+                               |
| Support Rating                      | 2                                 |
| Outlook                             | Stable                            |
| <b>November 2012 <sup>(*)</sup></b> | <b>Fitch Ratings</b>              |
| 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-                              |

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

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**OTHER DISCLOSURES AND FOOTNOTES (Continued)**

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

As at 7 November 2014, Parent Bank signed a loan contract with European Investment Bank under the guarantee of Undersecretariat of Treasury to supply credit to SME's and medium sized enterprises amounting to Euro 100 million which is the first segment of the total fund of Euro 200 million with 3 years of unpaid principal in total 8 years of maturity.

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

None.

**SECTION SEVEN**

**I. INDEPENDENT AUDITORS’ REVIEW REPORT**

**1. Information on the independent auditors’ review report**

The consolidated financial statements and footnotes of the Bank and its financial subsidiaries as at and for the nine-month period ended 30 September 2014, have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member of PricewaterhouseCoopers). It was noted in their review report dated 19 November 2014 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the Group’s financial position and results of its operations as at and for the nine-month period ended 30 September 2014.

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