

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

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 30 JUNE 2014

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

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	Notes	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,154,171	16,489,922	18,644,093	1,802,876	17,172,306	18,975,182
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		349,462	49,350	398,812	557,634	97,985	655,619
2.1 Financial assets held for trading purpose		349,462	49,350	398,812	557,634	97,985	655,619
2.1.1 Debt securities issued by the governments		6,050	16,180	22,230	113,279	15,740	129,019
2.1.2 Equity securities		2,185	-	2,185	3,023	-	3,023
2.1.3 Derivative financial assets held for trading purpose	V-I-2	289,072	33,170	322,242	356,150	82,245	438,395
2.1.4 Other securities		52,155	-	52,155	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	791,480	1,258,962	2,050,442	379,923	2,778,428	3,158,351
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		306,184	-	306,184	5,095	-	5,095
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		2,604	-	2,604	4,095	-	4,095
4.3 Receivables from reverse repurchase agreements		303,580	-	303,580	1,000	-	1,000
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,458,836	3,837,264	16,296,100	12,556,285	4,101,124	16,657,409
5.1 Equity securities		15	10,750	10,765	15	13,360	13,375
5.2 Debt securities issued by the governments		12,455,681	3,673,470	16,129,151	12,551,950	3,914,264	16,466,214
5.3 Other securities		3,140	153,044	156,184	4,320	173,500	177,820
VI. LOANS AND RECEIVABLES	V-I-5	69,842,002	23,677,889	93,519,891	65,199,842	23,473,216	88,673,058
6.1 Performing loans and receivables	V-I-5	69,492,253	23,675,080	93,167,333	64,833,644	23,470,402	88,304,046
6.1.1 Loans provided to the same risk group	V-V-1	11,140	50,870	62,010	10,828	15,287	26,115
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		69,481,113	23,624,210	93,105,323	64,822,816	23,455,115	88,277,931
6.2 Loans under follow-up		3,953,644	25,765	3,979,409	3,713,718	22,747	3,736,465
6.3 Specific provisions (-)	V-I-5	3,603,895	22,956	3,626,851	3,347,520	19,933	3,367,453
VII. FACTORING RECEIVABLES		314,791	7,742	322,533	125,616	6,826	132,442
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	6,055,591	84,628	6,140,219	5,358,742	54,429	5,413,171
8.1 Debt securities issued by the governments		6,055,591	-	6,055,591	5,358,742	11,590	5,370,332
8.2 Other securities		-	84,628	84,628	-	42,839	42,839
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	246,437	3	246,440	224,199	3	224,202
9.1 Associates, consolidated per equity method		197,189	-	197,189	179,121	-	179,121
9.2 Unconsolidated associates		49,248	3	49,251	45,078	3	45,081
9.2.1 Financial associates		36,915	-	36,915	32,745	-	32,745
9.2.2 Non-financial associates		12,333	3	12,336	12,333	3	12,336
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	212,270	-	212,270	213,899	-	213,899
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
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	205,651	830,111	1,035,762	135,691	764,532	900,223
12.1 Finance lease receivables		260,190	929,217	1,189,407	172,335	856,604	1,028,939
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		5,271	12,553	17,824	-	-	-
12.4 Unearned income (-)		59,810	111,659	171,469	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)		740,954	2,176	743,130	876,246	3,727	879,973
XV. INTANGIBLE ASSETS (Net)		143,392	194	143,586	127,873	196	128,069
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		143,392	194	143,586	127,873	196	128,069
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	166,548	-	166,548	20,829	-	20,829
XVII. TAX ASSETS	V-I-13	136,485	4,697	141,182	158,970	5,557	164,527
17.1 Current tax assets	V-I-13	2,372	4,697	7,069	2,384	4,507	6,891
17.2 Deferred tax assets	V-I-13	134,113	-	134,113	156,586	1,050	157,636
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	679,949	1,036	680,985	566,913	-	566,913
18.1 Assets held for sale		679,949	1,036	680,985	566,913	-	566,913
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	2,284,225	291,910	2,576,135	2,060,437	958,183	3,018,620
TOTAL ASSETS		97,088,428	46,535,884	143,624,312	90,371,070	49,416,512	139,787,582

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

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

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 30 JUNE 2014

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

LIABILITIES AND EQUITY		Notes	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	62,015,153	23,663,150	85,678,303	58,946,981	24,092,418	83,039,399
1.1	Deposits of the same risk group	V-V-1	963,206	24,398	987,604	1,268,031	167,281	1,435,312
1.2	Other deposits		61,051,947	23,638,752	84,690,699	57,678,950	23,925,137	81,604,087
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	78,058	185,622	263,680	131,338	88,142	219,480
III.	FUNDS BORROWED	V-II-3	596,052	11,086,548	11,682,600	412,222	11,873,439	12,285,661
IV.	INTERBANK MONEY MARKET		8,245,080	4,910,897	13,155,977	8,209,702	6,565,686	14,775,388
4.1	Interbank Money Market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		220,379	-	220,379	195,043	-	195,043
4.3	Obligations under repurchase agreements		8,024,701	4,910,897	12,935,598	8,014,659	6,565,686	14,580,345
V.	SECURITIES ISSUED (Net)	V-II-3	2,078,323	6,061,106	8,139,429	2,301,798	4,518,937	6,820,735
5.1	Bills		2,078,323	-	2,078,323	2,301,798	-	2,301,798
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	6,061,106	6,061,106	-	4,518,937	4,518,937
VI.	FUNDS		21,356	-	21,356	23,431	-	23,431
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		21,356	-	21,356	23,431	-	23,431
VII.	MISCELLANEOUS PAYABLES		2,688,340	359,566	3,047,906	2,529,208	311,860	2,841,068
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	728,731	927,712	1,656,443	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		3,825,761	23,055	3,848,816	3,531,303	62,149	3,593,452
12.1	General provisions	V-II-7	1,306,415	11,387	1,317,802	1,179,012	11,727	1,190,739
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		534,693	788	535,481	561,411	803	562,214
12.4	Insurance technical provisions (Net)		1,783,076	8,635	1,791,711	1,541,611	8,767	1,550,378
12.5	Other provisions	V-II-7	201,577	2,245	203,822	249,269	40,852	290,121
XIII.	TAX LIABILITIES	V-II-8	450,064	4,812	454,876	241,397	1,335	242,732
13.1	Current tax liabilities		446,557	1,439	447,996	237,422	1,335	238,757
13.2	Deferred tax liabilities	V-I-13	3,507	3,373	6,880	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	-	1,939,866	1,939,866	-	1,964,663	1,964,663
XVI.	EQUITY		13,216,006	519,054	13,735,060	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		907,556	251,038	1,158,594	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	125,235	251,038	376,273	(272,577)	122,858	(149,719)
16.2.4	Revaluation surplus on tangible assets		51,953	-	51,953	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		8,677,582	139,722	8,817,304	7,195,316	143,130	7,338,446
16.3.1	Legal reserves		1,061,850	6,513	1,068,363	898,804	5,362	904,166
16.3.2	Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3.	Extraordinary reserves		7,335,252	4,593	7,339,845	6,002,598	4,593	6,007,191
16.3.4.	Other profit reserves		274,143	128,616	402,759	287,577	133,175	420,752
16.4	Profit or loss		718,290	90,312	808,602	1,611,380	77,453	1,688,833
16.4.1	Previous years' profit/loss		15,226	88,286	103,512	(28,542)	64,901	36,359
16.4.2	Current year's profit/loss		703,064	2,026	705,090	1,639,922	12,552	1,652,474
16.5	Non-controlling interest		412,578	37,982	450,560	271,986	37,115	309,101
TOTAL LIABILITIES AND EQUITY			93,942,924	49,681,388	143,624,312	88,889,544	50,898,038	139,787,582

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED OFF-BALANCE SHEET AS AT 30 JUNE 2014

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

	Notes	Reviewed Current Period 30 June 2014			Audited Prior Period 31 December 2013		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		39,814,014	35,278,935	75,092,949	65,938,502	56,628,425	122,566,927
I. GUARANTEES AND SURETIES	V-III-2	15,110,512	9,642,262	24,752,774	14,340,111	9,066,595	23,406,706
1.1 Letters of guarantee	V-III-1	15,048,589	3,717,830	18,766,419	14,268,047	3,633,776	17,901,823
1.1.1 Guarantees subject to State Tender Law		1,827,835	2,013,874	3,841,709	1,905,899	1,952,543	3,858,442
1.1.2 Guarantees given for foreign trade operations		772,862	-	772,862	650,221	-	650,221
1.1.3 Other letters of guarantee		12,447,892	1,703,956	14,151,848	11,711,927	1,681,233	13,393,160
1.2 Bank acceptances		15,823	1,937,204	1,953,027	12,129	1,040,149	1,052,278
1.2.1 Import letter of acceptance		2,250	72,446	74,696	1,500	77,393	78,893
1.2.2 Other bank acceptances		13,573	1,864,758	1,878,331	10,629	962,756	973,385
1.3 Letters of credit		11,431	3,978,059	3,989,490	7,866	4,382,383	4,390,249
1.3.1 Documentary letters of credit		11,431	3,978,059	3,989,490	7,866	4,382,383	4,390,249
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,682	1,682	-	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		34,669	5,404	40,073	52,069	6,666	58,735
1.8 Other guarantees		-	1,739	1,739	-	1,759	1,759
1.9 Other sureties		-	344	344	-	160	160
II. COMMITMENTS		17,702,686	4,557,933	22,260,619	45,490,756	26,572,506	72,063,262
2.1 Irrevocable commitments		16,449,922	1,892,569	18,342,491	15,323,929	3,855,721	19,179,650
2.1.1 Asset purchase commitments	V-III-1	226,598	1,674,621	1,901,219	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	33,151	-	33,151	-	-	-
2.1.4 Loan granting commitments	V-III-1	7,240,862	7,455	7,248,317	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	1,474,188	-	1,474,188	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	6,964,066	-	6,964,066	6,261,117	-	6,261,117
2.1.10 Commitments for credit card and banking operations promotions	V-III-1	274,308	-	274,308	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		236,749	210,493	447,242	233,518	210,454	443,972
2.2 Revocable commitments		1,252,764	2,665,364	3,918,128	30,166,827	22,716,785	52,883,612
2.2.1 Revocable loan granting commitments		1,252,764	2,632,232	3,884,996	30,161,137	22,691,169	52,852,306
2.2.2 Other revocable commitments		-	33,132	33,132	5,690	25,616	31,306
III. DERIVATIVE FINANCIAL INSTRUMENTS		7,000,816	21,078,740	28,079,556	6,107,635	20,989,324	27,096,959
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		7,000,816	21,078,740	28,079,556	6,107,635	20,989,324	27,096,959
3.2.1 Forward foreign currency purchases/sales		440,427	583,175	1,023,602	602,810	731,325	1,334,135
3.2.1.1 Forward foreign currency purchases		220,458	291,629	512,087	301,607	365,671	667,278
3.2.2.2 Forward foreign currency sales		219,969	291,546	511,515	301,203	365,654	666,857
3.2.2 Currency and interest rate swaps		5,767,695	16,431,471	22,199,166	5,331,187	16,127,197	21,458,384
3.2.2.1 Currency swaps-purchases		2,444,752	7,963,645	10,408,397	3,299,610	7,487,077	10,786,687
3.2.2.2 Currency swaps-sales		3,172,943	4,056,178	7,229,121	2,031,577	4,494,972	6,266,549
3.2.2.3 Interest rate swaps-purchases		75,000	2,205,824	2,280,824	-	2,072,574	2,072,574
3.2.2.4 Interest rate swaps-sales		75,000	2,205,824	2,280,824	-	2,072,574	2,072,574
3.2.3 Currency, interest rate and security options		729,414	923,148	1,652,562	173,638	169,225	342,863
3.2.3.1 Currency call options		364,707	461,574	826,281	85,819	84,611	170,430
3.2.3.2 Currency put options		364,707	461,574	826,281	85,819	84,611	170,430
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	1,000	3	1,003
3.2.3.6 Security put options		-	-	-	1,000	-	1,000
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		63,280	3,140,946	3,204,226	-	3,961,577	3,961,577
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		680,256,657	237,521,277	917,777,934	840,321,095	225,977,220	1,066,298,315
IV. ITEMS HELD IN CUSTODY		151,758,503	1,873,090	153,631,593	351,973,501	1,599,747	353,573,248
4.1 Customers' securities held		476,076	20,572	496,648	378,412	20,816	399,228
4.2 Investment securities held in custody		141,674,100	90,339	141,764,439	343,312,429	-	343,312,429
4.3 Checks received for collection		7,653,063	1,128,367	8,781,430	6,727,932	898,858	7,626,790
4.4 Commercial notes received for collection		1,137,844	246,459	1,384,303	983,671	233,334	1,217,005
4.5 Other assets received for collection		2,152	85	2,237	2,152	86	2,238
4.6 Assets received through public offering		-	6,215	6,215	-	6,289	6,289
4.7 Other items under custody		19,838	101,365	121,203	25,241	146,926	172,167
4.8 Custodians		795,430	279,688	1,075,118	543,664	293,438	837,102
V. PLEDGED ITEMS		157,894,088	51,693,916	209,588,004	174,951,547	50,574,396	225,525,943
5.1 Securities		483,755	28,756	512,511	336,298	27,434	363,732
5.2 Guarantee notes		906,156	195,664	1,101,820	702,095	239,873	941,968
5.3 Commodities		24,656,932	640,024	25,296,956	23,434,930	990,995	24,425,925
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		122,646,604	40,712,691	163,359,295	112,539,683	39,831,978	152,371,661
5.6 Other pledged items		8,454,781	9,982,931	18,437,712	8,343,995	9,350,018	17,694,013
5.7 Pledged items-depository		745,860	133,850	879,710	29,594,546	134,098	29,728,644
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		370,604,066	183,954,271	554,558,337	313,396,047	173,803,077	487,199,124
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		720,070,671	272,800,212	992,870,883	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 SIX-MONTH PERIOD ENDED 30 JUNE 2014**

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

	Notes	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period 1 January 2014 - 30 June 2014	Prior Period 1 January 2013 - 30 June 2013	Current Period 1 April 2014 - 30 June 2014	Prior Period 1 April 2013 - 30 June 2013
I. INTEREST INCOME		5,682,903	4,607,286	2,906,431	2,246,922
1.1 Interest income from loans	V-IV-1	4,476,533	3,720,762	2,302,319	1,861,350
1.2 Interest income from reserve deposits		-	-	-	-
1.3 Interest income from banks	V-IV-1	32,408	32,662	19,934	11,103
1.4 Interest income from money market transactions		508	611	304	149
1.5 Interest income from securities portfolio	V-IV-1	1,109,055	802,061	550,672	358,022
1.5.1 Trading financial assets	V-IV-1	10,301	13,213	6,103	1,362
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets	V-IV-1	825,396	593,549	408,949	293,283
1.5.4 Held-to-maturity investments	V-IV-1	273,358	195,299	135,620	63,377
1.6 Finance lease income		38,378	29,759	19,603	15,369
1.7 Other interest income		26,021	21,431	13,599	929
II. INTEREST EXPENSE		3,483,445	1,952,366	1,807,164	961,968
2.1 Interest expense on deposits	V-IV-2	2,575,586	1,522,041	1,323,252	759,712
2.2 Interest expense on funds borrowed	V-IV-2	108,921	76,975	54,876	39,126
2.3 Interest expense on money market transactions		519,030	138,566	289,899	76,196
2.4 Interest expense on securities issued	V-IV-2	197,337	103,285	100,043	58,923
2.5 Other interest expenses		82,571	111,499	39,094	28,011
III. NET INTEREST INCOME (I – II)		2,199,458	2,654,920	1,099,267	1,284,954
IV. NET FEES AND COMMISSIONS INCOME		292,538	360,724	152,357	192,998
4.1 Fees and commissions received		506,420	505,400	270,199	271,695
4.1.1 Non-cash loans		80,589	60,602	41,206	30,949
4.1.2 Others		425,831	444,798	228,993	240,746
4.2 Fees and commissions paid		213,882	144,676	117,842	78,697
4.2.1 Non-cash loans		422	334	94	188
4.2.2 Others		213,460	144,342	117,748	78,509
V. DIVIDEND INCOME		11,548	16,293	770	4,308
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	160,379	198,856	87,549	111,956
6.1 Trading account income/losses	V-IV-3	109,813	113,806	104,982	55,379
6.2 Income/losses from derivative financial instruments	V-IV-3	(20,181)	75,073	(47,862)	57,107
6.3 Foreign exchange gains/losses	V-IV-3	70,747	9,977	30,429	(530)
VII. OTHER OPERATING INCOME	V-IV-4	1,062,536	765,046	594,143	354,640
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3,726,459	3,995,839	1,934,086	1,948,856
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	850,647	1,086,560	437,539	578,829
X. OTHER OPERATING EXPENSES (-)	V-IV-6	2,007,748	1,731,610	1,043,623	883,609
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		868,064	1,177,669	452,924	486,418
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		18,006	14,191	9,638	6,902
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		886,070	1,191,860	462,562	493,320
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(194,062)	(247,270)	(113,168)	(115,677)
16.1 Current tax charges	V-IV-7	(275,455)	(196,477)	(202,003)	(51,536)
16.2 Deferred tax credits	V-IV-7	81,393	(50,793)	88,835	(64,141)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	692,008	944,590	349,394	377,643
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Income from investment properties		-	-	-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-	-	-
18.3 Other income from discontinued activities		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-	-	-
19.1 Investment property expenses		-	-	-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-	-	-
19.3 Other expenses from discontinued activities		-	-	-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-	-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
XXII. NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-8	692,008	944,590	349,394	377,643
23.1. Equity holders of the Bank		705,090	954,721	366,874	388,042
23.2. Non-controlling interest	V-IV-9	(13,082)	(10,131)	(17,480)	(10,399)
Earnings per 100 Share (full TL)	III-XXIV	0.2768	0.3778	0.1398	0.1511

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014

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

	Reviewed Current Period 1 January 2014 - 30 June 2014	Reviewed Prior Period 1 January 2013 -30 June 2013	Reviewed Current Period 1 April 2014 - 30 June 2014	Reviewed Prior Period 1 April 2013 - 30 June 2013
GAINS AND LOSSES RECOGNIZED IN EQUITY				
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	637,845	(773,499)	591,320	(621,019)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	(2,246)	-	(2,246)	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	(19,778)	19,884	(6,829)	23,553
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	22,111	2,429	40,152	3,452
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	(136,462)	31,347	(132,765)	23,961
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	501,470	(719,839)	489,632	(570,053)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	692,008	944,590	349,394	377,643
11.1 Change in fair value of securities (transfers to the statement of income)	39,641	132,492	39,097	59,745
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	652,367	812,098	310,297	317,898
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	1,193,478	224,751	839,026	(192,410)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014**

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

	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 Assets of	Shareholders' Equity before Non-controlling Interest	Non-controlling Interest	Total Equity
CHANGES IN EQUITY																			
Prior period – 30 June 2013																			
I.	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	-	-	-	-	-	-	-	-	-	-	(659,458)	-	-	-	-	(659,458)	(76,189)	(735,647)
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	-	-	-	-	-	-	-	-	-	-	-	-	4,504	-	-	4,504	-	4,504
VIII.	Translation differences	-	-	-	-	-	-	-	17,895	-	-	-	-	-	-	-	17,895	1,989	19,884
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	-	-	-	-	-	-	-	-	-	-	(8,482)	-	-	-	-	(8,482)	(98)	(8,580)
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,736	5,736
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	-	-	-	-	-	-	-	-	954,721	-	-	-	-	-	-	954,721	(10,131)	944,590
XVIII.	Profit distribution	-	-	-	-	150,116	1,287	1,194,627	25,289	(1,423,451)	(48,745)	-	877	-	-	-	(100,000)	(292)	(100,292)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(292)	(100,292)
18.2	Transferred to reserves	-	-	-	-	150,116	1,287	1,194,627	25,289	(1,323,451)	(48,745)	877	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,720	-	904,057	6,337	5,996,970	395,377	954,721	45,893	52,871	51,329	6,283	-	-	11,640,558	318,136	11,958,694
Current period – 30 June 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	-	-	-	-	-	-	-	-	-	-	519,594	-	-	-	-	519,594	(3,686)	515,908
IV.	Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	(911)	-	-	-	(911)	(1,335)	(2,246)
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	(2,600)	-	-	(2,600)	-	(2,600)
VIII.	Translation differences	-	-	-	-	-	-	-	(17,997)	-	-	-	-	-	-	-	(17,997)	(1,781)	(19,778)
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	-	-	-	-	-	-	-	-	-	-	6,398	-	-	-	-	6,398	3,788	10,186
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	-	-	-	-	-	-	-	13,069	-	-	-	-	-	-	-	13,069	158,193	171,262
XVII.	Current period's profit/loss	-	-	-	-	-	-	-	-	705,090	-	-	-	-	-	-	705,090	(13,082)	692,008
XVIII.	Profit distribution	-	-	-	-	164,197	-	1,332,654	(13,065)	(1,652,474)	67,153	1,535	-	-	-	-	(100,000)	(638)	(100,638)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	(638)	(100,638)
18.2	Transferred to reserves	-	-	-	-	164,197	-	1,332,654	(13,065)	(1,552,474)	67,153	1,535	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,686	-	1,068,363	6,337	7,339,845	402,759	705,090	103,512	376,273	51,953	3,682	-	-	13,284,500	450,560	13,735,060

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014**

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

	Reviewed Current Period 30 June 2014	Reviewed Prior Period 30 June 2013
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	1,844,176	1,649,283
1.1.1 Interests received	5,137,964	4,294,337
1.1.2 Interests paid	(3,419,649)	(1,865,668)
1.1.3 Dividends received	5,189	15,364
1.1.4 Fee and commissions received	506,420	505,400
1.1.5 Other income	542,451	425,159
1.1.6 Collections from previously written-off loans and other receivables	384,341	258,246
1.1.7 Payments to personnel and service suppliers	(1,472,666)	(1,521,465)
1.1.8 Taxes paid	(178,289)	(304,885)
1.1.9 Others	338,415	(157,205)
1.2 Changes in operating assets and liabilities	(4,056,407)	(2,648,977)
1.2.1 Net (increase) decrease in financial assets held for trading purpose	140,654	(38,299)
Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.2		
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(11,460)	(2,918,641)
1.2.4 Net (increase) decrease in loans	(5,881,594)	(10,599,218)
1.2.5 Net (increase) decrease in other assets	447,702	(519,504)
1.2.6 Net increase (decrease) in bank deposits	285,217	(627,406)
1.2.7 Net increase (decrease) in other deposits	2,273,989	5,336,954
1.2.8 Net increase (decrease) in funds borrowed	(609,092)	966,247
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(701,823)	5,750,890
I. Net cash flow from banking operations	(2,212,231)	(999,694)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	505,626	(2,070,132)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(169,747)	(17,490)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(68,623)	(65,952)
2.4 Proceeds from disposal of tangible assets	376,086	180,816
2.5 Cash paid for purchase of available-for-sale financial assets	(3,062,942)	(5,272,582)
2.6 Proceeds from disposal of available-for-sale financial assets	4,222,906	2,138,399
2.7 Cash paid for purchase of held-to-maturity investments	(2,069,018)	(74,100)
2.8 Proceeds from disposal of held-to-maturity investments	1,301,290	1,061,687
2.9 Others	(24,326)	(20,910)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	1,204,827	1,563,067
3.1 Cash obtained from funds borrowed and securities issued	4,027,454	3,503,715
3.2 Cash used for repayment of funds borrowed and securities issued	(2,721,989)	(1,840,356)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(100,638)	(100,292)
3.5 Re-payments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	11,228	(2,516)
V. Net decrease in cash and cash equivalents	(490,550)	(1,509,275)
VI. Cash and cash equivalents at the beginning of the year	6,207,694	5,375,797
VII. Cash and cash equivalents at the end of the period	5,717,144	3,866,522

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