

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT 31 MARCH 2015
TOGETHER WITH LIMITED REVIEW REPORT**

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

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“the Bank”) and its subsidiaries at 31 March 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” other than subjects regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and its subsidiaries at 31 March 2015 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 “Interim Financial Reporting” other than subjects regulated by BRSA Accounting and Reporting Legislation.

Additional Paragraph for Convenience Translation:

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

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

Zeynep Uras, SMMM
Partner

Istanbul, 18 May 2015

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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The consolidated financial report as at and for the three-month period ended 31 March 2015 prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED 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:

SUBSIDIARIES	ASSOCIATES
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 three-month period ended 31 March 2015 that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented in thousands of Turkish Lira ("TL").

18 May 2015

Ramazan GÜNDÜZ
Chairman of
the Board of Directors

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

Sabahattin BİRDAL
Board member and
Audit Committee Member

Halil AYDOĞAN
General Manager and
Board Member

Metin Recep ZAFER
Assistant General Manager

Murat KOYGUN
Director of Accounting and
Financial Affairs

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

Name-Surname/Title: S. Buğra SÜRÜEL / Manager
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

	31 March 2015			31 December 2014		
	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders						
Registered foundations represented by the General Directorate of the Foundations (Group A)	1,075,058,640	1,075,058	43.00	1,075,058,640	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10	402,552,666	402,553	16.10
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,224,784	386,225	15.45	386,224,784	386,225	15.45
Other appendant foundations (Group B)	3,095,383	3,095	0.13	3,096,742	3,097	0.13
Other registered foundations (Group B)	1,453,085	1,453	0.06	1,453,085	1,453	0.06
Other real persons and legal entities (Group C)	1,532,753	1,533	0.06	1,533,786	1,534	0.06
Publicly traded (Group D)	630,082,689	630,083	25.20	630,080,297	630,080	25.20
Total	2,500,000,000	2,500,000	100.00	2,500,000,000	2,500,000	100.00

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

(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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	37 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	32 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	38 years
İsmail ALPTEKİN	Member	6 April 2009	University	17 years
Halim KANATCI	Member	28 April 2009	University	42 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	27 years
Sabahattin BİRDAL	Member	31 March 2014	University	38 years
Öztürk ORAN	Member	30 April 2014	University	40 years
Şeref AKSAÇ	Member	30 April 2014	University	33 years
<u>Audit Committee</u>				
Mehmet Emin ÖZCAN	Member	4 April 2014	University	32 years
Sabahattin BİRDAL	Member	4 April 2014	University	38 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	38 years
Yunus ARINCI	Auditor	19 March 2010	Master	18 years
<u>Assistant Managers</u>				
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant	13 June 2006	PHD	19 years
Hasan ECESÖY	Treasury, International Relations and Investor Relations, Coordination of Foreign Branches	18 June 2010	PHD	21 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	19 years
Ali Engin EROĞLU	Application Development Departments, System Management, IT Operations and Support, IT Services Planning Department, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate	18 August 2010	Master	18 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	University	24 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	19 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations	28 October 2013	University	21 years
Mehmet Emin KARAAĞAÇ	Loans and Risk Follow-up, Legal Affairs	8 November 2013	University	25 years

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SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

(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 (Continued)

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

İsmail Alptekin, Member of the Board, holds 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

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

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

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SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

(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 31 March 2015, the Parent Bank has 897 domestic, 3 foreign, in total 900 branches (31 December 2014: 890 domestic, 3 foreign, in total 893 branches). As at 31 March 2015, the Parent Bank has 15,044 employees (31 December 2014: 14,920 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 three-month period ended 31 March 2015, 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 three-month period ended 31 March 2015, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası A.Ş. have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 31 MARCH 2015**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

**SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS**

		Notes	Reviewed Current Period 31 March 2015			Audited Prior Period 31 December 2014		
ASSETS			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,131,800	19,052,573	21,184,373	4,126,368	17,764,713	21,891,081
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	536,474	92,157	628,631	404,672	45,569	450,241
2.1	Financial assets held for trading purpose		536,474	92,157	628,631	404,672	45,569	450,241
2.1.1	Debt securities issued by the governments		1,357	8,735	10,092	106	8,468	8,574
2.1.2	Equity securities		2,130	-	2,130	1,565	-	1,565
2.1.3	Derivative financial assets held for trading purpose	V-I-2	499,610	83,422	583,032	342,475	37,101	379,576
2.1.4	Other securities		33,377	-	33,377	60,526	-	60,526
2.2	Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1	Debt securities issued by the governments		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Other securities		-	-	-	-	-	-
2.2.4	Loans		-	-	-	-	-	-
III.	BANKS	V-I-3	956,597	4,175,580	5,132,177	784,978	2,783,530	3,568,508
IV.	RECEIVABLES FROM INTERBANK MONEY MARKETS		16,597	-	16,597	9,504	-	9,504
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		4,329	-	4,329	3,645	-	3,645
4.3	Receivables from reverse repurchase agreements		12,268	-	12,268	5,859	-	5,859
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	13,187,567	4,307,289	17,494,856	12,631,871	4,239,244	16,871,115
5.1	Equity securities		15	-	15	15	-	15
5.2	Debt securities issued by the governments		13,185,472	4,142,818	17,328,290	12,629,806	4,085,677	16,715,483
5.3	Other securities		2,080	164,471	166,551	2,050	153,567	155,617
VI.	LOANS AND RECEIVABLES	V-I-5	80,627,345	34,421,137	115,048,482	76,724,198	29,631,473	106,355,671
6.1	Performing loans and receivables		80,195,711	34,415,696	114,611,407	76,408,786	29,626,228	106,035,014
6.1.1	Loans provided to the same risk group	V-V-1	15,821	1,342	17,163	6,132	123	6,255
6.1.2	Debt securities issued by the governments		-	-	-	-	-	-
6.1.3	Others		80,179,890	34,414,354	114,594,244	76,402,654	29,626,105	106,028,759
6.2	Loans under follow-up		4,354,264	29,132	4,383,396	4,153,756	28,209	4,181,965
6.3	Specific provisions (-)	V-I-5	3,922,630	23,691	3,946,321	3,838,344	22,964	3,861,308
VII.	FACTORING RECEIVABLES		645,984	40,210	686,194	498,067	12,314	510,381
VIII.	HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	6,767,024	104,049	6,871,073	6,761,749	92,844	6,854,593
8.1	Debt securities issued by the governments		6,767,024	-	6,767,024	6,761,749	-	6,761,749
8.2	Other securities		-	104,049	104,049	-	92,844	92,844
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	262,743	3	262,746	264,184	3	264,187
9.1	Associates, consolidated per equity method		212,980	-	212,980	214,929	-	214,929
9.2	Unconsolidated associates		49,763	3	49,766	49,255	3	49,258
9.2.1	Financial associates		37,423	-	37,423	36,915	-	36,915
9.2.2	Non-Financial associates		12,340	3	12,343	12,340	3	12,343
X.	INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	257,297	-	257,297	258,927	-	258,927
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		257,297	-	257,297	258,927	-	258,927
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1	Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial joint-ventures		-	-	-	-	-	-
11.2.2	Non-financial joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES	V-I-10	261,240	876,010	1,137,250	246,618	843,369	1,089,987
12.1	Finance lease receivables		335,375	993,502	1,328,877	311,605	962,197	1,273,802
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		74,135	117,492	191,627	64,987	118,828	183,815
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		778,071	1,931	780,002	782,871	2,002	784,873
XV.	INTANGIBLE ASSETS (Net)		172,899	175	173,074	162,074	161	162,235
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		172,899	175	173,074	162,074	161	162,235
XVI.	INVESTMENT PROPERTIES (Net)	V-I-12	193,379	-	193,379	192,000	-	192,000
XVII.	TAX ASSETS	V-I-13	150,856	6,871	157,727	175,352	6,938	182,290
17.1	Current tax assets	V-I-13	2,433	6,871	9,304	2,393	6,938	9,331
17.2	Deferred tax assets	V-I-13	148,423	-	148,423	172,959	-	172,959
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	781,679	-	781,679	747,482	-	747,482
18.1	Assets held for sale		781,679	-	781,679	747,482	-	747,482
18.2	Assets related to the discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	V-I-15	2,542,210	1,007,305	3,549,515	2,523,844	834,543	3,358,387
TOTAL ASSETS			110,269,762	64,085,290	174,355,052	107,294,759	56,256,703	163,551,462

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 31 MARCH 2015**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

			Reviewed Current Period 31 March 2015			Audited Prior Period 31 December 2014		
LIABILITIES AND EQUITY		Notes	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	69,958,144	31,602,988	101,561,132	65,144,101	28,258,512	93,402,613
1.1	Deposits of the same risk group	V-V-1	921,187	133,072	1,054,259	953,746	63,178	1,016,924
1.2	Other deposits		69,036,957	31,469,916	100,506,873	64,190,355	28,195,334	92,385,689
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	122,539	200,095	322,634	65,776	204,851	270,627
III.	FUNDS BORROWED	V-II-3	1,517,799	15,230,372	16,748,171	1,569,623	14,691,032	16,260,655
IV.	INTERBANK MONEY MARKET		8,689,224	7,304,148	15,993,372	10,063,573	6,591,668	16,655,241
4.1	Interbank Money Market takings		-	-	-	200,000	-	200,000
4.2	Istanbul Stock Exchange money market takings		188,752	-	188,752	269,939	-	269,939
4.3	Obligations under repurchase agreements		8,500,472	7,304,148	15,804,620	9,593,634	6,591,668	16,185,302
V.	SECURITIES ISSUED (Net)	V-II-3	2,645,700	8,193,574	10,839,274	2,866,343	7,518,365	10,384,708
5.1	Bills		2,645,700	-	2,645,700	2,866,343	-	2,866,343
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	8,193,574	8,193,574	-	7,518,365	7,518,365
VI.	FUNDS		5,470	-	5,470	20,089	-	20,089
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		5,470	-	5,470	20,089	-	20,089
VII.	MISCELLANEOUS PAYABLES		3,027,295	528,385	3,555,680	2,920,619	423,800	3,344,419
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	498,544	1,407,332	1,905,876	573,091	947,128	1,520,219
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS		4,387,747	28,798	4,416,545	4,086,058	25,879	4,111,937
12.1	General provisions	V-II-7	1,742,830	13,503	1,756,333	1,591,002	12,240	1,603,242
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		530,467	2,249	532,716	626,273	838	627,111
12.4	Insurance technical provisions (Net)		1,899,330	8,206	1,907,536	1,633,739	8,973	1,642,712
12.5	Other provisions	V-II-7	215,120	4,840	219,960	235,044	3,828	238,872
XIII.	TAX LIABILITIES	V-II-8	318,860	11,481	330,341	485,576	8,419	493,995
13.1	Current tax liabilities		315,548	2,400	317,948	477,758	1,029	478,787
13.2	Deferred tax liabilities	V-I-13	3,312	9,081	12,393	7,818	7,390	15,208
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	3,727,635	3,727,635	-	2,126,436	2,126,436
XVI.	EQUITY		14,383,870	565,052	14,948,922	14,408,274	552,249	14,960,523
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,051,849	296,757	1,348,606	1,025,056	280,801	1,305,857
16.2.1	Share premium		727,780	-	727,780	727,780	-	727,780
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	87,909	296,757	384,666	240,729	280,801	521,530
16.2.4	Revaluation surplus on tangible assets		289,635	-	289,635	52,864	-	52,864
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		3,683	-	3,683	3,683	-	3,683
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		(57,158)	-	(57,158)	-	-	-
16.3	Profit reserves		10,153,766	128,180	10,281,946	8,664,406	130,184	8,794,590
16.3.1	Legal reserves		1,227,655	7,942	1,235,597	1,062,732	6,513	1,069,245
16.3.2	Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3.	Extraordinary reserves		8,468,016	4,594	8,472,610	7,341,533	4,594	7,346,127
16.3.4.	Other profit reserves		451,758	115,644	567,402	253,804	119,077	372,881
16.4	Profit or loss		334,755	100,035	434,790	1,772,859	101,133	1,873,992
16.4.1	Previous years' profit/loss		(225)	101,630	101,405	(14,354)	82,669	68,315
16.4.2	Current year's profit/loss		334,980	(1,595)	333,385	1,787,213	18,464	1,805,677
16.5	Non-controlling interest		343,500	40,080	383,580	445,953	40,131	486,084
TOTAL LIABILITIES AND EQUITY			105,555,192	68,799,860	174,355,052	102,203,123	61,348,339	163,551,462

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET AS AT 31 MARCH 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

		Reviewed Current Period 31 March 2015			Audited Prior Period 31 December 2014			
		Notes	TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		47,870,593	49,709,772	97,580,365	42,988,855	49,879,901	92,868,756
I.	GUARANTEES AND SURETIES	V-III-2	18,352,535	11,628,039	29,980,574	16,892,950	11,782,097	28,675,047
1.1	Letters of guarantee	V-III-1	18,297,652	4,630,047	22,927,699	16,842,349	4,616,458	21,458,807
1.1.1	Guarantees subject to State Tender Law		2,176,768	2,154,102	4,330,870	1,869,107	2,266,261	4,135,368
1.1.2	Guarantees given for foreign trade operations		973,753	-	973,753	913,389	-	913,389
1.1.3	Other letters of guarantee		15,147,131	2,475,945	17,623,076	14,059,853	2,350,197	16,410,050
1.2	Bank acceptances		22,481	1,793,628	1,816,109	20,836	1,943,257	1,964,093
1.2.1	Import letter of acceptance		2,190	86,602	88,792	2,190	78,990	81,180
1.2.2	Other bank acceptances		20,291	1,707,026	1,727,317	18,646	1,864,267	1,882,913
1.3	Letters of credit		-	5,190,965	5,190,965	-	5,212,911	5,212,911
1.3.1	Documentary letters of credit		-	5,190,965	5,190,965	-	5,212,911	5,212,911
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Guaranteed pre-financings		-	2,068	2,068	-	1,845	1,845
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		32,402	3,593	35,995	29,765	5,023	34,788
1.8	Other guarantees		-	7,431	7,431	-	2,603	2,603
1.9	Other sureties		-	307	307	-	-	-
II.	COMMITMENTS		20,799,625	6,204,380	27,004,005	19,426,933	7,734,462	27,161,395
2.1	Irrevocable commitments		19,266,823	606,651	19,873,474	17,917,041	2,878,768	20,795,809
2.1.1	Asset purchase commitments	V-III-1	269,335	346,160	615,495	46,228	2,640,634	2,686,862
2.1.2	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	V-III-1	-	-	-	-	-	-
2.1.4	Loan granting commitments	V-III-1	8,403,506	13,756	8,417,262	8,053,342	14,859	8,068,201
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments	V-III-1	1,674,715	-	1,674,715	1,638,976	-	1,638,976
2.1.8	Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9	Commitments for credit card limits	V-III-1	8,363,269	-	8,363,269	7,641,987	-	7,641,987
2.1.10	Commitments for credit card and banking operations promotions	V-III-1	268,575	-	268,575	247,938	-	247,938
2.1.11	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		287,423	246,735	534,158	288,570	223,275	511,845
2.2	Revocable commitments		1,532,802	5,597,729	7,130,531	1,509,892	4,855,694	6,365,586
2.2.1	Revocable loan granting commitments		1,532,802	5,453,348	6,986,150	1,509,892	4,817,757	6,327,649
2.2.2	Other revocable commitments		-	144,381	144,381	-	37,937	37,937
III.	DERIVATIVE FINANCIAL INSTRUMENTS		8,718,433	31,877,353	40,595,786	6,668,972	30,363,342	37,032,314
3.1	Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		-	-	-	-	-	-
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		8,718,433	31,877,353	40,595,786	6,668,972	30,363,342	37,032,314
3.2.1	Forward foreign currency purchases/sales		339,330	452,083	791,413	242,929	312,275	555,204
3.2.1.1	Forward foreign currency purchases		169,941	226,112	396,053	121,619	156,202	277,821
3.2.2.2	Forward foreign currency sales		169,389	225,971	395,360	121,310	156,073	277,383
3.2.2	Currency and interest rate swaps		7,993,313	24,988,007	32,981,320	5,782,733	22,857,662	28,640,395
3.2.2.1	Currency swaps-purchases		3,109,487	10,819,866	13,929,353	1,810,386	11,235,508	13,045,894
3.2.2.2	Currency swaps-sales		4,283,826	5,422,265	9,706,091	3,772,347	4,343,916	8,116,263
3.2.2.3	Interest rate swaps-purchases		300,000	4,372,938	4,672,938	100,000	3,639,119	3,739,119
3.2.2.4	Interest rate swaps-sales		300,000	4,372,938	4,672,938	100,000	3,639,119	3,739,119
3.2.3	Currency, interest rate and security options		320,852	578,608	899,460	385,290	671,258	1,056,548
3.2.3.1	Currency call options		160,426	289,304	449,730	192,645	335,629	528,274
3.2.3.2	Currency put options		160,426	289,304	449,730	192,645	335,629	528,274
3.2.3.3	Interest rate call options		-	-	-	-	-	-
3.2.3.4	Interest rate put options		-	-	-	-	-	-
3.2.3.5	Security call options		-	-	-	-	-	-
3.2.3.6	Security put options		-	-	-	-	-	-
3.2.4	Currency futures		-	-	-	-	-	-
3.2.4.1	Currency futures-purchases		-	-	-	-	-	-
3.2.4.2	Currency futures-sales		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sales		-	-	-	-	-	-
3.2.6	Others		64,938	5,858,655	5,923,593	258,020	6,522,147	6,780,167
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		769,025,360	339,337,743	1,108,363,103	707,625,482	298,960,692	1,006,586,174
IV.	ITEMS HELD IN CUSTODY		64,694,430	2,732,119	67,426,549	59,034,803	2,220,606	61,255,409
4.1	Customers' securities held		545,880	25,290	571,170	519,902	22,567	542,469
4.2	Investment securities held in custody		53,355,305	96,322	53,451,627	48,314,735	94,082	48,408,817
4.3	Checks received for collection		8,724,876	1,837,454	10,562,330	8,405,605	1,486,159	9,891,764
4.4	Commercial notes received for collection		1,362,770	326,472	1,689,242	1,197,188	254,511	1,451,699
4.5	Other assets received for collection		2,152	104	2,256	2,152	93	2,245
4.6	Assets received through public offering		-	-	-	-	6,818	6,818
4.7	Other items under custody		29,872	70,699	100,571	17,091	87,256	104,347
4.8	Custodians		673,575	375,778	1,049,353	578,130	269,120	847,250
V.	PLEDGED ITEMS		210,473,962	65,758,444	276,232,406	180,417,729	59,408,743	239,826,472
5.1	Securities		390,690	15,165	405,855	242,862	18,614	261,476
5.2	Guarantee notes		1,001,025	392,386	1,393,411	944,683	232,965	1,177,648
5.3	Commodities		26,546,020	621,342	27,167,362	25,696,626	590,812	26,287,438
5.4	Warranties		-	-	-	-	-	-
5.5	Real estates		170,594,005	52,879,839	223,473,844	142,345,512	47,319,679	189,665,191
5.6	Other pledged items		11,023,209	11,694,335	22,717,544	10,335,024	11,114,594	21,449,618
5.7	Pledged items-depository		919,013	155,377	1,074,390	853,022	132,079	985,101
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		493,856,968	270,847,180	764,704,148	468,172,950	237,331,343	705,504,293
TOTAL OFF-BALANCE SHEET ITEMS (A+B)			816,895,953	389,047,515	1,205,943,468	750,614,337	348,840,593	1,099,454,930

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

			Reviewed Current Period 1 January 2015 31 March 2015	Reviewed Prior Period 1 January 2014 - 31 March 2014
	Notes			
I.	INTEREST INCOME		3,112,291	2,776,472
1.1	Interest income from loans	V-IV-1	2,617,128	2,174,214
1.2	Interest income from reserve deposits		2,186	-
1.3	Interest income from banks	V-IV-1	18,013	12,474
1.4	Interest income from money market transactions		166	204
1.5	Interest income from securities portfolio	V-IV-1	429,413	558,383
1.5.1	Trading financial assets	V-IV-1	2,082	4,198
1.5.2	Financial assets designated at fair value through profit or loss		-	-
1.5.3	Available-for-sale financial assets	V-IV-1	308,640	416,447
1.5.4	Held-to-maturity investments	V-IV-1	118,691	137,738
1.6	Finance lease income		22,686	18,775
1.7	Other interest income		22,699	12,422
II.	INTEREST EXPENSE		1,817,591	1,676,281
2.1	Interest expense on deposits	V-IV-2	1,345,325	1,252,334
2.2	Interest expense on funds borrowed	V-IV-2	91,680	54,045
2.3	Interest expense on money market transactions		178,053	229,131
2.4	Interest expense on securities issued	V-IV-2	133,764	97,294
2.5	Other interest expenses		68,769	43,477
III.	NET INTEREST INCOME (I – II)		1,294,700	1,100,191
IV.	NET FEES AND COMMISSIONS INCOME		217,406	140,181
4.1	Fees and commissions received		321,500	236,221
4.1.1	Non-cash loans		42,784	39,383
4.1.2	Others		278,716	196,838
4.2	Fees and commissions paid		104,094	96,040
4.2.1	Non-cash loans		243	328
4.2.2	Others		103,851	95,712
V.	DIVIDEND INCOME		9,996	10,778
VI.	TRADING INCOME/LOSSES (Net)	V-IV-3	77,935	72,830
6.1	Trading account income/losses	V-IV-3	50,928	4,831
6.2	Income/losses from derivative financial instruments	V-IV-3	(26,956)	27,681
6.3	Foreign exchange gains/losses	V-IV-3	53,963	40,318
VII.	OTHER OPERATING INCOME	V-IV-4	485,090	468,393
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,085,127	1,792,373
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	457,735	413,108
X.	OTHER OPERATING EXPENSES (-)	V-IV-6	1,279,613	964,125
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		347,779	415,140
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		8,733	8,368
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		356,512	423,508
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES		(122,698)	(80,894)
16.1	Current tax charges	V-IV-7	(75,753)	(73,452)
16.2	Deferred tax credits	V-IV-7	(46,945)	(7,442)
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)		233,814	342,614
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from investment properties		-	-
18.2	Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3	Other income from discontinued activities		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1	Investment property expenses		-	-
19.2	Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3	Other expenses from discontinued activities		-	-
XX.	INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI.	DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge		-	-
XXII.	NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)		233,814	342,614
23.1.	Equity holders of the Bank		333,385	338,216
23.2.	Non-controlling interest	V-IV-9	(99,571)	4,398
	Earnings per 100 Share (full TL)	III-XXIV	0.0935	0.1370

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

	Reviewed Current Period 1 January 2015 – 31 March 2015	Reviewed Prior Period 1 January 2014 – 31 March 2014
GAINS AND LOSSES RECOGNIZED IN EQUITY		
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(164,161)	46,525
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	(3,816)	(12,949)
V. GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)	-	-
VI. GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS	-	-
VIII. OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS	(8,729)	(18,041)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	34,007	(3,697)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(142,699)	11,838
XI. CURRENT PERIOD'S PROFIT/(LOSS)	233,814	342,614
11.1 Change in fair value of securities (transfers to the statement of income)	47,063	544
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	186,751	342,070
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	91,115	354,452

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

	Notes	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Previous Years' Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Discount. Op.s	Shareholders' Equity before Minority Shares	Non-controlling Interest	Total Equity
CHANGES IN EQUITY																			
Prior period – 31 March 2014																			
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
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation differences of the marketable securities		-	-	-	-	-	-	-	-	-	-	40,139	-	-	-	-	40,139	(202)	39,937
IV. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	(2,600)	-	-	(2,600)	-	(2,600)
VIII. Translation differences		-	-	-	-	-	-	-	(11,650)	-	-	-	-	-	-	-	(11,650)	(1,299)	(12,949)
IX. Changes resulted from disposal of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassifications of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on the Group's equity		-	-	-	-	-	-	-	-	-	-	(1,508)	-	-	-	-	(1,508)	(446)	(1,954)
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	(10,596)	-	-	-	-	-	-	-	(10,596)	-	(10,596)
XVII. Current period's profit/loss		-	-	-	-	-	-	-	-	338,216	-	-	-	-	-	-	338,216	4,398	342,614
XVIII. Profit distribution		-	-	-	-	164,099	-	1,332,552	10,503	(1,652,474)	43,785	-	1,535	-	-	-	(100,000)	(316)	(100,316)
18.1 Dividends		-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(316)	(100,316)
18.2 Transferred to reserves		-	-	-	-	164,099	-	1,332,552	10,503	(1,552,474)	43,785	-	1,535	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,686	-	1,068,265	6,337	7,339,743	409,009	338,216	80,144	(111,088)	52,864	3,682	-	-	12,413,858	311,236	12,725,094
Current period – 31 March 2015																			
I. Balances at the beginning of the period		2,500,000	-	727,780	-	1,069,245	6,337	7,346,127	372,881	1,805,677	68,315	521,530	52,864	3,683	-	-	14,474,439	486,084	14,960,523
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation differences of marketable securities		-	-	-	-	-	-	-	-	-	-	(133,065)	-	-	-	-	(133,065)	(1,926)	(134,991)
IV. Hedging Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash flow hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences		-	-	-	-	-	-	-	(3,434)	-	-	-	-	-	-	-	(3,434)	(382)	(3,816)
IX. Changes resulted from disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassifications of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on the Group's equity		-	-	-	-	-	-	-	-	-	-	(3,799)	-	-	-	-	(3,799)	-	(3,799)
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	(2,184)	-	-	-	-	-	-	-	(2,184)	2,091	(93)
XVII. Current period's profit/loss		-	-	-	-	-	-	-	-	333,385	-	-	-	-	-	-	333,385	(99,571)	233,814
XVIII. Profit distribution		-	-	-	-	166,352	-	1,126,483	142,981	(1,805,677)	33,090	-	236,771	-	-	-	(100,000)	(2,716)	(102,716)
18.1 Dividends		-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(2,716)	(102,716)
18.2 Transferred to reserves		-	-	-	-	166,352	-	1,126,483	142,981	(1,705,677)	33,090	-	236,771	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	727,780	-	1,235,597	6,337	8,472,610	510,244	333,385	101,405	384,666	289,635	3,683	-	-	14,565,342	383,580	14,948,922

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

	Reviewed Current Period 31 March 2015	Reviewed Prior Period 31 March 2014
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	418,829	442,156
1.1.1 Interests received	2,885,063	2,343,612
1.1.2 Interests paid	(1,613,558)	(1,481,597)
1.1.3 Dividends received	5,483	10,778
1.1.4 Fee and commissions received	321,500	236,221
1.1.5 Other income	230,367	333,165
1.1.6 Collections from previously written-off loans and other receivables	183,718	150,677
1.1.7 Payments to personnel and service suppliers	(405,971)	(992,638)
1.1.8 Taxes paid	(292,054)	(85,637)
1.1.9 Others	(895,719)	(72,425)
1.2 Changes in operating assets and liabilities	(2,659,225)	974,216
1.2.1 Net (increase) decrease in financial assets held for trading purpose	24,774	-
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	(1,840,496)	(610,614)
1.2.4 Net (increase) decrease in loans	(8,917,607)	(2,986,396)
1.2.5 Net (increase) decrease in other assets	(104,435)	537,545
1.2.6 Net increase (decrease) in bank deposits	27,894	(988,166)
1.2.7 Net increase (decrease) in other deposits	8,051,262	2,287,746
1.2.8 Net increase (decrease) in funds borrowed	460,990	(17,275)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(361,607)	2,751,376
I. Net cash flow from banking operations	(2,240,396)	1,416,372
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(852,883)	(555,465)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	(3,230)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(25,524)	(76,070)
2.4 Proceeds from disposal of tangible assets	20,060	186,827
2.5 Cash paid for purchase of available-for-sale financial assets	(1,936,253)	(2,692,348)
2.6 Proceeds from disposal of available-for-sale financial assets	1,096,574	1,886,436
2.7 Cash paid for purchase of held-to-maturity investments	(101,179)	(478,800)
2.8 Proceeds from disposal of held-to-maturity investments	107,478	640,590
2.9 Others	(14,039)	(18,870)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	1,806,867	(585,642)
3.1 Cash obtained from funds borrowed and securities issued	3,562,696	236,109
3.2 Cash used for repayment of funds borrowed and securities issued	(1,653,113)	(821,751)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(102,716)	-
3.5 Re-payments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	145,783	20,152
V. Net decrease in cash and cash equivalents	(1,140,629)	295,417
VI. Cash and cash equivalents at the beginning of the year	9,190,905	6,087,903
VII. Cash and cash equivalents at the end of the period	8,050,276	6,383,320

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

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

ACCOUNTING POLICIES (Continued)

**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.

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

ACCOUNTING POLICIES (Continued)

III. INFORMATION ON COMPANIES SUBJECT TO CONSOLIDATION

Investments in consolidated companies

As at and for the three-month period ended 31 March 2015, 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.

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ACCOUNTING POLICIES (Continued)

III. INFORMATION ON COMPANIES SUBJECT TO CONSOLIDATION (Continued)

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.

Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd, a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to 24 May 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at 31 March 2015 and 31 December 2014 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 31 March 2015 and 31 December 2014, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates consolidated per equity method

As at and for the three-month period ended 31 March 2015, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası A.Ş. have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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

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

Financial assets at fair value through profit or loss

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

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

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 – Financial Instruments: Recognition and Measurement in the unconsolidated financial statements. Subsidiaries, which are traded in an active market or whose fair value can be reliably measured, recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

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

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:

Tangible assets	Estimated useful lives (years)	Depreciation Rates (%)
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 31 March 2015 is TL 3,541 (full TL) (31 December 2014: TL 3,438 (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 31 March 2015 and 31 December 2014, the major actuarial assumptions used in the calculation of the total liability are as follows:

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

Other benefits to employees

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 Capital Reserves” shown under “Equity” associated with “The Statement of Gains and Losses Recognized in Equity” for the respective reporting periods.

Pension fund

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

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

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 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335.

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

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

XVIII. INFORMATION ON TAXATION

Corporate tax

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

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

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

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

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

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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 69th article of Law No: 193 with the 5th article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the 9 February 2012 dated decisions no: E.2010/93 and K.2012/20.

XIX. ADDITIONAL INFORMATION ON BORROWINGS

Group obtains funding resources such as syndication and securitization transactions in case of need. In the current period, the Parent Bank 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 31 March 2015, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 235,158 (31 December 2014: TL 248,780).

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 three-month period 31 March 2015, earning per 100 shares is full TL 0.0935 (31 March 2014: full TL 0.1370).

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

None.

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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 31 March 2015 the Bank’s consolidated capital adequacy ratio is 13.74% (31 December 2014: 13.73%). The Parent Bank’s unconsolidated adequacy ratio is 14.18% (31 December 2014: 13.96%).

Risk measurement methods in calculation of capital adequacy ratio

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

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

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

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

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”, subjected to risk mitigation in accordance with the “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- 31 March 2015									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	54,626,928	-	11,731,978	40,099,580	27,281,960	61,643,563	2,479,785	7,908,045	76,846	-
Risk classifications:										
Claims on sovereigns and Central Banks	48,294,898	-	-	6,001,365	-	-	-	-	-	-
Claims on regional governments or local authorities	13,827	-	2,440,616	466,492	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	42,410	-	948	-	-	1,212,162	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,670,681	-	8,418,960	1,705,547	-	607	-	-	-	-
Claims on corporate	207,088	-	739,967	752,360	-	50,973,978	-	-	-	-
Claims included in the regulatory retail portfolios	131,689	-	42,884	-	27,281,960	830,868	-	-	-	-
Claims secured by residential property	-	-	-	31,173,816	-	3,698,024	-	-	-	-
Past due loans	-	-	-	-	-	357,009	-	-	-	-
Higher risk categories decided by the Agency	9,877	-	2,285	-	-	-	2,479,785	7,908,045	76,846	-
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	1,256,458	-	86,318	-	-	4,570,915	-	-	-	-

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Summary information related to unconsolidated capital adequacy ratio

	Bank Only	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	9,938,328	9,490,415
Capital Requirement for Market Risk (MRCR)	78,039	55,940
Capital Requirement for Operational Risk (ORCR)	879,185	777,799
Shareholders’ Equity (*)	19,308,199	18,013,163
Shareholders’ Equity/((CRCR+MRCR+ORCR) *12.5)*100	14.18	13.96
Tier I Capital/((CRCR+MRCR+ORCR) *12.5)*100	10.77	11.26
Common Equity Tier I Capital/((CRCR+MRCR+ORCR) *12.5)*100	10.84	13.35

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

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information on consolidated capital adequacy ratio

Current Period	Consolidated Risk Weights- 31 March 2015									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	55,436,454	-	12,626,302	40,226,194	27,282,512	65,866,135	2,479,785	7,908,045	174,822	-
Risk classifications:										
Claims on sovereigns and Central Banks	49,099,072	-	-	6,087,004	-	-	-	-	-	-
Claims on regional governments or local authorities	13,827	-	2,440,616	466,492	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	42,408	-	948	-	-	1,212,164	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,670,687	-	9,313,284	1,845,249	-	1,353	-	-	-	-
Claims on corporate	207,087	-	739,967	653,634	-	55,453,029	-	-	-	-
Claims included in the regulatory retail portfolios	131,689	-	42,884	-	27,282,512	830,868	-	-	-	-
Claims secured by residential property	-	-	-	31,173,815	-	3,698,025	-	-	-	-
Past due loans	-	-	-	-	-	437,075	-	-	-	-
Higher risk categories decided by the Agency	9,877	-	2,285	-	-	-	2,479,785	7,908,045	174,822	-
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	1,261,807	-	86,318	-	-	4,233,621	-	-	-	-

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information on consolidated capital adequacy ratio

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Summary information related to consolidated capital adequacy ratio

	Consolidated	
	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	10,315,136	9,782,654
Capital Requirement for Market Risk (MRCR)	86,698	63,924
Capital Requirement for Operational Risk (ORCR)	876,010	768,723
Shareholders' Equity (*)	19,364,454	18,212,972
Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)	13.74	13.73
Tier I Capital/((CRCR+MRCR+ORCR) *12,5*100)	10.41	11.07
Common Equity Tier I Capital/((CRCR+MRCR+ORCR) *12,5*100)	10.48	11.17

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information about the unconsolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000	2,500,000
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Reserves	9,933,998	8,462,731
Other Comprehensive Income according to TAS	1,311,205	1,262,606
Profit	434,627	1,753,273
Current Period Profit	434,627	1,753,273
Previous Period Profit	-	-
General Reserves for Possible Losses	-	-
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period's Profit	69,222	69,222
Common Equity Tier I Capital Before Deductions	14,972,970	14,771,750
Deductions from Common Equity Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	54,116	-
Leasehold Improvements on Operational Leases(-)	94,502	97,140
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	60,934	28,153
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law(-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital not deducted from Tier I Capital(-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	209,552	125,293
Total Common Equity Tier I Capital	14,763,418	14,646,457
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Additional Core Capital before Deductions		
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
The amount to be deducted from Additional Tier I Capital (-)	-	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital	91,400	112,613
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	91,400	112,613
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	14,672,018	14,533,844
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1,295,931	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	1,905,885	2,117,650
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	1,552,864	1,482,877
Tier II Capital before Deductions	4,754,680	3,600,527
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital		
Total Tier II Capital	4,754,680	3,600,527
CAPITAL	19,426,698	18,134,371
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	118,126	120,737
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be Defined by the BRSA (-)	373	471
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
EQUITY	19,308,199	18,013,163
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	50,447	72,437

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000	2,500,000
Share Premium	727,780	727,780
Share Cancellation Profits	-	-
Reserves	10,281,946	8,794,590
Other Comprehensive Income according to TAS	674,301	574,394
Profit	434,790	1,873,992
Current Period Profit	333,385	1,805,677
Previous Period Profit	101,405	68,315
General Reserves for Possible Losses	-	-
Bonus shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period's Profit	3,683	3,683
Minority Shares	378,448	481,423
Common Equity Tier I Capital Before Deductions	15,000,948	14,955,862
Deductions from Common Equity Tier I Capital		
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	57,158	-
Leasehold Improvements on Operational Leases(-)	96,119	98,818
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	69,230	32,447
Net Deferred Tax Asset/Liability (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law(-)	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital not deducted from Tier I Capital(-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	222,507	131,265
Total Common Equity Tier I Capital	14,778,441	14,824,597

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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	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more of 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
The amount to be deducted from Additional Tier I Capital (-)	-	-
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-
Deductions from Core Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	103,844	129,788
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Total Core Capital	14,674,597	14,694,809

TIER II CAPITAL

Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1,295,931	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	1,895,553	2,106,170
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	1,611,740	1,528,540
Third Parties' share in supplementary capital	5,132	4,661
Tier II Capital before Deductions	4,808,356	3,639,371
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	4,808,356	3,639,371

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS

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 (-)	118,126	120,737
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Other items to be defined by the BRSA (-)	373	471
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more than the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
EQUITY	19,364,454	18,212,972
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	148,423	172,959

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

	Bank Only		Consolidated	
	Amount Included in Equity Calculation	Total Amount	Amount Included in Equity Calculation	Total Amount
Minorities' share in Tier I capital	-	-	-	-
Third Parties' share in additional core capital	-	-	-	-
Third Parties' share in supplementary capital	-	-	-	-
Debt Instruments and Related Issuance Premiums Defined by the BRSA (Issued before 01.01.2014)	1,905,885	2,373,228	1,895,553	2,360,529

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

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

Issuer	T.Vakıflar Bankası T.A.O.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91 XS1175854923/ US90015WAC73
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-II-2-31.1 BRSA regulation on bank's shareholder equity
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	XS0849728190/ US90015NAB91 is subject to deduction. XS1175854923/ US90015WAC73 is not subject to deduction.
Eligible at solo/group/group&solo	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	3,191
Par value of instrument	3,626
Accounting classification	347011
Original date of issuance	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Perpetual or dated	XS0849728190/ US90015NAB91 Dated (10 years) Maturity Date: 1 November 2022 XS1175854923/ US90015WAC73 Dated (10 years) Maturity Date: 3 February 2025
Issue date	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Issuer call subject to prior supervisory approval	Available
Call option dates, conditioned call dates and call amount	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 early call date at 3 February 2020 is available.
Subsequent call dates, if applicable	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 only one call option is available.
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed/Interest payment once in six month, principal payment at the maturity date
Coupon rate and any related index	XS0849728190/ US90015NAB91 6% fix interest rate XS1175854923/ US90015WAC73 6,875% fix interest rate
Existence of a dividend stopper	Nil
Fully discretionary, partially discretionary or mandatory	Nil
Existence of step up or other incentive to redeem	Nil
Noncumulative or cumulative	Nil
Convertible or non-convertible	
If convertible, conversion trigger (s)	Nil
If convertible, fully or partially	Nil
If convertible, conversion rate	Nil
If convertible, mandatory or optional conversion	Nil
If convertible, specify instrument type convertible into	Nil
If convertible, specify issuer of instrument it converts into	Nil

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I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

Write-down feature	
If write-down, write-down trigger(s)	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 available Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events
If write-down, full or partial	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has full or partial write down feature.
If write-down, permanent or temporary	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has permanent write down feature.
If temporary write-down, description of write-up mechanism	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments included in Tier II Capital after deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

I. CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

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

Issuer	T. Vakıflar Bankası T.A.O.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91 XS1175854923/ US90015WAC73
Governing law(s) of the instrument	Dect Instrument Communiqué numbered CMB-II-2-31.1 BRSA regulation on bank's shareholder equity
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	XS0849728190/ US90015NAB91 is subject to deduction. XS1175854923/ US90015WAC73 is not subject to deduction.
Eligible at solo/group/group&solo	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	3,202
Par value of instrument (in million)	3,640
Accounting classification	347011
Original date of issuance	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Perpetual or dated	XS0849728190/ US90015NAB91 Dated (10 years) Maturity Date: 1 November 2022 XS1175854923/ US90015WAC73 Dated (10 years) Maturity Date: 3 February 2025
Issue date	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Issuer call subject to prior supervisory approval	Available
Call option dates, conditioned call dates and call amount	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 early call date at 3 February 2020 is available.
Subsequent call dates, if applicable	XS0849728190/ US90015NAB91 not available. XS1175854923/ US90015WAC73 only one call option is available.
Coupons / dividends	
Fixed or floating dividend/coupon	Fixed/Interest payment once in six month, principal payment at the maturity date
Coupon rate and any related index	XS0849728190/ US90015NAB91 6% fix interest rate XS1175854923/ US90015WAC73 6,875% fix interest rate
Existence of a dividend stopper	Nil
Fully discretionary, partially discretionary or mandatory	Nil
Existence of step up or other incentive to redeem	Nil
Noncumulative or cumulative	Nil
Convertible or non-convertible	
If convertible, conversion trigger (s)	Nil
If convertible, fully or partially	Nil
If convertible, conversion rate	Nil
If convertible, mandatory or optional conversion	Nil
If convertible, specify instrument type convertible into	Nil
If convertible, specify issuer of instrument it converts into	Nil
Write-down feature	
If write-down, write-down trigger(s)	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 available Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events
If write-down, full or partial	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has full or partial write down feature.
If write-down, permanent or temporary	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has permanent write down feature.
If temporary write-down, description of write-up mechanism	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments included in Tier II Capital after deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7

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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 Period	Prior Period
(I) Capital to be employed for general market risk	17,027	16,249
(II) Capital to be employed for specific risk	2,505	1,893
Capital to be employed for specific risk in securitisation positions- Standard Method	-	-
(III) Capital to be employed for currency risk	51,432	36,815
(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	284	234
(VII) Capital to be employed for counterparty credit risk - Standard Method	15,450	8,733
(VIII) Capital to be employed for general market risk	-	-
(IX) Total capital to be employed for market risk (I+II+III+IV+V+VI)	86,698	63,924
(X) Amount subject to market risk (12.5 x VIII) or (12.5 x IX)	1,083,718	799,050

III. CONSOLIDATED OPERATIONAL RISK

The Bank calculated the value at operational risk in accordance with the third section of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" that is "Computation of Value of Operational Risk" published in 28 June 2012 dated Official Gazette no. 28337. The operational risk which the 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 31 March 2015 and 31 December 2014, 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:

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	2.6000	2.7950
<u>Foreign currency rates for the days before balance sheet date;</u>		
Day 1	2.2750	2.4732
Day 2	2.5500	2.7739
Day 3	2.5450	2.7975
Day 4	2.5100	2.7372
Day 5	2.5000	2.7300
Last 30-days arithmetical average rate	2.4992	2.7406

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	2,176,559	12,485,451	4,390,563	19,052,573
Banks	150,400	3,978,970	46,210	4,175,580
Financial assets at fair value through profit or loss ⁽¹⁾	4,278	56,042	-	60,320
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	1,254,860	3,052,429	-	4,307,289
Loans and receivables ⁽²⁾	11,284,200	26,345,912	42,467	37,672,579
Associates, subsidiaries and joint-ventures	3	-	-	3
Held-to-maturity investments	-	104,049	-	104,049
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	581	1,350	-	1,931
Intangible assets	50	125	-	175
Other assets ^{(3) (4)}	655,688	1,290,013	25,297	1,970,998
Total assets	15,526,619	47,314,341	4,504,537	67,345,497
Liabilities:				
Bank deposits	404,076	2,349,656	72,066	2,825,798
Foreign currency deposits	12,574,484	15,588,821	613,885	28,777,190
Interbank money market takings	125,775	7,178,373	-	7,304,148
Funds borrowed ⁽⁵⁾	5,678,875	9,655,256	3,030	15,337,161
Securities issued	1,679,335	6,514,239	-	8,193,574
Miscellaneous payables	307,952	171,996	48,437	528,385
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ^{(1) (4) (6)}	57,312	5,180,856	795	5,238,963
Total liabilities	20,827,809	46,639,197	738,213	68,205,219
Net 'on balance sheet' position	(5,301,190)	675,144	3,766,324	(859,722)
Net 'off-balance sheet' position	5,566,414	(92,661)	(3,769,250)	1,704,503
Derivative assets ⁽⁷⁾	6,193,644	10,606,056	164,308	16,964,008
Derivative liabilities ⁽⁷⁾	627,230	10,698,717	3,933,558	15,259,505
Non-cash loans ⁽⁸⁾	2,359,136	8,973,176	295,727	11,628,039
Prior Period	Euro	US Dollar	Other FCs	Total
Total assets	14,276,007	40,283,101	4,446,412	59,005,520
Total liabilities	19,489,059	40,181,850	1,013,061	60,683,970
Net on balance sheet position	(5,213,052)	101,251	3,433,351	(1,678,450)
Net off-balance sheet position	5,456,748	346,269	(3,430,091)	2,372,926
Derivative assets ⁽⁷⁾	7,545,021	8,766,209	1,377,221	17,688,451
Derivative liabilities ⁽⁷⁾	2,088,273	8,419,940	4,807,312	15,315,525
Non-cash loans ⁽⁸⁾	2,217,630	9,304,139	260,328	11,782,097

⁽¹⁾ Derivative financial assets amounting to TL 31,837 (31 December 2014: TL 6,468) and liabilities amounting to TL 73,608 (31 December 2014: TL 122,358) resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 3,251,442 (31 December 2014: TL 2,750,602) presented in TL in the financial statements are included in the above table.

⁽³⁾ Foreign currency indexed factoring receivables amounted to TL 107,281 (31 December 2014: TL 65,320) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁴⁾ Prepaid expenses amounting to TL 66,679 (31 December 2014: TL 60,637) are not included.

⁽⁵⁾ Foreign currency indexed funds borrowed amounted to TL 106,789 (31 December 2014: TL 68,860) presented in TL column in the accompanying consolidated balance sheet are included.

⁽⁶⁾ Unearned income amounting to TL 53,689 (31 December 2014: TL 51,232) and deferred tax liabilities amounting to TL 9,081 (31 December 2014: 7,390) are not included. Equities amounting to 565,052 TL (31 December 2014: TL 553,581) are not included.

⁽⁷⁾ Asset purchase commitments amounting to TL 141,501 (31 December 2014: TL 1,327,706), asset sales commitments amounting to TL 204,659 (31 December 2014: TL 1,312,928) and gold purchase swaps amounting to TL 3,899,368 (31 December 2014: TL 4,773,860) are included.

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

IV. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the three-month periods ended 31 March 2015 and 2014 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.

	31 March 2015		31 March 2014	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	58,101	58,101	(34,944)	(34,944)
EUR	(4,580)	31,094	9,452	(25,879)
Other currencies	(293)	(293)	(644)	(644)
Total, net	53,228	88,902	(26,136)	(61,467)

(*) 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 three-month periods ended 31 March 2015 and 2014 would affect consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	31 March 2015		31 March 2014	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(56,620)	(56,620)	33,308	33,308
Euro	4,580	(31,094)	(9,452)	25,879
Other currencies	419	419	393	393
Total, net	(51,621)	(87,295)	24,249	59,580

(*) 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)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBT	1,040,081	-	-	-	-	20,144,292	21,184,373
Banks	4,212,267	460,794	27,071	-	-	432,045	5,132,177
Financial assets at fair value through profit/loss	258,897	224,264	44,497	52,291	43,728	4,954	628,631
Interbank money market placements	16,597	-	-	-	-	-	16,597
Available-for-sale financial assets	2,978,787	3,063,073	4,148,879	4,731,629	2,572,473	15	17,494,856
Loans and receivables	37,447,088	28,537,267	19,500,720	18,720,567	10,405,765	437,075	115,048,482
Held-to-maturity investments	325,851	3,241,282	1,799,613	1,279,282	225,045	-	6,871,073
Other assets (*)	132,571	253,344	314,611	878,588	234,481	6,165,268	7,978,863
Total assets	46,412,139	35,780,024	25,835,391	25,662,357	13,481,492	27,183,649	174,355,052
<i>Liabilities:</i>							
Bank deposits	4,055,204	406,562	279,527	-	-	165,689	4,906,982
Other deposits	54,435,035	16,297,328	7,279,577	780,709	17,144	17,844,357	96,654,150
Interbank money market takings	14,744,422	249,594	684,267	315,089	-	-	15,993,372
Miscellaneous payables	-	-	-	-	-	3,555,680	3,555,680
Securities issued	1,318,133	1,824,663	2,281,695	5,414,783	-	-	10,839,274
Funds borrowed	3,615,301	7,866,403	3,784,323	682,670	799,474	-	16,748,171
Other liabilities (**)	157,247	24,084	212,461	824,047	2,837,897	21,601,687	25,657,423
Total liabilities	78,325,342	26,668,634	14,521,850	8,017,298	3,654,515	43,167,413	174,355,052
On balance sheet long position	-	9,111,390	11,313,541	17,645,059	9,826,977	-	47,896,967
On balance sheet short position	(31,913,203)	-	-	-	-	(15,983,764)	(47,896,967)
Off-balance sheet long position	961,480	1,684,450	-	-	-	-	2,645,930
Off-balance sheet short position	-	-	-	(1,402,273)	(871,000)	-	(2,273,273)
Position, Net	(30,951,723)	10,795,840	11,313,541	16,242,786	8,955,977	(15,983,764)	372,657

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

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

	Euro	US Dollar	Japanese Yen	TL
Current Period	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	0.99
Banks	1.34	0.24	-	11.28
Financial assets at fair value through profit/loss	5.50	11.78	-	10.98
Interbank money market placements	-	-	-	9.98
Available-for-sale financial assets	4.25	6.84	-	6.98
Loans and receivables	4.08	5.64	-	12.60
Held-to-maturity investments	-	1.56	-	5.56
Liabilities:				
Bank deposits	0.90	0.43	-	10.59
Other deposits	1.90	2.17	-	9.18
Interbank money market takings	0.05	0.78	-	8.64
Miscellaneous payables	-	-	-	-
Securities issued	3.12	3.58	-	9.20
Funds borrowed	1.12	1.66	-	8.65
Prior Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	1.51
Banks	0.70	0.28	-	10.59
Financial assets at fair value through profit/loss	5.50	11.78	-	11.45
Interbank money market placements	-	-	-	10.33
Available-for-sale financial assets	4.27	6.89	-	7.19
Loans and receivables	4.19	5.39	-	12.70
Held-to-maturity investments	-	1.58	-	5.56
Liabilities:				
Bank deposits	0.66	0.42	-	8.59
Other deposits	1.98	2.13	-	9.22
Interbank money market takings	-	0.95	-	9.83
Miscellaneous payables	-	-	-	-
Securities issued	3.47	3.45	-	9.06
Funds borrowed	1.13	1.67	-	8.44

(*) The amounts in the table are calculated only on rates of interest bearing financial instruments.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

The interest rate risk of the banking book items:

Measurement Frequency of Interest Rate Risk

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

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

Currency Unit-Current Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TL	500 / (400)	(2,390,096) / 2,387,058	(12.38%) / 12.36%
2. EURO	200 / (200)	160,327 / (15,010)	0.83% / (0.08%)
3. USD	200 / (200)	715,919 / (653,323)	3.71% / (3.38%)
Total (For Negative Shocks)	-	1,718,725	8.90%
Total (For Positive Shocks)	-	(1,513,850)	(7.84%)

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

The table above has been taken from unconsolidated reviewed financial report dated 31 March 2015 disclosed on Public Disclosure Platform

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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:

Current Period	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange^(*)	200,714	200,714	200,714
1.Stocks Investments Group A	200,714	200,714	200,714
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	319,344	319,344	-

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

V. CONSOLIDATED INTEREST RATE RISK (Continued)

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

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

Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Core Capital	Total (*)	Included in Core Capital	Included in Supplementar y Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	56,461	56,461	-	-	-
4. Total	-	56,461	56,461	-	-	-

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VI. CONSOLIDATED LIQUIDITY RISK

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

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

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Undistributed^(*)	Total
Assets:								
Cash and balance with CBT	21,184,373	-	-	-	-	-	-	21,184,373
Banks	3,202,450	1,441,862	460,794	27,071	-	-	-	5,132,177
Financial assets at fair value through profit/loss	2,825	67,525	22,272	44,599	445,553	43,728	2,129	628,631
Interbank money market placements	-	16,597	-	-	-	-	-	16,597
Available-for-sale financial assets	-	471,436	525,266	1,231,477	7,809,467	7,457,195	15	17,494,856
Loans and receivables	48,538	9,210,857	4,291,055	22,218,090	50,624,003	28,218,864	437,075	115,048,482
Held-to-maturity investments	-	-	258,420	336,365	2,494,288	3,782,000	-	6,871,073
Other assets	91,683	834,436	268,127	315,065	1,027,036	234,481	5,208,035	7,978,863
Total assets	24,529,869	12,042,713	5,825,934	24,172,667	62,400,347	39,736,268	5,647,254	174,355,052
Liabilities:								
Bank deposits	165,689	4,055,204	406,562	279,527	-	-	-	4,906,982
Other deposits	18,142,795	54,191,812	16,206,321	7,309,801	786,277	17,144	-	96,654,150
Funds borrowed	-	3,220,863	1,044,260	5,049,093	3,307,967	4,125,988	-	16,748,171
Interbank money market takings	-	14,744,422	249,594	684,267	315,089	-	-	15,993,372
Securities issued	-	1,218,737	1,775,957	2,185,452	5,659,128	-	-	10,839,274
Miscellaneous payables	-	2,637,491	60,594	-	-	-	857,595	3,555,680
Other liabilities	4	574,323	103,711	67,657	59,591	3,837,871	21,014,266	25,657,423
Total liabilities	18,308,488	80,642,852	19,846,999	15,575,797	10,128,052	7,981,003	21,871,861	174,355,052
Liquidity								
(Gap)/Surplus	6,221,381	(68,600,139)	(14,021,065)	8,596,870	52,272,295	31,755,265	(16,224,607)	-
Prior Period								
Demand	21,097,023	15,020,547	5,177,956	21,619,608	58,091,716	37,380,848	5,163,764	163,551,462
Total assets	21,097,023	15,020,547	5,177,956	21,619,608	58,091,716	37,380,848	5,163,764	163,551,462
Total liabilities	17,054,815	70,465,002	23,469,756	16,350,894	9,138,479	6,203,557	20,868,959	163,551,462
Liquidity								
(Gap)/Surplus	4,042,208	(55,444,455)	(18,291,800)	5,268,714	48,953,237	31,177,291	(15,705,195)	-

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VI. CONSOLIDATED LIQUIDITY RISK (Continued)

Residual contractual maturities of monetary liabilities

Current period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,906,982	4,916,341	165,689	4,057,761	410,283	282,608	-	-
Other deposits	96,654,150	97,173,836	18,142,795	54,338,257	16,360,944	7,475,683	835,556	20,601
Funds borrowed	16,748,171	17,817,072	-	3,238,442	1,068,413	5,111,518	3,612,088	4,786,611
Money market takings	15,993,372	16,012,039	-	14,752,622	249,794	692,799	316,824	-
Securities issued	10,839,274	11,696,297	-	1,221,992	1,791,977	2,226,015	6,456,313	-
Miscellaneous payables	3,555,680	3,555,680	857,595	2,637,491	60,594	-	-	-
Other liabilities	5,659,633	7,577,780	1,328,402	341,014	30,549	64,848	58,771	5,754,196
Total	154,357,262	158,749,045	20,494,481	80,587,579	19,972,554	15,853,471	11,279,552	10,561,408
Non-Cash Loans	29,980,574	29,980,574	183,667	632,976	17,577,978	7,448,999	3,662,762	474,192
Prior period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,750,416	4,753,361	66,930	4,209,000	453,419	24,012	-	-
Other deposits	88,652,197	89,212,248	16,987,878	44,972,317	19,393,564	7,074,231	762,575	21,683
Funds borrowed	16,260,655	17,263,830	-	1,511,280	1,092,397	6,771,654	3,519,833	4,368,666
Money market takings	16,655,241	16,667,205	-	15,854,923	253,874	351,133	-	207,275
Securities issued	10,384,708	11,236,567	-	713,864	2,166,332	2,401,993	5,954,378	-
Miscellaneous payables	3,344,419	3,344,419	559,496	2,728,303	56,620	-	-	-
Other liabilities	3,614,846	4,564,538	909,478	398,121	38,123	15,223	43,890	3,159,703
Total	143,662,482	147,042,168	18,523,782	70,387,808	23,454,329	16,638,246	10,280,676	7,757,327
Non-Cash Loans	28,675,047	28,675,047	243,079	835,912	16,443,803	6,930,286	3,538,426	683,541

This table shows the undiscounted cash flows on the Group’s financial liabilities on the basis of their earliest possible contractual 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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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VI. CONSOLIDATED LIQUIDITY RISK (Continued)

Main guarantors, credit derivatives' counterparties and their credit worthiness

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

Information about market and credit risk concentration in credit risk mitigation

Market risk and credit risk concentrations are carefully avoided.

Information about guarantees according to risk classifications

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

Risk Classification-Current Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	55,186,076	6,183,408	-	-
Claims on regional governments or local	2,920,935	17,833	-	-
Claims on administrative bodies and other non-commercial undertakings	1,255,520	58,859	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	15,830,573	4,671,824	-	-
Claims on corporates	57,053,717	559,155	-	826,049
Claims included in the regulatory retail portfolios	28,287,953	215,047	-	-
Claims secured by residential property	34,871,840	-	-	-
Past due loans	437,075	-	-	-
Higher risk categories decided by the Agency	10,574,814	12,162	-	-
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	5,581,746	-	-	-
Total	212,000,249	11,718,288	-	826,049

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VI. CONSOLIDATED LIQUIDITY RISK (Continued)

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

Risk management strategies and policies

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

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

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

Risks are defined, measured, reported and managed in compliance with the policies and national and international standards. In this respect, not only legal limits but also in-bank limits are considered. Up-to-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:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	991,198	1,665,008	449,778	6,307	3,112,291
Interest income from loans	991,198	1,625,930	-	-	2,617,128
Interest income from reserve deposits	-	-	2,186	-	2,186
Interest income from securities portfolio	-	-	429,413	-	429,413
Interest income from banks	-	-	18,013	-	18,013
Interest income from money market transactions	-	-	166	-	166
Other interest income	-	39,078	-	6,307	45,385
Interest Expense	560,087	737,989	499,195	20,320	1,817,591
Interest expense on deposits	560,087	737,989	47,249	-	1,345,325
Interest expense on funds borrowed	-	-	91,680	-	91,680
Interest expense on money market transactions	-	-	178,053	-	178,053
Interest expense on securities issued	-	-	133,764	-	133,764
Other interest expenses	-	-	48,449	20,320	68,769
Net Interest Income	431,111	927,019	(49,417)	(14,013)	1,294,700
Net Fees and Commissions Income	148,215	69,191	-	-	217,406
Trading Income/ Losses (Net)	-	-	77,935	-	77,935
Dividend Income	-	-	9,996	-	9,996
Other Income	-	-	-	485,090	485,090
Provision For Losses on Loans and Other Receivables	96,370	196,357	11,545	153,463	457,735
Other Expenses	-	-	-	1,279,613	1,279,613
Income/Loss From Investments Under Equity Accounting	-	-	8,733	-	8,733
Profit Before Taxes	482,956	799,853	35,702	(961,999)	356,512
Provision for taxes	-	-	-	(122,698)	(122,698)
Net Profit/ Loss	482,956	799,853	35,702	(1,084,697)	233,814
SEGMENT ASSETS					
Securities Portfolio	-	-	24,411,528	-	24,411,528
Derivative financial assets held for trading purpose	-	-	583,032	-	583,032
Banks and Receivables From Money Markets	-	-	5,148,774	-	5,148,774
Investments in Associates and Subsidiaries(Net)	-	-	520,043	-	520,043
Loans	34,155,820	80,892,662	-	-	115,048,482
Other Assets	-	1,823,444	20,386,923	6,432,826	28,643,193
TOTAL ASSETS	34,155,820	82,716,106	51,050,300	6,432,826	174,355,052
SEGMENT LIABILITIES					
Deposits	41,407,172	55,246,978	4,906,982	-	101,561,132
Derivative Financial Liabilities Held for Trading Purpose	-	-	322,634	-	322,634
Interbank Money Market	-	-	15,993,372	-	15,993,372
Funds Borrowed	-	-	16,748,171	-	16,748,171
Securities Issued	-	-	10,839,274	-	10,839,274
Other Liabilities	-	-	4,041,178	5,153,483	9,194,661
Provisions and Tax Liabilities	-	-	-	4,746,886	4,746,886
Equity	-	-	-	14,948,922	14,948,922
TOTAL LIABILITIES AND EQUITY	41,407,172	55,246,978	52,851,611	24,849,291	174,355,052

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INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP (Continued)

VII. CONSOLIDATED SEGMENT REPORTING (Continued)

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	801,777	1,372,146	555,511	47,038	2,776,472
<i>Interest income from loans</i>	<i>801,777</i>	<i>1,372,146</i>	<i>-</i>	<i>291</i>	<i>2,174,214</i>
<i>Interest income from reserve deposits</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Interest income from securities portfolio</i>	<i>-</i>	<i>-</i>	<i>553,039</i>	<i>5,344</i>	<i>558,383</i>
<i>Interest income from banks</i>	<i>-</i>	<i>-</i>	<i>2,381</i>	<i>10,093</i>	<i>12,474</i>
<i>Interest income from money market transactions</i>	<i>-</i>	<i>-</i>	<i>91</i>	<i>113</i>	<i>204</i>
<i>Other interest income</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>31,197</i>	<i>31,197</i>
Interest Expense	500,420	751,914	363,741	60,206	1,676,281
<i>Interest expense on deposits</i>	<i>500,420</i>	<i>751,914</i>	<i>-</i>	<i>-</i>	<i>1,252,334</i>
<i>Interest expense on funds borrowed</i>	<i>-</i>	<i>-</i>	<i>38,788</i>	<i>15,257</i>	<i>54,045</i>
<i>Interest expense on money market transactions</i>	<i>-</i>	<i>-</i>	<i>227,659</i>	<i>1,472</i>	<i>229,131</i>
<i>Interest expense on securities issued</i>	<i>-</i>	<i>-</i>	<i>97,294</i>	<i>-</i>	<i>97,294</i>
<i>Other interest expenses</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>43,477</i>	<i>43,477</i>
Net Interest Income	301,357	620,232	191,770	(13,168)	1,100,191
Net Fees and Commissions Income	103,776	35,604	-	801	140,181
Trading Income/ Losses (Net)	-	-	72,384	446	72,830
Dividend Income	-	-	(1,627)	12,405	10,778
Other Income	-	-	-	468,393	468,393
Provision For Losses on Loans and Other	-	-	-	-	-
Receivables	72,853	211,864	49,272	79,119	413,108
Other Expenses	-	-	-	964,125	964,125
Income/Loss From Investments Under Equity	-	-	-	-	-
Accounting	-	-	8,368	-	8,368
Profit Before Taxes	332,280	443,972	221,623	(574,367)	423,508
Provision for taxes	-	-	-	(80,894)	(80,894)
Net Profit/ Loss	332,280	443,972	221,623	(655,261)	342,614
SEGMENT ASSETS					
Securities Portfolio	-	-	23,796,373	-	23,796,373
Derivative financial assets held for trading purpose	-	-	379,576	-	379,576
Banks and Receivables From Money Markets	-	-	3,578,012	-	3,578,012
Investments in Associates and Subsidiaries(Net)	-	-	523,114	-	523,114
Loans	32,963,634	73,392,037	-	-	106,355,671
Other Assets	-	1,600,368	20,860,935	6,457,413	28,918,716
TOTAL ASSETS	32,963,634	74,992,405	49,138,010	6,457,413	163,551,462
SEGMENT LIABILITIES					
Deposits	38,649,556	50,587,300	4,165,757	-	93,402,613
Derivative Financial Liabilities Held for Trading Purpose	-	-	270,627	-	270,627
Interbank Money Market	-	-	16,655,241	-	16,655,241
Funds Borrowed	-	-	16,260,655	-	16,260,655
Securities Issued	-	-	10,384,708	-	10,384,708
Other Liabilities	-	-	2,330,138	4,681,025	7,011,163
Provisions and Tax Liabilities	-	-	-	4,605,932	4,605,932
Equity	-	-	-	14,960,523	14,960,523
TOTAL LIABILITIES AND EQUITY	38,649,556	50,587,300	50,067,126	24,247,480	163,551,462

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1. Information on cash and balances with the Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1,005,234	252,499	1,008,220	368,618
Central Bank of Turkey (*)	1,040,242	18,795,954	3,055,674	17,385,018
Others	86,324	4,120	62,474	11,077
Total	2,131,800	19,052,573	4,126,368	17,764,713

(*) TL 17,918,197 (31 December 2014: TL 16,156,471) of the foreign currency deposit at Central Bank of Turkey consists of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate ranging from 5% to 11.5% (31 December 2014: ranging from 5% to 11.5%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 6% to 20% in US Dollar or Euro (31 December 2014: ranging from 6% to 13%).

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

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	1,038,027	877,757	3,054,416	1,228,547
Unrestricted time deposits	-	-	-	-
Restricted time deposits	29	-	3	-
Reserve Deposits	2,186	17,918,197	1,255	16,156,471
Total	1,040,242	18,795,954	3,055,674	17,385,018

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	17,743	8,735	10,189	8,468
Others	-	-	-	-
Total	17,743	8,735	10,189	8,468

Trading securities subject to repurchase agreements

None.

Trading purpose derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	9,727	2,569	3,616	474
Swap transactions	489,558	73,732	338,329	31,410
Futures	-	-	-	-
Options	325	7,121	530	5,217
Others	-	-	-	-
Total	499,610	83,422	342,475	37,101

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	956,597	4,175,580	784,978	2,783,530
Domestic	956,559	33,115	781,447	462,557
Foreign	38	4,142,465	3,531	2,320,973
Foreign head offices and branches	-	-	-	-
Total	956,597	4,175,580	784,978	2,783,530

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	1,456,447	354,390	1,624,464	354,106
Others	-	-	-	-
Total	1,456,447	354,390	1,624,464	354,106

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	7,798,252	-	8,668,579	-
Treasury bills	-	-	-	-
Other debt securities	-	3,320,173	-	3,132,480
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Total	7,798,252	3,320,173	8,668,579	3,132,480

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities	17,555,554		16,899,014	
Quoted	17,555,554		16,899,014	
Unquoted	-		-	
Equity securities	15		15	
Quoted	-		-	
Unquoted	15		15	
Provisions for impairment losses (-)	60,713		27,914	
Total	17,494,856		16,871,115	

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
Direct loans provided to the shareholders	-	9,999	-	10,174
Legal entities	-	9,999	-	10,174
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	90,532	43	86,722	27
Total	90,532	10,042	86,722	10,201

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

Information about loans classified in 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		
	<i>Loans and other receivables</i>	<i>Agreement conditions modified</i>		<i>Loans and other receivables</i>	<i>Agreement conditions modified</i>	
		<i>Payment plan extensions</i>	<i>Other</i>		<i>Payment plan extensions</i>	<i>Other</i>
Non-specialized loans	108,446,071	720,504	-	4,538,702	893,887	-
Loans given to enterprises	35,540,500	464,206	-	1,389,073	569,917	-
Export loans	4,639,882	-	-	101,231	5,776	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	3,515,181	-	-	200	-	-
Consumer loans	28,638,654	256,298	-	1,658,340	264,859	-
Credit cards	4,156,558	-	-	337,338	8,869	-
Other	31,955,296	-	-	1,052,520	44,466	-
Specialized lending	3,045	-	-	-	-	-
Other receivables	9,198	-	-	-	-	-
Total	108,458,314	720,504	-	4,538,702	893,887	-

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	720,504	626,192
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	2,155	4
6-12 Months	276	100
1-2 Years	9,232	6,297
2-5 Years	493,447	197,452
5 Years and Over	215,394	422,339

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	362,162	28,845,543	29,207,705
Housing loans	6,717	14,563,425	14,570,142
Automobile loans	4,459	407,028	411,487
General purpose loans	350,986	13,875,090	14,226,076
Others	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Consumer loans – FC	1,763	7,217	8,980
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,763	7,217	8,980
Others	-	-	-
Retail credit cards – TL	3,079,709	92,785	3,172,494
With instalment	1,295,903	63,122	1,359,025
Without instalment	1,783,806	29,663	1,813,469
Retail credit cards – FC	6,235	-	6,235
With instalment	-	-	-
Without instalment	6,235	-	6,235
Personnel loans – TL	2,985	42,557	45,542
Housing loans	53	-	53
Automobile loans	-	-	-
General purpose loans	2,932	42,557	45,489
Others	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Others	-	-	-
Personnel loans – FC	636	6	642
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	636	6	642
Others	-	-	-
Personnel credit cards – TL	44,007	159	44,166
With instalment	18,241	130	18,371
Without instalment	25,766	29	25,795
Personnel credit cards – FC	182	-	182
With instalment	-	-	-
Without instalment	182	-	182
Overdraft Checking Accounts – TL			
(Real persons)	1,555,209	-	1,555,209
Overdraft Checking Accounts – FC			
(Real persons)	73	-	73
Total	5,052,961	28,988,267	34,041,228

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

Instalment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	923,034	21,645,388	22,568,422
Real estate loans	102	630,847	630,949
Automobile loans	36,300	1,688,584	1,724,884
General purpose loans	886,632	19,325,957	20,212,589
Others	-	-	-
Instalment-based commercial loans – FC indexed	33,798	922,335	956,133
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	33,798	922,335	956,133
Others	-	-	-
Instalment-based commercial loans – FC	458,695	6,246,148	6,704,843
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	458,695	6,246,148	6,704,843
Others	-	-	-
Corporate credit cards – TL	1,279,229	195	1,279,424
With instalment	508,270	195	508,465
Without instalment	770,959	-	770,959
Corporate credit cards – FC	264	-	264
With instalment	-	-	-
Without instalment	264	-	264
Overdraft Checking Accounts – TL (Corporate)	787,517	-	787,517
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	3,482,537	28,814,066	32,296,603

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	114,221,533	105,692,668
Foreign loans	389,874	342,346
Total	114,611,407	106,035,014

Loans to associates and subsidiaries

	Current Period	Prior Period
Directly loans to associates and subsidiaries	3,586	16
Indirectly loans to associates and subsidiaries	-	-
Total	3,586	16

Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and receivables with limited collectability	91,266	60,819
Loans and receivables with doubtful collectability	402,935	550,374
Uncollectible loans and receivables	3,452,120	3,250,115
Total	3,946,321	3,861,308

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

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period	41,908	84,352	77,207
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	41,908	84,352	77,207
Prior period	34,563	92,576	82,945
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	34,563	92,576	82,945

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balance at the beginning of the period	310,678	563,884	3,307,403
Additions (+)	392,147	2,196	15,356
Transfers from other categories of loans under follow-up (+)	-	165,525	302,390
Transfers to other categories of loans under follow-up (-) ^(*)	211,832	292,195	(11,665)
Collections (-)	35,240	35,498	112,980
Write-offs (-)	-	-	762
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Others	-	-	762
Currency differences	-	1	658
Balance at the end of the period	455,753	403,913	3,523,730
Specific provisions (-)	91,266	402,935	3,452,120
Net balance on balance sheet	364,487	978	71,610

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance at the end of the year	6,265	22,946	362,294
Specific provisions (-)	1,142	7,842	336,344
Net balance on balance sheet	5,123	15,104	25,950
Prior Period			
Balance at the end of the year	23,332	3,507	360,219
Specific provisions (-)	4,296	3,026	331,347
Net balance on balance sheet	19,036	481	28,872

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	364,487	978	71,610
Consumer and commercial loans (Gross)	451,584	397,787	3,455,633
Specific provisions (-)	90,432	396,809	3,384,023
Consumer and commercial loans (Net)	361,152	978	71,610
Banks (Gross)	-	-	6,880
Specific provisions (-)	-	-	6,880
Banks (Net)	-	-	-
Other loans and receivables (Gross)	4,169	6,126	61,217
Specific provisions (-)	834	6,126	61,217
Other loans and receivables (Net)	3,335	-	-
Prior Period (Net)	248,016	32,518	40,123
Consumer and commercial loans (Gross)	305,619	576,523	3,225,510
Specific provisions (-)	60,176	544,005	3,185,387
Consumer and commercial loans (Net)	245,443	32,518	40,123
Banks (Gross)	-	-	6,321
Specific provisions (-)	-	-	6,321
Banks (Net)	-	-	-
Other loans and receivables (Gross)	3,216	6,369	58,407
Specific provisions (-)	643	6,369	58,407
Other loans and receivables (Net)	2,573	-	-

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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	6,767,024	-	6,761,749	-
Treasury bills	-	-	-	-
Other securities issued by the governments	-	-	-	-
Total	6,767,024	-	6,761,749	-

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	6,875,177	6,860,448
Quoted at stock exchanges	6,771,128	6,767,604
Unquoted at stock exchanges	104,049	92,844
Impairment losses (-)	4,104	5,855
Total	6,871,073	6,854,593

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	6,854,593	5,413,171
Foreign currency differences on monetary assets	11,200	7,990
Purchases during the period	99,800	2,924,991
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(107,478)	(1,773,902)
Impairment losses	1,751	51,505
Change in amortized costs of the securities (*)	11,207	230,838
Balances at the end of the period	6,871,073	6,854,593

(*) 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	826,120	104,000	862,166	104,049
Investments subject to repurchase agreements	5,455,212	-	5,817,109	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	83,320	-	87,749	-
Total	6,364,652	104,000	6,767,024	104,049

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

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

7. Investments in associates

Unconsolidated investments in associates

Title	Address (City/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1 Roketsan Roket Sanayi ve Ticaret AŞ	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

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Year’s Profit/Loss	Fair Value
1	2,667,331	613,580	468,851	2,239	-	6,389	36,103	-
2	51,800	28,337	34,030	210	-	2,500	3,047	-
3	115,240	91,597	59,454	4,246	-	21,834	32,665	-
4	134,833	(21,200)	88,020	131	-	(6,563)	(1,933)	-
5	101,031	6,591	91,186	-	-	(11,917)	(3,086)	-
6	5,495,623	800,244	23,363	155,165	24,158	121,492	81,809	-
7	295,326	289,906	3,758	2,742	-	5,828	3,910	-
8	1,387	(64,482)	-	-	-	(1,554)	(1,282)	-

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

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

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

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

İstanbul Takas ve Saklama Bankası 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/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1	Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkosa/NCTR	15.00	15.00
2	Türkiye Sınai Kalkınma Bankası AŞ (**)	İstanbul/Turkey	8.38	8.38

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Years’ Profit/Loss	Fair Value
1	822,625	66,941	9,656	62,408	8,036	11,969	758	-
2	17,911,667	2,395,866	302,076	165,138	74,361	97,992	98,819	3,015,453

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

(**) These figures are obtained from reviewed 31 March 2015 financial statements announced at Public Disclosure Platform.

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(Continued)

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

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

Movement of consolidated investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	259,957	203,241
Movements during the period	(1,143)	56,716
Transfers	-	-
Acquisitions	-	-
Bonus shares received	20,944	16,755
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	(22,087)	39,961
Impairment losses	-	-
Balance at the end of the period	258,814	259,957
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

Sectorial distribution of consolidated investments and associates

	Current Period	Prior Period
Banks	258,814	259,957
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	-	-
Total	258,814	259,957

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Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	252,695	253,838
Quoted at international stock exchanges	-	-
Total	252,695	253,838

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

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Finans Factoring Hizm. AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf Portföy Yönetimi AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	114,483	65,000	35,000	22,400	150,000	26,500	3,000	203,320	20,000
Share Premium	-	-	-	-	-	-	-	246,731	-
Adjustment to paid-in capital	-	408	(26)	29,228	(1,751)	8,107	40	22,087	105
Valuation changes in marketable securities	27,345	2,711	34,731	-	176,991	493	-	-	-
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	17,763	-	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	59	191	-	-	-
Legal Reserves	8,824	3,890	5,644	4,988	17,179	18,385	920	3,639	395
Extraordinary Reserves	-	36,846	7,368	32,280	19,247	38,943	7,919	54,773	-
Other Profit Reserves	123,671	-	2,308	-	-	-	-	-	-
Profit/Loss	113,373	89	(6,195)	4,985	(299,344)	44,953	700	26,814	(2,761)
<i>Prior Years' Profit/Loss</i>	102,600	(3,863)	871	2,804	(144,912)	54,925	-	19,705	(2,492)
<i>Current Years' Profit/Loss</i>	10,773	3,952	(7,066)	2,181	(154,432)	(9,972)	700	7,109	(269)
Minority Rights	-	106	-	-	-	-	-	-	-
Total Core Capital	387,696	109,050	78,830	93,881	80,144	137,572	12,579	557,364	17,739
SUPPLEMENTARY CAPITAL									
CAPITAL	387,696	109,050	78,830	93,881	80,144	137,572	12,579	557,364	17,739
NET AVAILABLE EQUITY	387,696	109,050	78,830	93,881	80,144	137,572	12,579	557,364	17,739

The figures from reviewed BRSA financial statements as at 31 March 2015 are presented.

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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 31 March 2015, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Fair Value
1	18,998	7,903	1,065	581	-	(711)	(32)	14,000
2	364,895	349,900	231,477	2,901	-	434	(673)	356,734
3	47,990	40,368	653	2,828	1,272	3,861	3,420	45,635
4	33,783	26,355	474	688	-	1,538	2,428	36,000

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

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

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

In the prior period, at the Extraordinary General Assembly of Taksim Otelcilik AŞ dated 24 June 2014, the decision of increasing the capital from TL 269,257 to TL 334,257 through rights offering by TL 65,000. The related change has been registered on 22 July 2014. The nominal share of the Bank TL 137,324 has been increased by cash TL 33,151 to TL 170,474. The share percentage of the Bank is remained the same (51.001%). TL 8,288 of the cash commitment amounting to TL 33,151 is paid on 15 July 2014, TL 24,863 is paid on 2 October 2014.

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Investments in consolidated subsidiaries

Title	Address(City / Country)	Bank's Share –If Different Voting Rights (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta AŞ (*)	İstanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik AŞ	İstanbul/Turkey	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ	İstanbul/Turkey	78.39	86.97
4 Vakıf Finansal Kiralama AŞ (*)	İstanbul/Turkey	58.71	64.40
5 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/Turkey	99.00	99.44
6 Vakıfbank International AG	Vienna/Austria	90.00	90.00
7 Vakıf Portföy Yönetimi AŞ	İstanbul/Turkey	100.00	100.00
8 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	22.89	32.91
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	38.70	40.64

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit / (Loss)	Prior Year's Profit / (Loss)	Fair Value
1	1,241,767	38,680	351,848	6,537	180	(59,778)	1,411	334,493
2	3,395,347	168,269	88,882	6,287	64	3,787	4,140	527,618
3	727,784	93,879	2,639	16,444	-	2,180	(192)	83,267
4	1,281,290	109,050	5,082	22,842	-	3,952	243	68,309
5	272,287	78,831	283	3,637	223	(7,066)	1,893	79,971
6	3,040,072	387,695	636	17,770	4,240	10,772	7,612	356,805
7	13,683	12,580	264	298	7	701	580	46,339
8	18,077	17,742	50	164	205	(268)	(187)	19,159
9	561,565	559,444	170,056	7,776	154	7,109	1,041	506,356

(*) These figures are obtained from reviewed 31 March 2015 financial statements announced at Public Disclosure Platform.

Movement table of consolidated investments in subsidiaries in unconsolidated financial statements

	Current Period	Prior Period
Balance at the beginning of the period	1,187,597	1,163,983
Movements during the period	(29,266)	23,614
Transfers	-	-
Acquisitions	-	172,562
Bonus shares received	805	-
Share of current year profit	(24,558)	(32,389)
Sales and liquidations	-	-
Fair value changes	(931)	(118,756)
Impairment losses	(4,582)	2,197
Balance at the end of the period	1,158,331	1,187,597
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	1,158,331	1,187,597
Equity method of accounting	-	-
Total	1,158,331	1,187,597

Sectorial distribution of consolidated investments in subsidiaries

	Current Period	Prior Period
Insurance companies	405,974	402,769
Banks	321,124	321,124
Factoring companies	65,273	65,273
Leasing companies	40,104	45,149
Financing companies	-	-
Other financial subsidiaries	325,856	353,282
Total	1,158,331	1,187,597

Quoted consolidated subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	362,037	378,037
Quoted at international stock exchanges	-	-
Total	362,037	378,037

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

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

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

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

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

9. Investments in joint-ventures

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	69,499	66,982	61,740	59,415
Between 1-4 years	697,369	592,106	693,909	593,778
Longer than 4 years	562,009	478,162	518,153	436,794
Total	1,328,877	1,137,250	1,273,802	1,089,987

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

Net investments in finance lease receivables

	Current Period	Prior Period
Gross finance lease receivables	1,328,877	1,273,802
Unearned income on finance lease receivables (-)	(191,627)	(183,815)
Terminated lease contracts (-)	-	-
Net finance lease receivables	1,137,250	1,089,987

Finance lease agreements

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

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

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

As at 31 March 2015, the Group has investment property amounting to TL 24,225 (31 December 2014: TL 24,185) which consists of the subsidiaries operating in the insurance business and TL 169,154 (31 December 2014: 167,815) which consists of the subsidiaries operating in real estate investment.

13. Information on deferred tax assets

a) Current tax assets

As at 31 March 2015 the current tax assets amounts to TL 9,304 (31 December 2014: 9,331).

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**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS
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b) Deferred tax assets

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

	Current Period	Prior Period
Provision for employee termination benefits and unused vacations	85,309	81,757
Other provisions	27,017	28,083
Valuation difference for associates and subsidiaries	56,282	54,050
Investment incentives	14,489	17,213
Valuation differences of financial assets and liabilities	64,166	121,671
Reporting Standards - Tax Code depreciation differences	11,132	10,303
Other differences	14,321	14,615
Deferred tax assets	272,716	327,692
Net-off of the deferred tax assets and liabilities from the same entity	(124,293)	(154,733)
Deferred tax assets, (net)	148,423	172,959
Valuation differences of financial assets and liabilities	96,389	122,064
Valuation difference for associates and subsidiaries	37,661	40,059
Other differences	2,636	7,818
Deferred tax liabilities	136,686	169,941
Net-off of the deferred tax assets and liabilities from the same entity	(124,293)	(154,733)
Deferred tax liabilities, (net)	12,393	15,208

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

As at 31 March 2015, net book value of assets held for sale of the Group is amounting to TL 781,679 (31 December 2014: TL 747,482).

15. Information on other assets

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

	Current Period	Prior Period
Receivables from insurance operations	902,491	842,523
Receivables from credit cards	688,399	772,007
Prepaid expenses	822,573	705,381
Guarantees given for repurchase agreements	280,560	193,605
Receivables from derivative financial instruments	486,678	351,579
Receivables from term sale of assets	64,049	68,664
Receivables from reinsurance companies	36,972	54,057
Deferred commission expenses	14,402	31,841
Others	253,391	338,730
Total	3,549,515	3,358,387

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II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days’ Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	4,191,615	-	532,917	18,607,650	1,197,100	325,690	134,759	-	24,989,731
Foreign currency deposits	4,331,085	-	2,523,761	14,048,973	1,569,498	1,527,410	4,262,345	-	28,263,072
Residents in Turkey	3,814,069	-	2,516,277	13,858,710	1,351,125	590,397	799,035	-	22,929,613
Residents in abroad	517,016	-	7,484	190,263	218,373	937,013	3,463,310	-	5,333,459
Public sector deposits	3,802,475	-	2,336,260	6,519,653	682,697	3,586,179	195,552	-	17,122,816
Commercial deposits	2,024,799	-	5,822,306	9,773,307	300,461	251,213	4,823	-	18,176,909
Others	3,278,705	-	1,050,713	2,864,514	268,580	98,085	26,909	-	7,587,506
Precious metal deposits	514,116	-	-	-	-	-	-	-	514,116
Bank deposits	165,689	-	3,299,524	1,147,015	104,008	173,465	17,281	-	4,906,982
Central Bank	632	-	-	-	-	-	-	-	632
Domestic banks	6,713	-	3,033,553	802,097	-	28,914	17,281	-	3,888,558
Foreign banks	155,543	-	265,971	344,918	104,008	144,551	-	-	1,014,991
Participation banks	2,801	-	-	-	-	-	-	-	2,801
Others	-	-	-	-	-	-	-	-	-
Total	18,308,484	-	15,565,481	52,961,112	4,122,344	5,962,042	4,641,669	-	101,561,132

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

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	13,998,082	12,652,145	10,991,649	11,417,996
Foreign currency saving deposits	3,991,968	3,846,786	10,097,100	8,435,919
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	17,990,050	16,498,931	21,088,749	19,853,915

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	28,964	21,061
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	5,062	3,905
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	9,100	2,526	3,209	458
Swaps	112,975	190,615	62,110	199,156
Futures	-	-	-	-
Options	464	6,954	457	5,237
Total	122,539	200,095	65,776	204,851

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3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	892,890	230,377	698,396	214,926
Foreign banks, institutions and funds	624,909	14,999,995	871,227	14,476,106
Total	1,517,799	15,230,372	1,569,623	14,691,032

Maturity information of funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term ^(*)	1,271,489	7,351,721	1,283,259	7,322,336
Medium and Long-term ^(*)	246,310	7,878,651	286,364	7,368,696
Total	1,517,799	15,230,372	1,569,623	14,691,032

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 10.51% (31 December 2014: 10.94%) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

On 16 April 2014, the Parent Bank has obtained syndicated loan at the amount of US Dollar 270,5 million and Euro 525 million with the interest rate of US Libor +0.90% and Euribor +0.90% at a maturity of one year, with participation of 35 banks with the coordination of Wells Fargo Bank N.A., London Branch and Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent. On 17 April 2015, the loan has been renewed with a new syndicated loan amounting to US Dollar 204 million and Euro 763 million with the interest rate of US Libor +0.8% and Euribor +0.8% at a maturity of 367 days with participation of 35 banks, Wells Fargo Bank, N.A., London Branch acting as coordinator and agent bank.

On 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 + 0.90% at a maturity of one year, with the participation of 26 banks, ING Bank, London Branch acting as coordinator and agent bank.

On 19 December 2014, the Parent Bank has obtained securitization loan at the amount of US Dollar 928,6 million related to foreign transfers and treasury transactions in Euro and US Dollar. Loan at the amount of US Dollar 500 million has been obtained related to foreign transfers at a maturity of five years and loan at the amount of US Dollar 428,6 million has been obtained related to treasury transactions at a maturity of seven years in seven different segments in total.

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

2014-B segment of the loan has been obtained from Wells Fargo Bank, N.A., 2014-C segment of the loan has been obtained from Raiffeisen Bank International AG, 2014-D segment of the loan has been obtained from Standard Chartered Bank, 2014-E segment of the loan has been obtained from Societe Generale, 2014-G segment of the loan has been obtained from Bank of America, N.A. and 2014-F segment of the loan related to treasury transactions has been obtained from JP Morgan Securities plc. in the scope of programme. As at 31 March 2015, total securitization loan amounts to US Dollar 1.310 million.

Information on securities issued

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

Within the context of Global Medium Term Notes (GMTN), private placement has been realized since June 2013. These placements have been realized in different currencies (US Dollar, Euro and CHF) at the maturities 3 months, 6 months, 1 year and 2 years. As at 31 March 2015 private placement transactions amount to US Dollar 985 million.

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,691,881	8,085,574	2,930,927	7,472,592
Cost	2,586,671	8,045,126	2,813,866	7,436,932
Net Book Value	2,645,700	8,193,574	2,866,343	7,518,365

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Current Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
TRQVKFB81526	Discounted	-	TL	24.10.2014	07.08.2015	287	88,674	82,472	85,841
TRQVKFB81534	Discounted	-	TL	21.11.2014	07.08.2015	259	27,488	25,893	26,678
TRQVKFBE1510	Discounted	-	TL	13.02.2015	09.10.2015	238	2,819	2,661	2,691
TRQVKFB41512	Discounted	-	TL	02.05.2014	17.04.2015	350	12,492	11,535	12,441
TRQVKFB41520	Discounted	-	TL	24.10.2014	17.04.2015	175	725,815	695,382	722,938
TRQVKFB51529	Discounted	-	TL	21.11.2014	15.05.2015	175	234,835	225,475	232,434
TRQVKFB61510	Discounted	-	TL	13.03.2015	05.06.2015	84	550,279	538,545	541,174
TRQVKFB51511	Discounted	-	TL	06.06.2014	29.05.2015	357	36,378	33,526	35,867
TRQVKFB81518	Discounted	-	TL	22.08.2014	07.08.2015	350	44,013	40,355	42,588
TRQVKFB51537	Discounted	-	TL	12.12.2014	15.05.2015	154	160,971	155,374	159,342
TRQVKFB81542	Discounted	-	TL	12.12.2014	07.08.2015	238	14,579	13,802	14,154
TRQVKFB81559	Discounted	-	TL	13.02.2015	07.08.2015	175	452,604	433,597	438,588
TRQVKFB51545	Discounted	-	TL	16.01.2015	15.05.2015	119	114,515	111,539	113,401
TRQVKFB91517	Discounted	-	TL	13.03.2015	04.09.2015	175	226,419	216,515	217,563
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1826	1,287,422	1,273,729	1,314,276
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1826	1,559,022	1,550,263	1,580,705
XS0987355939	Fixed	5	USD	31.10.2013	31.10.2018	1826	1,300,000	1,291,550	1,321,080
XS1069999610	Fixed	1.75	USD	21.05.2014	20.05.2015	364	13,000	13,000	13,196
XS1113320888	Fixed	1.74	USD	24.09.2014	23.09.2015	364	16,120	16,118	16,264
XS1115283571	Fixed	1.73	USD	30.09.2014	07.10.2015	372	10,400	10,398	10,489
XS1118030300	Fixed	1.8	USD	09.10.2014	08.10.2015	364	31,200	31,200	31,468
XS1118051215	Fixed	1.32	USD	08.10.2014	02.04.2015	176	82,160	82,160	82,681
XS1118053005	Fixed	1.35	USD	08.10.2014	17.04.2015	191	13,000	13,000	13,084
XS1121229741	Fixed	1.78	USD	15.10.2014	26.10.2015	376	10,400	10,398	10,484
XS1121307307	Fixed	1.35	USD	15.10.2014	16.04.2015	183	62,400	62,400	62,789
XS1124128320	Fixed	1.35	USD	17.10.2014	16.04.2015	181	70,200	70,200	70,632
XS1124325074	Fixed	1.35	USD	20.10.2014	20.04.2015	182	65,000	65,000	65,393
XS1126276697	Fixed	1.8	USD	23.10.2014	23.10.2015	365	130,000	130,000	130,436
XS1129857782	Fixed	1.35	USD	24.10.2014	28.04.2015	186	62,920	62,920	63,291
XS1130031039	Fixed	1.33	USD	28.10.2014	27.04.2015	181	91,000	90,991	91,514
XS1130490227	Fixed	1.79	USD	30.10.2014	04.11.2015	370	11,700	11,698	11,787
XS1132341485	Fixed	1.25	USD	03.11.2014	30.04.2015	178	33,800	33,800	33,973
XS1132341568	Fixed	1.8	USD	04.11.2014	05.11.2015	366	13,520	13,520	13,619
XS1132440386	Fixed	1.27	USD	05.11.2014	07.05.2015	183	36,400	36,400	36,587
XS1135135272	Fixed	1.8	USD	05.11.2014	05.11.2015	365	130,000	130,000	130,942
XS1138701500	Fixed	1.3	USD	18.11.2014	27.05.2015	190	20,800	20,798	20,899
XS1139114257	Fixed	1.24	USD	18.11.2014	18.05.2015	181	104,000	103,990	104,471
XS1143013297	Fixed	1.28	USD	24.11.2014	28.05.2015	185	58,760	58,760	59,025
XS1143372008	Fixed	1.25	USD	25.11.2014	27.05.2015	183	91,000	90,995	91,397
XS1170287558	Fixed	1.77	USD	20.01.2015	21.01.2016	366	65,000	65,000	65,224
XS1175833687	Fixed	1.35	USD	28.01.2015	28.07.2015	181	26,000	26,000	26,061
XS1186372329	Fixed	1.25	USD	10.02.2015	14.05.2015	93	60,320	60,320	60,424
XS1186715626	Fixed	1.4	USD	10.02.2015	07.08.2015	178	48,360	48,360	48,453
XS1188094160	Fixed	1.65	USD	10.02.2015	14.05.2015	93	91,000	90,998	91,206
XS1190637956	Fixed	1.2	USD	17.02.2015	20.05.2015	92	44,200	44,200	44,263
XS1190638178	Fixed	1.45	USD	17.02.2015	20.08.2015	184	25,480	25,480	25,524
XS1190648136	Fixed	1.45	USD	17.02.2015	13.08.2015	177	23,400	23,400	23,440
XS1190980174	Fixed	1.44	USD	17.02.2015	18.08.2015	182	54,600	54,597	54,691
XS1193799621	Fixed	1.45	USD	24.02.2015	27.08.2015	184	18,720	18,720	18,747
XS1193799977	Fixed	1.45	USD	24.02.2015	25.08.2015	182	46,280	46,280	46,346
XS1193942957	Fixed	1.45	USD	24.02.2015	27.08.2015	184	28,600	28,600	28,641
XS1193943096	Fixed	1.2	USD	24.02.2015	28.05.2015	93	44,720	44,720	44,773
XS1193943179	Fixed	1.2	USD	24.02.2015	28.05.2015	93	72,800	72,800	72,886
XS1196725623	Fixed	1.45	USD	03.03.2015	03.09.2015	184	31,720	31,720	31,757
XS1196730383	Fixed	1.45	USD	03.03.2015	03.03.2016	366	11,960	11,960	11,974
XS1197016865	Fixed	1.75	USD	02.03.2015	03.03.2016	367	10,400	10,400	10,415
XS1199943652	Fixed	1.4	USD	10.03.2015	02.09.2015	176	48,100	48,100	48,141
XS1199943736	Fixed	1.4	USD	10.03.2015	10.09.2015	184	42,640	42,640	42,676
XS1199953883	Fixed	1.4	USD	10.03.2015	10.09.2015	184	17,160	17,160	17,174
XS1204237116	Fixed	1.4	USD	17.03.2015	11.09.2015	178	39,000	39,000	39,023
XS1204545799	Fixed	1.4	USD	18.03.2015	11.09.2015	177	68,900	68,900	68,937
XS1207315307	Fixed	1.4	USD	23.03.2015	18.09.2015	179	18,200	18,200	18,206
XS1207487189	Fixed	1.2	USD	24.03.2015	24.06.2015	92	54,600	54,599	54,613
XS1208576493	Fixed	1.4	USD	24.03.2015	22.09.2015	182	64,220	64,220	64,240
XS1210395833	Fixed	1.45	USD	31.03.2015	08.10.2015	191	23,920	23,920	23,921
XS1210448038	Fixed	1.45	USD	31.03.2015	29.09.2015	182	52,000	52,000	52,002
XS1063444001	Floating	3 Month Euribor+2.15%	EUR	06.05.2014	06.05.2016	731	29,347	29,201	29,378
XS1077629225	Fixed	3.5	EUR	17.06.2014	17.06.2019	1826	1,383,525	1,374,165	1,413,687
XS1203859506	Fixed	0.95	EUR	17.03.2015	17.09.2015	184	59,254	59,254	59,277
XS1203859688	Fixed	1.15	EUR	17.03.2015	24.03.2016	373	43,602	43,602	43,623
XS1203880023	Fixed	0.95	EUR	17.03.2015	17.09.2015	184	19,565	19,565	19,573
XS1204187261	Fixed	0.95	EUR	17.03.2015	17.09.2015	184	85,248	85,248	85,281
XS1207605483	Fixed	0.95	EUR	24.03.2015	22.09.2015	182	28,509	28,509	28,515
Total							10,777,455	10,631,797	10,839,274

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

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

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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

	Current Period	Prior period
Provisions for loans and receivables in Group I	1,436,480	1,326,468
-Additional provision for loans with extended payment plans	27,367	26,989
Provisions for loans and receivables in Group II	215,998	175,204
-Additional provision for loans with extended payment plans	17,884	14,696
Provisions for non-cash loans	94,303	93,418
Others	9,552	8,152
Total	1,756,333	1,603,242

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

As at 31 March 2015 the Group has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 13,600 (31 December 2014: TL 12,048) and has reflected the related foreign exchange loss amount in the consolidated financial statements by offsetting from related loans.

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

As of 31 March 2015, the Bank has recorded TL 45,660 (31 December 2014: TL 63,030) as specific provisions for non-cash loans that are not indemnified or converted into cash.

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

Information on other provisions

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provisions for credits	107,196	105,005
Specific provisions for non-cash loans	45,660	63,030
Provision for cheques	40,468	37,556
Provisions for lawsuits against the Bank	8,512	16,142
Provisions for credit card promotions	9,864	10,177
Provision for loans under follow-up	-	-
Other provisions	8,260	6,962
Total	219,960	238,872

8. Taxation

Current Taxes

Tax provision

As at and for the three-month period ended 31 March 2015, the tax liability of the Group is amounting to TL 73,986 (31 December 2014: TL 249,673).

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	73,986	249,673
Taxation on securities	116,083	123,184
Capital gains tax on property	2,375	2,176
Banking and Insurance Transaction Tax (BITT)	59,976	59,943
Taxes on foreign exchange transactions	-	-
Value added tax payable	4,548	3,538
Others	54,437	35,796
Total	311,405	474,310

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

Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	866	757
Social security premiums- employer share	2,204	1,781
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	2	2
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	1,123	622
Unemployment insurance- employer share	2,338	1,308
Others	10	7
Total	6,543	4,477

Information on deferred tax liabilities

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

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

None.

10. Information on subordinated loans

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

The Parent Bank has issued secondary subordinated loan (Tier II bond) as at January 2015 which satisfies Basel-III criterias. In this context, the bond has been issued at the nominal value of USD 500 million with the maturity date of 3 February 2025 and early call option date of 3 February 2020. The bond has fixed interest, 10 years and one day maturity, two times interest payment in a year with coupon rate of 6,875% and issue yield of 6,95%.

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

11. Information on shareholders' equity

Paid-in capital

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

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

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	10,000,000

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

Information on share capital increases and their sources; other information on any increase in capital shares during the current 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	56,461	-	62,289	-
Fair value differences of available-for-sale securities	31,448	296,757	178,440	280,801
Exchange Rate Differences	-	-	-	-
Total	87,909	296,757	240,729	280,801

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior Period
Commitments for credit card limits	8,363,269	7,641,987
Loan granting commitments	8,417,262	8,068,201
Commitments for cheque payments	1,674,715	1,638,976
Asset purchase commitments	615,495	2,686,862
Other	802,733	759,783
Total	19,873,474	20,795,809

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(Continued)

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 45,660 (31 December 2014: TL 63,030) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 97,074 (31 December 2014: TL 129,638).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final letters of guarantee	8,064,915	7,737,748
Letters of guarantee for advances	3,063,817	2,603,790
Letters of guarantee given to custom offices	973,753	913,389
Provisional letters of guarantee	954,797	1,107,255
Other letters of guarantee	9,870,417	9,096,625
Total	22,927,699	21,458,807

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	2,224,586	2,905,607
With original maturity of 1 year or less	1,033,316	1,846,045
With original maturity of more than 1 year	1,191,270	1,059,562
Other non-cash loans	27,755,988	25,769,440
Total	29,980,574	28,675,047

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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	%
Agricultural	91,448	0.50	343,519	2.95	86,506	0.51	266,929	2.27
Farming and cattle	83,502	0.45	343,369	2.95	77,673	0.46	257,069	2.18
Forestry	6,969	0.04	150	0.00	7,898	0.05	7,540	0.06
Fishing	977	0.01	-	0.00	935	0.01	2,320	0.02
Manufacturing	7,723,304	42.08	5,272,811	45.35	7,150,408	42.33	5,753,926	48.84
Mining	162,893	0.89	48,158	0.41	168,108	1.00	29,069	0.25
Production	4,856,507	26.46	4,896,053	42.11	4,563,948	27.01	5,319,615	45.15
Electric, gas and water	2,703,904	14.73	328,600	2.83	2,418,352	14.32	405,242	3.44
Construction	3,145,413	17.14	2,555,905	21.98	2,996,610	17.74	2,520,479	21.39
Services	6,943,915	37.84	2,431,332	20.91	6,226,616	36.86	2,761,969	23.44
Wholesale and retail trade	3,004,151	16.37	1,487,667	12.79	2,580,882	15.29	1,597,908	13.56
Hotel, food and beverage services	127,400	0.69	3,628	0.03	125,417	0.74	5,691	0.05
Transportation and								
Telecommunication	1,027,105	5.60	840,053	7.22	963,436	5.70	1,058,971	8.99
Financial institutions	1,894,711	10.32	11,183	0.10	1,515,987	8.97	11,802	0.10
Real estate and renting services	265,350	1.45	25,644	0.22	254,056	1.50	24,277	0.21
Self-employment services	428,604	2.34	49,029	0.42	591,814	3.50	44,703	0.38
Education services	23,251	0.13	3,290	0.03	24,595	0.15	3,903	0.03
Health and social services	173,343	0.94	10,838	0.09	170,429	1.01	14,714	0.12
Others	448,455	2.44	1,024,472	8.81	432,810	2.56	478,794	4.06
Total	18,352,535	100.00	11,628,039	100.00	16,892,950	100.00	11,782,097	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	18,064,349	4,600,257	155,005	13,484
Confirmed bills of exchange and acceptances	22,481	1,790,483	-	2,743
Letters of credit	-	5,190,965	-	-
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	32,402	3,593	-	-
Other guarantees and sureties	-	7,738	-	-
Total Non-Cash Loans	18,119,232	11,593,036	155,005	16,227

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

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

5. Information on credit derivatives and related imposed risks

None.

6. Contingent assets and liabilities

Bank allocates TL 8,512 as provision for lawsuits against Bank (31 December 2014: TL 16,142).

7. Services rendered on behalf of third parties

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

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

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	729,299	35,683	625,548	43,092
Medium and long-term loans	1,493,639	333,648	1,240,509	230,671
Loans under follow-up	24,859	-	34,394	-
Premiums received from resource utilization support fund	-	-	-	-
Total	2,247,797	369,331	1,900,451	273,763

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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	16,264	289	10,758	382
Foreign banks	107	1,353	-	1,334
Foreign head office and branches	-	-	-	-
Total	16,371	1,642	10,758	1,716

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	1,556	526	3,447	751
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	247,265	61,375	359,176	57,271
Investments held to maturity	118,588	103	137,567	171
Total	367,409	62,004	500,190	58,193

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	112	-

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	34,447	52,359	10,635	38,700
Central Bank of Turkey	-	-	-	-
Domestic banks	16,404	1,405	8,069	1,903
Foreign banks	18,043	50,954	2,566	36,797
Foreign head offices and branches	-	-	-	-
Other institutions	-	4,874	-	4,710
Total	34,447	57,233	10,635	43,410

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

Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interests paid to the associates and subsidiaries	4,063	3,993

Interest expense on securities issued

As at for the three-month period ending at 31 March 2015, interest paid to securities issued is TL 133,764 (31 March 2014: TL 97,294).

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	-	43,931	-	-	-	-	-	43,931
Saving deposits	-	8,843	433,513	33,377	7,380	2,737	-	485,850
Public sector deposits	1,823	51,986	138,639	10,707	64,092	3,846	-	271,093
Commercial deposits	24	108,137	213,493	11,002	5,895	109	-	338,660
Other deposits	-	14,779	54,583	8,793	2,103	476	-	80,734
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	1,847	227,676	840,228	63,879	79,470	7,168	-	1,220,268
FC								
Foreign Currency Deposits	5,127	6,768	71,934	7,799	7,159	23,106	-	121,893
Interbank deposits	-	3,164	-	-	-	-	-	3,164
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	5,127	9,932	71,934	7,799	7,159	23,106	-	125,057
Grand Total	6,974	237,608	912,162	71,678	86,629	30,274	-	1,345,325

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

Account Name	Demand Deposits	Prior Period-Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank	-	35,466	-	-	-	-	-	35,466
Saving deposits	3	4,608	369,517	29,639	8,790	3,404	-	415,961
Public sector	43	40,856	125,152	16,858	10,973	3,574	-	197,456
Commercial	163	57,196	276,524	13,543	6,901	2,073	-	356,400
Other deposits	-	8,569	80,268	9,428	7,413	334	-	106,012
Deposits with 7	-	-	-	-	-	-	-	-
Total	209	146,695	851,461	69,468	34,077	9,385	-	1,111,295
FC								
Foreign								
Currency	5,897	4,883	74,137	9,795	12,432	28,060	-	135,204
Interbank	-	5,835	-	-	-	-	-	5,835
Deposits with 7	-	-	-	-	-	-	-	-
Precious metal	-	-	-	-	-	-	-	-
Total	5,897	10,718	74,137	9,795	12,432	28,060	-	141,039
Grand Total								
Grand Total	6,106	157,413	925,598	79,263	46,509	37,445	-	1,252,334

3. Trading income/losses

	Current Period	Prior Period
Income	2,392,500	2,424,086
Income from capital market transactions	629,331	7,747
Income from derivative financial instruments	956,533	1,078,960
Foreign exchange gains	806,636	1,337,379
Losses	(2,314,565)	(2,351,256)
Losses from capital market transactions	(578,403)	(2,916)
Losses from derivative financial instruments	(983,489)	(1,051,279)
Foreign exchange losses	(752,673)	(1,297,061)
Trading income/losses, net	77,935	72,830

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 24,986 as at and for the three-month period ended 31 March 2015 (31 March 2014: net gain of TL 41,378).

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

4. Other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses from prior periods	208,305	162,829
Earned insurance premiums (net of reinsurance share)	180,359	158,508
Communication income	12,241	20,630
Gain on sale of assets	18,412	37,302
Income from private pension business	15,008	4
Rent income	98	156
Other income	50,667	88,964
Total	485,090	468,393

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	271,281	281,237
<i>Loans and receivables in Group III</i>	80,682	66,182
<i>Loans and receivables in Group IV</i>	136,925	203,183
<i>Loans and receivables in Group V</i>	53,674	11,872
Non-performing commissions and other receivables	-	-
General provision expenses	151,833	21,869
Provision for possible losses	-	20,086
Impairment losses on securities	5,030	31,382
<i>Trading securities</i>	2	-
<i>Investment securities available-for-sale</i>	5,028	31,382
Other impairment losses	6,515	16,867
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	6,515	16,867
Others (*)	23,076	41,667
Total	457,735	413,108

(*) Other provision expenses amounting to TL 23,076 (31 March 2014: TL 41,667) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 7,253 (31 March 2014: TL 11,367), other provision expenses related to loans amounting to TL 14,191 (31 March 2014: TL 29,256) and other provision expenses amounting to TL 1,632 (31 March 2014: TL 1,044).

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

6. Other operating expenses

	Current Period	Prior Period
Personnel costs	373,355	336,595
Reserve for employee termination benefits	14,159	12,361
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses on tangible assets	31,722	28,981
Impairment losses on intangible assets	-	-
Amortisation expenses on intangible assets	4,846	3,518
Impairment losses on assets to be disposed	966	378
Depreciation expenses on assets to be disposed	4,075	3,124
Impairment losses on assets held for sale	-	-
Other operating expenses	569,298	357,833
<i>Operational lease related expenses</i>	<i>51,031</i>	<i>43,773</i>
<i>Repair and maintenance expenses</i>	<i>7,901</i>	<i>5,659</i>
<i>Advertisement expenses</i>	<i>22,820</i>	<i>13,847</i>
<i>Other expenses</i>	<i>487,546</i>	<i>294,554</i>
Loss on sale of assets	288	1,429
Others*	280,904	219,906
Total	1,279,613	964,125

(*) Other operating expenses amounting to TL 280,904 (31 March 2014: TL 219,906) is comprised of provision expenses for dividends to the personnel amounting to TL 32,054 (31 March 2014: TL 30,721), tax, fees and funds expenses amounting to TL 32,978 (31 March 2014: TL 28,569), Saving Deposits Insurance Fund expenses amounting to TL 27,008 (31 March 2014: TL 19,972) and other operating expenses amounting to TL 188,864 (31 March 2014: TL 140,644).

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 75,753 (31 March 2014: TL 73,452) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from origination (+)/ reversal (-) of deductible temporary differences	(43,876)	2,127
Arising from origination (-)/ reversal (+) of taxable temporary differences	(3,069)	(10,224)
Arising from origination (+)/ reversal (-) of tax losses	-	655
Arising from tax rate change	-	-
Total	(46,945)	(7,442)

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IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT
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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 3,112,291 interest income and TL 217,406 net fee and commission income also incurred TL 1,817,591 amount of interest expense from its ordinary banking operations (31 March 2014: TL 2,776,472 interest income, TL 140,181 net fee and commission income, TL 1,676,281 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

	Current Period	Prior Period
Income/(losses) related to non-controlling interest	(99,571)	4,398

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	16	657,200	-	10,174	6,239	13,086
Balance at the end of the year	3,586	724,883	-	9,999	13,577	6,142
Interest and commission income	112	109	-	10	1	11

Prior Period	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	13	659,911	-	27,065	26,102	24,339
Balance at the end of the year	16	657,200	-	10,174	6,239	13,086
Interest and commission income	-	96	-	14	151	16

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	187,127	419,918	713,966	968,601	115,831	46,793
Balance at the end of the	416,411	187,127	546,074	713,966	91,774	115,831
Interest on deposits	4,063	3,993	11,527	16,188	483	574

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 0.01% (31 December 2014: 0.01%) and 2.47% (31 December 2014: 2.37%) respectively.

Current Period	Amount	Compared with the Financial Statement Amount %
Cash Loans	17,163	0.01
Non-Cash Loans	741,024	2.47
Deposits	1,054,259	1.04

Prior Period	Amount	Compared with the Financial Statement Amount %
Cash Loans	6,255	0.01
Non-Cash Loans	680,460	2.37
Deposits	1,016,924	1.09

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

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

SECTION SIX

OTHER DISCLOSURES AND FOOTNOTES

I. OTHER DISCLOSURES ON THE PARENT BANK’S ACTIVITY

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

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

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

April 2015 (*)	Moody’s Investors’ Service
Financial Strength Rating	D+ (ba1)
Local Currency Deposit Rating	Baa3 / P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3 / P-3
Foreign Currency Outlook	Negative
June 2014 (*)	Standard & Poors
Foreign Currency Credit Rating	BB+ / B
Local Currency Credit Rating	BB+ / B
National	trAA+ / trA-1
Continuance Rating	NR
December 2014 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Foreign Currency Outlook	Stable
January 2015 (*)	Fitch Ratings
Long Term Foreign Currency	BBB-
Short Term Foreign Currency	F3
Foreign Currency Outlook	Stable
Long Term Local Currency	BBB
Short Term Local Currency	F3
Local Currency Outlook	Stable
National Long Term	AAA (tur)
National Outlook	Stable
Support	2
Base Support Rating	BBB-

(*) Dates represent last report dates.

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OTHER DISCLOSURES AND FOOTNOTES (Continued)

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

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 three-month period ended 31 March 2015, 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 18 May 2015 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the Group’s financial position and results of its operations as at and for the three-month period ended 31 March 2015.

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