

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

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2014**

(Currency: Thousands Of Turkish Lira (“TL”))

ASSETS	Notes	Reviewed Current Period 31 March 2014			Audited Previous Year 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,077,707	17,729,795	19,807,502	1,802,876	17,172,306	18,975,182
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		475,128	129,645	604,773	557,634	97,985	655,619
2.1 Financial assets held for trading purpose		475,128	129,645	604,773	557,634	97,985	655,619
2.1.1 Debt securities issued by the governments		399	16,259	16,658	113,279	15,740	129,019
2.1.2 Equity securities		1,243	-	1,243	3,023	-	3,023
2.1.3 Derivative financial assets held for trading purpose	V-I-2	411,082	113,386	524,468	356,150	82,245	438,395
2.1.4 Other securities		62,404	-	62,404	85,182	-	85,182
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	637,291	2,604,301	3,241,592	379,923	2,778,428	3,158,351
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		5,342	-	5,342	5,095	-	5,095
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		2,585	-	2,585	4,095	-	4,095
4.3 Receivables from reverse repurchase agreements		2,757	-	2,757	1,000	-	1,000
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	13,680,909	3,871,299	17,552,208	12,556,285	4,101,124	16,657,409
5.1 Equity securities		15	13,392	13,407	15	13,360	13,375
5.2 Debt securities issued by the governments		13,677,848	3,696,463	17,374,311	12,551,950	3,914,264	16,466,214
5.3 Other securities		3,046	161,444	164,490	4,320	173,500	177,820
VI. LOANS AND RECEIVABLES	V-I-5	68,114,523	23,405,181	91,519,704	65,199,842	23,473,216	88,673,058
6.1 Performing loans and receivables	V-I-5	67,727,962	23,402,360	91,130,322	64,833,644	23,470,402	88,304,046
6.1.1 Loans provided to the same risk group	V-V-1	14,842	15,742	30,584	10,828	15,287	26,115
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		67,713,120	23,386,618	91,099,738	64,822,816	23,455,115	88,277,931
6.2 Loans under follow-up		3,852,654	26,221	3,878,875	3,713,718	22,747	3,736,465
6.3 Specific provisions (-)	V-I-5	3,466,093	23,400	3,489,493	3,347,520	19,933	3,367,453
VII. FACTORING RECEIVABLES		341,571	12,730	354,301	125,616	6,826	132,442
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	5,170,207	85,639	5,255,846	5,358,742	54,429	5,413,171
8.1 Debt securities issued by the governments		5,170,207	-	5,170,207	5,358,742	11,590	5,370,332
8.2 Other securities		-	85,639	85,639	-	42,839	42,839
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	228,815	3	228,818	224,199	3	224,202
9.1 Associates, consolidated per equity method		179,566	-	179,566	179,121	-	179,121
9.2 Unconsolidated associates		49,249	3	49,252	45,078	3	45,081
9.2.1 Financial associates		36,916	-	36,916	32,745	-	32,745
9.2.2 Non-Financial associates		12,333	3	12,336	12,333	3	12,336
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	212,272	-	212,272	213,899	-	213,899
10.1 Unconsolidated financial subsidiaries		2	-	2	-	-	-
10.2 Unconsolidated non-financial subsidiaries		212,270	-	212,270	213,899	-	213,899
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	178,950	799,848	978,798	135,691	764,532	900,223
12.1 Finance lease receivables		231,461	896,510	1,127,971	172,335	856,604	1,028,939
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		1,175	2,718	3,893	-	-	-
12.4 Unearned income (-)		53,686	99,380	153,066	36,644	92,072	128,716
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		885,828	3,490	889,318	876,246	3,727	879,973
XV. INTANGIBLE ASSETS (Net)		131,492	197	131,689	127,873	196	128,069
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		131,492	197	131,689	127,873	196	128,069
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	21,921	-	21,921	20,829	-	20,829
XVII. TAX ASSETS	V-I-13	140,339	4,818	145,157	158,970	5,557	164,527
17.1 Current tax assets	V-I-13	1,033	4,818	5,851	2,384	4,507	6,891
17.2 Deferred tax assets	V-I-13	139,306	-	139,306	156,586	1,050	157,636
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	535,544	-	535,544	566,913	-	566,913
18.1 Assets held for sale		535,544	-	535,544	566,913	-	566,913
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	2,144,500	340,970	2,485,470	2,060,437	958,183	3,018,620
TOTAL ASSETS		94,982,339	48,987,916	143,970,255	90,371,070	49,416,512	139,787,582

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

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

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2014**

(Currency: Thousands of Turkish Lira ("TL"))

LIABILITIES AND EQUITY		Notes	Reviewed Current Period 31 March 2014			Audited Previous Year 31 December 2013		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	57,979,852	26,681,169	84,661,021	58,946,981	24,092,418	83,039,399
1.1	Deposits of the same risk group	V-V-1	1,175,521	155,689	1,331,210	1,268,031	167,281	1,435,312
1.2	Other deposits		56,804,331	26,525,480	83,329,811	57,678,950	23,925,137	81,604,087
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	153,090	78,483	231,573	131,338	88,142	219,480
III.	FUNDS BORROWED	V-II-3	633,404	11,652,630	12,286,034	412,222	11,873,439	12,285,661
IV.	INTERBANK MONEY MARKET		12,555,657	4,679,641	17,235,298	8,209,702	6,565,686	14,775,388
4.1	Interbank Money Market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		198,811	-	198,811	195,043	-	195,043
4.3	Obligations under repurchase agreements		12,356,846	4,679,641	17,036,487	8,014,659	6,565,686	14,580,345
V.	SECURITIES ISSUED (Net)	V-II-3	2,230,221	4,043,113	6,273,334	2,301,798	4,518,937	6,820,735
5.1	Bills		2,230,221	-	2,230,221	2,301,798	-	2,301,798
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	4,043,113	4,043,113	-	4,518,937	4,518,937
VI.	FUNDS		22,758	-	22,758	23,431	-	23,431
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		22,758	-	22,758	23,431	-	23,431
VII.	MISCELLANEOUS PAYABLES		2,593,740	486,625	3,080,365	2,529,208	311,860	2,841,068
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	623,474	907,028	1,530,502	471,762	1,038,853	1,510,615
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		3,593,258	64,010	3,657,268	3,531,303	62,149	3,593,452
12.1	General provisions	V-II-7	1,199,927	11,707	1,211,634	1,179,012	11,727	1,190,739
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		464,173	804	464,977	561,411	803	562,214
12.4	Insurance technical provisions (Net)		1,649,828	9,489	1,659,317	1,541,611	8,767	1,550,378
12.5	Other provisions	V-II-7	279,330	42,010	321,340	249,269	40,852	290,121
XIII.	TAX LIABILITIES	V-II-8	272,690	2,024	274,714	241,397	1,335	242,732
13.1	Current tax liabilities		269,339	1,144	270,483	237,422	1,335	238,757
13.2	Deferred tax liabilities	V-I-13	3,351	880	4,231	3,975	-	3,975
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	1,992,294	1,992,294	-	1,964,663	1,964,663
XVI.	EQUITY		12,280,225	444,869	12,725,094	12,090,402	380,556	12,470,958
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		487,046	185,098	672,144	511,720	122,858	634,578
16.2.1	Share premium		726,686	-	726,686	726,686	-	726,686
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	(296,186)	185,098	(111,088)	(272,577)	122,858	(149,719)
16.2.4	Revaluation surplus on tangible assets		52,864	-	52,864	51,329	-	51,329
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		3,682	-	3,682	6,282	-	6,282
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		8,677,133	146,221	8,823,354	7,195,316	143,130	7,338,446
16.3.1	Legal reserves		1,061,752	6,513	1,068,265	898,804	5,362	904,166
16.3.2	Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3.	Extraordinary reserves		7,335,150	4,593	7,339,743	6,002,598	4,593	6,007,191
16.3.4.	Other profit reserves		273,894	135,115	409,009	287,577	133,175	420,752
16.4	Profit or loss		341,970	76,390	418,360	1,611,380	77,453	1,688,833
16.4.1	Previous years' profit/loss		10,606	69,538	80,144	(28,542)	64,901	36,359
16.4.2	Current year's profit/loss		331,364	6,852	338,216	1,639,922	12,552	1,652,474
16.5	Non-controlling interest		274,076	37,160	311,236	271,986	37,115	309,101
TOTAL LIABILITIES AND EQUITY			92,938,369	51,031,886	143,970,255	88,889,544	50,898,038	139,787,582

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

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

**CONSOLIDATED OFF-BALANCE SHEET
AS AT 31 MARCH 2014**

(Currency: Thousands Of Turkish Lira (“TL”))

	Notes	Reviewed Current Period 31 March 2014			Audited Previous Year 31 December 2013		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		42,805,616	39,165,187	81,970,803	65,938,502	56,628,425	122,566,927
I. GUARANTEES AND SURETIES	V-III-2	14,796,887	9,483,710	24,280,597	14,340,111	9,066,595	23,406,706
1.1 Letters of guarantee	V-III-1	14,748,974	3,653,503	18,402,477	14,268,047	3,633,776	17,901,823
1.1.1 Guarantees subject to State Tender Law		1,827,063	2,018,215	3,845,278	1,905,899	1,952,543	3,858,442
1.1.2 Guarantees given for foreign trade operations		701,682	-	701,682	650,221	-	650,221
1.1.3 Other letters of guarantee		12,220,229	1,635,288	13,855,517	11,711,927	1,681,233	13,393,160
1.2 Bank acceptances		14,254	1,792,413	1,806,667	12,129	1,040,149	1,052,278
1.2.1 Import letter of acceptance		2,250	81,551	83,801	1,500	77,393	78,893
1.2.2 Other bank acceptances		12,004	1,710,862	1,722,866	10,629	962,756	973,385
1.3 Letters of credit		11,431	4,028,793	4,040,224	7,866	4,382,383	4,390,249
1.3.1 Documentary letters of credit		11,431	4,028,793	4,040,224	7,866	4,382,383	4,390,249
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,702	1,702	-	1,702	1,702
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		22,228	4,781	27,009	52,069	6,666	58,735
1.8 Other guarantees		-	1,759	1,759	-	1,759	1,759
1.9 Other sureties		-	759	759	-	160	160
II. COMMITMENTS		17,026,252	4,720,406	21,746,658	45,490,756	26,572,506	72,063,262
2.1 Irrevocable commitments		15,749,668	1,814,308	17,563,976	15,323,929	3,855,721	19,179,650
2.1.1 Asset purchase commitments	V-III-1	337,283	1,602,074	1,939,357	539,362	3,636,414	4,175,776
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	-	-	-	-	-	-
2.1.4 Loan granting commitments	V-III-1	7,050,010	7,728	7,057,738	6,730,503	8,853	6,739,356
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments	V-III-1	1,343,232	-	1,343,232	1,320,438	-	1,320,438
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	6,555,275	-	6,555,275	6,261,117	-	6,261,117
2.1.10 Commitments for credit card and banking operations promotions	V-III-1	226,534	-	226,534	238,991	-	238,991
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		237,334	204,506	441,840	233,518	210,454	443,972
2.2 Revocable commitments		1,276,584	2,906,098	4,182,682	30,166,827	22,716,785	52,883,612
2.2.1 Revocable loan granting commitments		1,272,673	2,869,884	4,142,557	30,161,137	22,691,169	52,852,306
2.2.2 Other revocable commitments		3,911	36,214	40,125	5,690	25,616	31,306
III. DERIVATIVE FINANCIAL INSTRUMENTS		10,982,477	24,961,071	35,943,548	6,107,635	20,989,324	27,096,959
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		10,982,477	24,961,071	35,943,548	6,107,635	20,989,324	27,096,959
3.2.1 Forward foreign currency purchases/sales		560,910	635,936	1,196,846	602,810	731,325	1,334,135
3.2.1.1 Forward foreign currency purchases		280,724	317,977	598,701	301,607	365,671	667,278
3.2.2.2 Forward foreign currency sales		280,186	317,959	598,145	301,203	365,654	666,857
3.2.2 Currency and interest rate swaps		9,406,305	20,501,396	29,907,701	5,331,187	16,127,197	21,458,384
3.2.2.1 Currency swaps-purchases		5,100,075	9,402,125	14,502,200	3,299,610	7,487,077	10,786,687
3.2.2.2 Currency swaps-sales		4,306,230	6,954,123	11,260,353	2,031,577	4,494,972	6,526,549
3.2.2.3 Interest rate swaps-purchases		-	2,072,574	2,072,574	-	2,072,574	2,072,574
3.2.2.4 Interest rate swaps-sales		-	2,072,574	2,072,574	-	2,072,574	2,072,574
3.2.3 Currency, interest rate and security options		1,015,262	970,627	1,985,889	173,638	169,225	342,863
3.2.3.1 Currency call options		507,631	485,312	992,943	85,819	84,611	170,430
3.2.3.2 Currency put options		507,631	485,312	992,943	85,819	84,611	170,430
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	3	3	1,000	3	1,003
3.2.3.6 Security put options		-	-	-	1,000	-	1,000
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		-	2,853,112	2,853,112	-	3,961,577	3,961,577
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		843,330,907	231,608,255	1,074,939,162	840,321,095	225,977,220	1,066,298,315
IV. ITEMS HELD IN CUSTODY		357,893,487	1,715,677	359,609,164	351,973,501	1,599,747	353,573,248
4.1 Customers' securities held		359,696	20,816	380,512	378,412	20,816	399,228
4.2 Investment securities held in custody		349,006,731	95,315	349,102,046	343,312,429	-	343,312,429
4.3 Checks received for collection		7,207,497	1,014,770	8,222,267	6,727,932	898,858	7,626,790
4.4 Commercial notes received for collection		1,045,593	247,619	1,293,212	983,671	233,334	1,217,005
4.5 Other assets received for collection		2,152	86	2,238	2,152	86	2,238
4.6 Assets received through public offering		-	6,289	6,289	-	6,289	6,289
4.7 Other items under custody		18,520	102,918	121,438	25,241	146,926	172,167
4.8 Custodians		253,298	227,864	481,162	543,664	293,438	837,102
V. PLEDGED ITEMS		151,276,245	51,886,895	203,163,140	174,951,547	50,574,396	225,525,943
5.1 Securities		306,049	27,921	333,970	336,298	27,434	363,732
5.2 Guarantee notes		1,476,624	184,232	1,660,856	702,095	239,873	941,968
5.3 Commodities		23,833,046	737,914	24,570,960	23,434,930	990,995	24,425,925
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		116,841,360	40,785,137	157,626,497	112,539,683	39,831,978	152,371,661
5.6 Other pledged items		8,217,051	10,003,836	18,220,887	8,343,995	9,350,018	17,694,013
5.7 Pledged items-depository		602,115	147,855	749,970	29,594,546	134,098	29,728,644
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		334,161,175	178,005,683	512,166,858	313,396,047	173,803,077	487,199,124
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		886,136,523	270,773,442	1,156,909,965	906,259,597	282,605,645	1,188,865,242

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

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

**CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014**

(Currency: Thousands of Turkish Lira (“TL”))

	Notes	Reviewed Current Period 1 January 2014- 31 March 2014	Reviewed Prior Period 1 January 2013- 31 March 2013
I. INTEREST INCOME		2,776,472	2,360,364
1.1 Interest income from loans	V-IV-1	2,174,214	1,859,412
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	12,474	21,559
1.4 Interest income from money market transactions		204	462
1.5 Interest income from securities portfolio	V-IV-1	558,383	444,039
1.5.1 Trading financial assets	V-IV-1	4,198	11,851
1.5.2 Financial assets designated at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets	V-IV-1	416,447	300,266
1.5.4 Held-to-maturity investments	V-IV-1	137,738	131,922
1.6 Finance lease income		18,775	14,390
1.7 Other interest income		12,422	20,502
II. INTEREST EXPENSE		1,676,281	990,398
2.1 Interest expense on deposits	V-IV-2	1,252,334	762,329
2.2 Interest expense on funds borrowed	V-IV-2	54,045	37,849
2.3 Interest expense on money market transactions		229,131	62,370
2.4 Interest expense on securities issued	V-IV-2	97,294	44,362
2.5 Other interest expenses		43,477	83,488
III. NET INTEREST INCOME (I – II)		1,100,191	1,369,966
IV. NET FEES AND COMMISSIONS INCOME		140,181	167,726
4.1 Fees and commissions received		236,221	233,705
4.1.1 Non-cash loans		39,383	29,653
4.1.2 Others		196,838	204,052
4.2 Fees and commissions paid		96,040	65,979
4.2.1 Non-cash loans		328	146
4.2.2 Others		95,712	65,833
V. DIVIDEND INCOME		10,778	11,985
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	72,830	86,900
6.1 Trading account income/losses	V-IV-3	4,831	58,427
6.2 Income/losses from derivative financial instruments	V-IV-3	27,681	17,966
6.3 Foreign exchange gains/losses	V-IV-3	40,318	10,507
VII. OTHER OPERATING INCOME	V-IV-4	468,393	410,406
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1,792,373	2,046,983
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	413,108	507,731
X. OTHER OPERATING EXPENSES (-)	V-IV-6	964,125	848,001
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		415,140	691,251
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		8,368	7,289
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		423,508	698,540
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(80,894)	(131,593)
16.1 Current tax charges	V-IV-7	(73,452)	(144,941)
16.2 Deferred tax credits	V-IV-7	(7,442)	13,348
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV- XVI)		342,614	566,947
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)		342,614	566,947
23.1. Equity holders of the Bank		338,216	566,679
23.2. Non-controlling interest	V-IV-9	4,398	268
Earnings per 100 Share (full TL)	III-XXIV	0.1370	0.2268

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

(Currency: Thousands of Turkish Lira (“TL”))

	Reviewed Current Period 1 January 2014- 31 March 2014	Reviewed Prior Period 1 January 2013- 31 March 2013
GAINS AND LOSSES RECOGNIZED IN EQUITY		
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	46,525	(152,480)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	(12,949)	(3,669)
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	(18,041)	(1,023)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	(3,697)	7,386
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	11,838	(149,786)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	342,614	566,947
11.1 Change in fair value of securities (transfers to the statement of income)	544	72,747
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	342,070	494,200
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	354,452	417,161

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014**

(Currency: Thousands of Turkish Lira ("TL"))

CHANGES IN EQUITY	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, Intangible 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
I. Prior period – 31 March 2013																			
Balances at the beginning of the period		2,500,000	-	726,720	-	753,941	5,050	4,802,343	352,193	1,423,451	94,638	720,811	50,452	1,779	-	-	11,431,378	397,619	11,828,997
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation differences of the marketable securities		-	-	-	-	-	-	-	-	-	-	(137,905)	-	-	-	-	(137,905)	(6,271)	(144,176)
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		-	-	-	-	-	-	-	(3,302)	-	-	-	-	-	-	-	(3,302)	(367)	(3,669)
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		-	-	-	-	-	-	-	-	7,289	-	(1,999)	-	-	-	-	5,290	58	5,348
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period's profit/loss		-	-	-	-	-	-	-	-	559,390	-	-	-	-	-	-	559,390	268	559,658
XVIII. Profit distribution		-	-	-	-	149,814	1,287	1,197,265	24,508	(1,423,451)	(50,300)	-	877	-	-	-	(100,000)	(280)	(100,280)
18.1 Dividends		-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(280)	(100,280)
18.2 Transferred to reserves		-	-	-	-	149,814	1,287	1,197,265	24,508	(1,323,451)	(50,300)	-	877	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,720	-	903,755	6,337	5,999,608	373,399	566,679	44,338	580,907	51,329	1,779	-	-	11,754,851	391,027	12,145,878
Current 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 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 assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassifications of 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

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014**

(Currency: Thousands of Turkish Lira (“TL”))

	Reviewed Current Period 31 March 2014	Reviewed Previous Period 31 March 2013
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	442,156	1,110,039
1.1.1 Interests received	2,343,612	2,436,416
1.1.2 Interests paid	(1,481,597)	(954,335)
1.1.3 Dividends received	10,778	11,056
1.1.4 Fee and commissions received	236,221	233,705
1.1.5 Other income	333,165	253,317
1.1.6 Collections from previously written-off loans and other receivables	150,677	120,309
1.1.7 Payments to personnel and service suppliers	(992,638)	(833,408)
1.1.8 Taxes paid	(85,637)	(163,597)
1.1.9 Others	(72,425)	6,576
	-	-
1.2 Changes in operating assets and liabilities	974,216	(2,763,618)
1.2.1 Net (increase) decrease in financial assets held for trading purpose	-	(33,987)
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	(610,614)	(1,617,305)
1.2.4 Net (increase) decrease in loans	(2,986,396)	(2,217,058)
1.2.5 Net (increase) decrease in other assets	537,545	(69,775)
1.2.6 Net increase (decrease) in bank deposits	(988,166)	(610,263)
1.2.7 Net increase (decrease) in other deposits	2,287,746	(1,205,510)
1.2.8 Net increase (decrease) in funds borrowed	(17,275)	292,456
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	2,751,376	2,697,824
	-	-
I. Net cash flow from banking operations	1,416,372	(1,653,579)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(555,465)	(277,405)
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	(76,070)	(25,067)
2.4 Proceeds from disposal of tangible assets	186,827	67,840
2.5 Cash paid for purchase of available-for-sale financial assets	(2,692,348)	(1,120,435)
2.6 Proceeds from disposal of available-for-sale financial assets	1,886,436	807,720
2.7 Cash paid for purchase of held-to-maturity investments	(478,800)	(35,600)
2.8 Proceeds from disposal of held-to-maturity investments	640,590	35,600
2.9 Others	(18,870)	(7,463)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	(585,642)	562,785
3.1 Cash obtained from funds borrowed and securities issued	236,109	1,468,956
3.2 Cash used for repayment of funds borrowed and securities issued	(821,751)	(906,171)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Re-payments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	20,152	(2,745)
V. Net decrease in cash and cash equivalents	295,417	(1,370,944)
VI. Cash and cash equivalents at the beginning of the year	6,087,903	5,375,797
VII. Cash and cash equivalents at the end of the period	6,383,320	4,004,853

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