

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	Notes	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	4,126,368	17,764,713	21,891,081	1,802,876	17,172,306	18,975,182
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	404,672	45,569	450,241	557,634	97,985	655,619
2.1 Financial assets held for trading purpose		404,672	45,569	450,241	557,634	97,985	655,619
2.1.1 Debt securities issued by the governments		106	8,468	8,574	113,279	15,740	129,019
2.1.2 Equity securities		1,565	-	1,565	3,023	-	3,023
2.1.3 Derivative financial assets held for trading purpose	V-I-2	342,475	37,101	379,576	356,150	82,245	438,395
2.1.4 Other securities		60,526	-	60,526	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	784,978	2,783,530	3,568,508	379,923	2,778,428	3,158,351
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		9,504	-	9,504	5,095	-	5,095
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		3,645	-	3,645	4,095	-	4,095
4.3 Receivables from reverse repurchase agreements		5,859	-	5,859	1,000	-	1,000
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,631,871	4,239,244	16,871,115	12,556,285	4,101,124	16,657,409
5.1 Equity securities		15	-	15	15	13,360	13,375
5.2 Debt securities issued by the governments		12,629,806	4,085,677	16,715,483	12,551,950	3,914,264	16,466,214
5.3 Other securities		2,050	153,567	155,617	4,320	173,500	177,820
VI. LOANS AND RECEIVABLES	V-I-5	76,724,198	29,631,473	106,355,671	65,199,842	23,473,216	88,673,058
6.1 Performing loans and receivables		76,408,786	29,626,228	106,035,014	64,833,644	23,470,402	88,304,046
6.1.1 Loans provided to the same risk group	V-VII-1	6,132	123	6,255	10,828	15,287	26,115
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		76,402,654	29,626,105	106,028,759	64,822,816	23,455,115	88,277,931
6.2 Loans under follow-up		4,153,756	28,209	4,181,965	3,713,718	22,747	3,736,465
6.3 Specific provisions (-)		3,838,344	22,964	3,861,308	3,347,520	19,933	3,367,453
VII. FACTORING RECEIVABLES		498,067	12,314	510,381	125,616	6,826	132,442
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	6,761,749	92,844	6,854,593	5,358,742	54,429	5,413,171
8.1 Debt securities issued by the governments		6,761,749	-	6,761,749	5,358,742	11,590	5,370,332
8.2 Other securities		-	92,844	92,844	-	42,839	42,839
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	264,184	3	264,187	224,199	3	224,202
9.1 Associates, consolidated per equity method		214,929	-	214,929	179,121	-	179,121
9.2 Unconsolidated associates		49,255	3	49,258	45,078	3	45,081
9.2.1 Financial associates		36,915	-	36,915	32,745	-	32,745
9.2.2 Non-Financial associates		12,340	3	12,343	12,333	3	12,336
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	258,927	-	258,927	213,899	-	213,899
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		258,927	-	258,927	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	246,618	843,369	1,089,987	135,691	764,532	900,223
12.1 Finance lease receivables		311,605	962,197	1,273,802	172,335	856,604	1,028,939
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		64,987	118,828	183,815	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)	V-I-12	782,871	2,002	784,873	876,246	3,727	879,973
XV. INTANGIBLE ASSETS (Net)	V-I-13	162,074	161	162,235	127,873	196	128,069
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		162,074	161	162,235	127,873	196	128,069
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	192,000	-	192,000	20,829	-	20,829
XVII. TAX ASSETS		175,352	6,938	182,290	158,970	5,557	164,527
17.1 Current tax assets		2,393	6,938	9,331	2,384	4,507	6,891
17.2 Deferred tax assets	V-I-15	172,959	-	172,959	156,586	1,050	157,636
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	747,482	-	747,482	566,913	-	566,913
18.1 Assets held for sale		747,482	-	747,482	566,913	-	566,913
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	2,523,844	834,543	3,358,387	2,060,437	958,183	3,018,620
TOTAL ASSETS		107,294,759	56,256,703	163,551,462	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 DECEMBER 2014**

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

LIABILITIES AND EQUITY	Notes	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	65,144,101	28,258,512	93,402,613	58,946,981	24,092,418	83,039,399
1.1 Deposits of the same risk group	V-VII-1	953,746	63,178	1,016,924	1,268,031	167,281	1,435,312
1.2 Other deposits		64,190,355	28,195,334	92,385,689	57,678,950	23,925,137	81,604,087
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	65,776	204,851	270,627	131,338	88,142	219,480
III. FUNDS BORROWED	V-II-3	1,569,623	14,691,032	16,260,655	412,222	11,873,439	12,285,661
IV. INTERBANK MONEY MARKET		10,063,573	6,591,668	16,655,241	8,209,702	6,565,686	14,775,388
4.1 Interbank Money Market takings		200,000	-	200,000	-	-	-
4.2 Istanbul Stock Exchange money market takings		269,939	-	269,939	195,043	-	195,043
4.3 Obligations under repurchase agreements		9,593,634	6,591,668	16,185,302	8,014,659	6,565,686	14,580,345
V. SECURITIES ISSUED (Net)	V-II-3	2,866,343	7,518,365	10,384,708	2,301,798	4,518,937	6,820,735
5.1 Bills		2,866,343	-	2,866,343	2,301,798	-	2,301,798
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	7,518,365	7,518,365	-	4,518,937	4,518,937
VI. FUNDS		20,089	-	20,089	23,431	-	23,431
6.1 Funds against borrower’s note		-	-	-	-	-	-
6.2 Others		20,089	-	20,089	23,431	-	23,431
VII. MISCELLANEOUS PAYABLES		2,920,619	423,800	3,344,419	2,529,208	311,860	2,841,068
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	573,091	947,128	1,520,219	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	V-II-7	4,086,058	25,879	4,111,937	3,531,303	62,149	3,593,452
12.1 General provisions	V-II-7	1,591,002	12,240	1,603,242	1,179,012	11,727	1,190,739
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		626,273	838	627,111	561,411	803	562,214
12.4 Insurance technical provisions (Net)	V-II-7	1,633,739	8,973	1,642,712	1,541,611	8,767	1,550,378
12.5 Other provisions	V-II-7	235,044	3,828	238,872	249,269	40,852	290,121
XIII. TAX LIABILITIES	V-II-8	485,576	8,419	493,995	241,397	1,335	242,732
13.1 Current tax liabilities	V-II-8	477,758	1,029	478,787	237,422	1,335	238,757
13.2 Deferred tax liabilities	V-I-15	7,818	7,390	15,208	3,975	-	3,975
XIV. PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9	-	-	-	-	-	-
14.1 Payables related to the assets held for sale		-	-	-	-	-	-
14.2 Payables related to the discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	V-II-10	-	2,126,436	2,126,436	-	1,964,663	1,964,663
XVI. EQUITY		14,408,274	552,249	14,960,523	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		1,025,056	280,801	1,305,857	511,720	122,858	634,578
16.2.1 Share premium		727,780	-	727,780	726,686	-	726,686
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Valuation differences of the marketable securities	V-II-11	240,729	280,801	521,530	(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		3,683	-	3,683	6,282	-	6,282
16.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		-	-	-	-	-	-
16.3 Profit reserves		8,664,406	130,184	8,794,590	7,195,316	143,130	7,338,446
16.3.1 Legal reserves		1,062,732	6,513	1,069,245	898,804	5,362	904,166
16.3.2 Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3 Extraordinary reserves		7,341,533	4,594	7,346,127	6,002,598	4,593	6,007,191
16.3.4 Other profit reserves		253,804	119,077	372,881	287,577	133,175	420,752
16.4 Profit or loss		1,772,859	101,133	1,873,992	1,611,380	77,453	1,688,833
16.4.1 Previous years’ profit/loss		(14,354)	82,669	68,315	(28,542)	64,901	36,359
16.4.2 Current year’s profit/loss		1,787,213	18,464	1,805,677	1,639,922	12,552	1,652,474
16.5 Non-controlling interest		445,953	40,131	486,084	271,986	37,115	309,101
TOTAL LIABILITIES AND EQUITY		102,203,123	61,348,339	163,551,462	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 31 DECEMBER 2014**

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

	Notes	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		42,988,855	49,879,901	92,868,756	65,938,502	56,628,425	122,566,927
I. GUARANTEES AND SURETIES	V-III-2-4	16,892,950	11,782,097	28,675,047	14,340,111	9,066,595	23,406,706
1.1 Letters of guarantee	V-III-1	16,842,349	4,616,458	21,458,807	14,268,047	3,633,776	17,901,823
1.1.1 Guarantees subject to State Tender Law		1,869,107	2,266,261	4,135,368	1,905,899	1,952,543	3,858,442
1.1.2 Guarantees given for foreign trade operations		913,389	-	913,389	650,221	-	650,221
1.1.3 Other letters of guarantee		14,059,853	2,350,197	16,410,050	11,711,927	1,681,233	13,393,160
1.2 Bank acceptances		20,836	1,943,257	1,964,093	12,129	1,040,149	1,052,278
1.2.1 Import letter of acceptance		2,190	78,990	81,180	1,500	77,393	78,893
1.2.2 Other bank acceptances		18,646	1,864,267	1,882,913	10,629	962,756	973,385
1.3 Letters of credit		-	5,212,911	5,212,911	7,866	4,382,383	4,390,249
1.3.1 Documentary letters of credit		-	5,212,911	5,212,911	7,866	4,382,383	4,390,249
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,845	1,845	-	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		29,765	5,023	34,788	52,069	6,666	58,735
1.8 Other guarantees		-	2,603	2,603	-	1,759	1,759
1.9 Other sureties		-	-	-	-	160	160
II. COMMITMENTS		19,426,933	7,734,462	27,161,395	45,490,756	26,572,506	72,063,262
2.1 Irrevocable commitments		17,917,041	2,878,768	20,795,809	15,323,929	3,855,721	19,179,650
2.1.1 Asset purchase commitments	V-III-1	46,228	2,640,634	2,686,862	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	8,053,342	14,859	8,068,201	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	1,638,976	-	1,638,976	1,320,438	-	1,320,438
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	7,641,987	-	7,641,987	6,261,117	-	6,261,117
2.1.10 Commitments for credit card and banking operations promotions		247,938	-	247,938	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	V-III-1	288,570	223,275	511,845	233,518	210,454	443,972
2.2 Revocable commitments		1,509,892	4,855,694	6,365,586	30,166,827	22,716,785	52,883,612
2.2.1 Revocable loan granting commitments		1,509,892	4,817,757	6,327,649	30,161,137	22,691,169	52,852,306
2.2.2 Other revocable commitments		-	37,937	37,937	5,690	25,616	31,306
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	6,668,972	30,363,342	37,032,314	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		6,668,972	30,363,342	37,032,314	6,107,635	20,989,324	27,096,959
3.2.1 Forward foreign currency purchases/sales		242,929	312,275	555,204	602,810	731,325	1,334,135
3.2.1.1 Forward foreign currency purchases		121,619	156,202	277,821	301,607	365,671	667,278
3.2.2.2 Forward foreign currency sales		121,310	156,073	277,383	301,203	365,654	666,857
3.2.2 Currency and interest rate swaps		5,782,733	22,857,662	28,640,395	5,331,187	16,127,197	21,458,384
3.2.2.1 Currency swaps-purchases		1,810,386	11,235,508	13,045,894	3,299,610	7,487,077	10,786,687
3.2.2.2 Currency swaps-sales		3,772,347	4,343,916	8,116,263	2,031,577	4,494,972	6,526,549
3.2.2.3 Interest rate swaps-purchases		100,000	3,639,119	3,739,119	-	2,072,574	2,072,574
3.2.2.4 Interest rate swaps-sales		100,000	3,639,119	3,739,119	-	2,072,574	2,072,574
3.2.3 Currency, interest rate and security options		385,290	671,258	1,056,548	173,638	169,225	342,863
3.2.3.1 Currency call options		192,645	335,629	528,274	85,819	84,611	170,430
3.2.3.2 Currency put options		192,645	335,629	528,274	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		258,020	6,522,147	6,780,167	-	3,961,577	3,961,577
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		707,625,482	298,960,692	1,006,586,174	840,321,095	225,977,220	1,066,298,315
IV. ITEMS HELD IN CUSTODY		59,034,803	2,220,606	61,255,409	351,973,501	1,599,747	353,573,248
4.1 Customers' securities held		519,902	22,567	542,469	378,412	20,816	399,228
4.2 Investment securities held in custody		48,314,735	94,082	48,408,817	343,312,429	-	343,312,429
4.3 Checks received for collection		8,405,605	1,486,159	9,891,764	6,727,932	898,858	7,626,790
4.4 Commercial notes received for collection		1,197,188	254,511	1,451,699	983,671	233,334	1,217,005
4.5 Other assets received for collection		2,152	93	2,245	2,152	86	2,238
4.6 Assets received through public offering		-	6,818	6,818	-	6,289	6,289
4.7 Other items under custody		17,091	87,256	104,347	25,241	146,926	172,167
4.8 Custodians		578,130	269,120	847,250	543,664	293,438	837,102
V. PLEDGED ITEMS		180,417,729	59,408,743	239,826,472	174,951,547	50,574,396	225,525,943
5.1 Securities		242,862	18,614	261,476	336,298	27,434	363,732
5.2 Guarantee notes		944,683	232,965	1,177,648	702,095	239,873	941,968
5.3 Commodities		25,696,626	590,812	26,287,438	23,434,930	990,995	24,425,925
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		142,345,512	47,319,679	189,665,191	112,539,683	39,831,978	152,371,661
5.6 Other pledged items		10,335,024	11,114,594	21,449,618	8,343,995	9,350,018	17,694,013
5.7 Pledged items-depository		853,022	132,079	985,101	29,594,546	134,098	29,728,644
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		468,172,950	237,331,343	705,504,293	313,396,047	173,803,077	487,199,124
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		750,614,337	348,840,593	1,099,454,930	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 YEAR ENDED 31 DECEMBER 2014

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

	Notes	Audited Current Period 1 January 2014- 31 December 2014	Audited Prior Period 1 January 2013- 31 December 2013
I.	INTEREST INCOME	11,664,524	9,440,435
1.1	Interest income from loans	V-IV-1 9,393,240	7,619,741
1.2	Interest income from reserve deposits	2,015	-
1.3	Interest income from banks	V-IV-1 67,307	57,026
1.4	Interest income from money market transactions	931	906
1.5	Interest income from securities portfolio	V-IV-1 2,061,241	1,616,594
1.5.1	Trading financial assets	V-IV-1 11,253	14,909
1.5.2	Financial assets designated at fair value through profit or loss	-	-
1.5.3	Available-for-sale financial assets	V-IV-1 1,489,664	1,198,307
1.5.4	Held-to-maturity investments	V-IV-1 560,324	403,378
1.6	Finance lease income	80,667	64,693
1.7	Other interest income	59,123	81,475
II.	INTEREST EXPENSE	6,809,744	4,533,280
2.1	Interest expense on deposits	V-IV-2 5,043,936	3,543,409
2.2	Interest expense on funds borrowed	V-IV-2 243,009	175,752
2.3	Interest expense on money market transactions	925,913	387,285
2.4	Interest expense on securities issued	V-IV-2 445,715	257,758
2.5	Other interest expenses	151,171	169,076
III.	NET INTEREST INCOME (I – II)	4,854,780	4,907,155
IV.	NET FEES AND COMMISSIONS INCOME	674,456	629,107
4.1	Fees and commissions received	1,109,503	948,375
4.1.1	Non-cash loans	162,970	134,275
4.1.2	Others	946,533	814,100
4.2	Fees and commissions paid	435,047	319,268
4.2.1	Non-cash loans	918	742
4.2.2	Others	434,129	318,526
V.	DIVIDEND INCOME	V-IV-3 12,229	16,429
VI.	TRADING INCOME/LOSSES (Net)	V-IV-4 248,795	257,268
6.1	Trading account income/losses	V-IV-4 176,073	190,307
6.2	Income/losses from derivative financial instruments	V-IV-4 (39,189)	65,904
6.3	Foreign exchange gains/losses	V-IV-4 111,911	1,057
VII.	OTHER OPERATING INCOME	V-IV-5 2,119,791	1,465,262
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)	7,910,051	7,275,221
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6 1,747,665	1,812,609
X.	OTHER OPERATING EXPENSES (-)	V-IV-7 3,903,605	3,457,933
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)	2,258,781	2,004,679
XII.	INCOME RESULTED FROM MERGERS	-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING	33,077	25,631
XIV.	GAIN/LOSS ON NET MONETARY POSITION	-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)	V-IV-8 2,291,858	2,030,310
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-9 (478,015)	(402,131)
16.1	Current tax charges	V-IV-11 (612,250)	(351,394)
16.2	Deferred tax credits	V-IV-11 134,235	(50,737)
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-12 1,813,843	1,628,179
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)	V-IV-12 1,813,843	1,628,179
23.1.	Equity holders of the Bank	1,805,677	1,652,474
23.2.	Non-controlling interest	V-IV-13 8,166	(24,295)
	Earnings per 100 Share (full TL)	III-XXIV 0.7255	0.6513

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 YEAR ENDED 31 DECEMBER 2014

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

GAINS AND LOSSES RECOGNIZED IN EQUITY	Notes	Audited	Audited
		Current Period 1 January 2014 - 31 December 2014	Prior Period 1 January 2013 - 31 December 2013
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	V-V-6	826,465	(1,045,551)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS		-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS		-	-
IV. CURRENCY TRANSLATION DIFFERENCES		(15,664)	73,162
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		(36,780)	(9,198)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-V-6	(153,802)	90,441
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)		620,219	(891,146)
XI. CURRENT PERIOD’S PROFIT/(LOSS)		1,813,843	1,628,179
11.1 Change in fair value of securities (transfers to the statement of income)	V-V-6	168,124	253,151
11.2 Gains/Losses recognized in the statement of income due to reclassification of cash flow hedges		-	-
11.3 Gains/Losses recognized in the statement of income due to reclassification of net foreign investment hedges		-	-
11.4 Others		1,645,719	1,375,028
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)		2,434,062	737,033

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 YEAR ENDED 31 DECEMBER 2014

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

CHANGES IN EQUITY	Notes	Capital Reserves from Inflation		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	
		Paid-in Capital	Adj.s to Paid in Capital																
CHANGES IN EQUITY																			
Prior period – 31 December 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		-	-	-	-	-	-	-	-	-	(859,663)	-	-	-	-	(859,663)	-	(859,663)	
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		-	-	-	-	-	-	-	-	-	-	-	4,503	-	-	4,503	-	4,503	
VIII. Translation differences		-	-	-	-	-	-	66,111	-	-	-	-	-	-	-	66,111	7,051	73,162	
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		-	-	-	-	-	-	-	-	-	(10,867)	-	-	-	-	(10,867)	(603)	(11,470)	
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,736	5,736	
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		-	-	-	-	-	-	(22,079)	-	-	-	-	-	-	-	(22,079)	(76,115)	(98,194)	
XVII. Current period's profit/loss		-	-	-	-	-	-	-	1,652,474	-	-	-	-	-	-	1,652,474	(24,292)	1,628,179	
XVIII. Profit distribution		-	-	(34)	-	150,225	1,287	1,204,848	24,527	(1,423,451)	(58,279)	-	877	-	-	(100,000)	(292)	(100,292)	
18.1 Dividends		-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	(100,000)	(292)	(100,292)	
18.2 Transferred to reserves		-	-	(34)	-	150,225	1,287	1,204,848	24,527	(1,323,451)	(58,279)	-	877	-	-	-	-	-	
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end 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
Current period – 31 December 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		-	-	-	-	-	-	-	-	-	671,249	-	-	-	-	671,249	3,006	674,255	
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		-	-	-	-	-	-	-	-	-	-	-	(2,599)	-	-	(2,599)	-	(2,599)	
VIII. Translation differences		-	-	-	-	-	-	(14,098)	-	-	-	-	-	-	-	(14,098)	(1,566)	(15,664)	
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		-	-	-	-	-	-	-	-	-	(777)	-	-	-	-	(777)	-	(777)	
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		-	-	1,094	-	860	-	5,824	(33,886)	-	(20,762)	-	-	-	-	(46,870)	169,748	122,878	
XVII. Current period's profit/loss		-	-	-	-	-	-	-	1,805,677	-	-	-	-	-	-	1,805,677	8,166	1,813,843	
XVIII. Profit distribution		-	-	-	-	164,219	-	1,333,112	113	(1,652,474)	53,495	1,535	-	-	-	(100,000)	(2,371)	(102,371)	
18.1 Dividends	V-V-5	-	-	-	-	164,219	-	1,333,112	113	(1,652,474)	53,495	1,535	-	-	-	(100,000)	(2,371)	(102,371)	
18.2 Transferred to reserves	V-V-5	-	-	-	-	164,219	-	1,333,112	113	(1,552,474)	53,495	1,535	-	-	-	(100,000)	(2,371)	(102,371)	
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end 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

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 YEAR ENDED 31 DECEMBER 2014**

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

	Notes	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	3,209,873	2,772,614
1.1.1	Interests received	10,753,156	8,407,894
1.1.2	Interests paid	(6,710,476)	(4,377,459)
1.1.3	Dividends received	5,869	15,500
1.1.4	Fee and commissions received	1,109,503	948,375
1.1.5	Other income	1,231,954	788,314
1.1.6	Collections from previously written-off loans and other receivables	707,442	555,877
1.1.7	Payments to personnel and service suppliers	(1,415,182)	(2,974,541)
1.1.8	Taxes paid	(556,581)	(369,556)
1.1.9	Others	(1,915,812)	(221,790)
1.2	Changes in operating assets and liabilities	(2,887,087)	(3,099,826)
1.2.1	Net (increase) decrease in financial assets held for trading purpose	141,710	(14,697)
1.2.2	Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions	(2,045)	(6,439,722)
1.2.4	Net (increase) decrease in loans	(19,225,256)	(20,734,486)
1.2.5	Net (increase) decrease in other assets	(31,827)	(1,091,406)
1.2.6	Net increase (decrease) in bank deposits	721,273	50,580
1.2.7	Net increase (decrease) in other deposits	9,627,944	14,525,085
1.2.8	Net increase (decrease) in funds borrowed	3,932,304	3,632,787
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	1,948,810	6,972,033
I.	Net cash flow from banking operations	322,786	(327,212)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities	(634,008)	(3,254,820)
2.1	Cash paid for purchase of associates, subsidiaries and joint-ventures	(205,714)	(39,346)
2.2	Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3	Cash paid for purchase of tangible assets	(175,892)	(190,309)
2.4	Proceeds from disposal of tangible assets	230,805	258,122
2.5	Cash paid for purchase of available-for-sale financial assets	(5,907,461)	(5,407,527)
2.6	Proceeds from disposal of available-for-sale financial assets	6,871,852	3,185,577
2.7	Cash paid for purchase of held-to-maturity investments	(2,869,774)	(2,530,205)
2.8	Proceeds from disposal of held-to-maturity investments	1,466,184	1,507,738
2.9	Others	(44,008)	(38,870)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities	3,409,685	4,303,151
3.1	Cash obtained from funds borrowed and securities issued	8,540,424	8,721,903
3.2	Cash used for repayment of funds borrowed and securities issued	(5,028,368)	(4,318,460)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	(102,371)	(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	4,539	(9,013)
V.	Net decrease in cash and cash equivalents	3,103,002	712,106
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	9,190,905	6,087,903

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 PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	Notes	Current Period 31 December 2014	Prior Period 31 December 2013
I. DISTRIBUTION OF CURRENT YEAR PROFIT^(***)			
1.1 CURRENT YEAR'S PROFIT		2,213,676	1,982,914
1.2 TAXES AND LEGAL DUTIES PAYABLE		(460,403)	(397,375)
1.2.1 Corporate tax (income tax)	V-IV-11	(601,519)	(341,481)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties ^(**)	V-IV-11	141,116	(55,894)
A. NET PROFIT FOR THE YEAR		1,753,273	1,585,539
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	-
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		1,753,273	1,585,539
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	(79,278)
1.6 OTHER STATUTORY RESERVES	V-V-5	-	(79,278)
C. NET PROFIT AVAILABLE FOR DISTRIBUTION^(*)		-	1,426,983
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	100,000
1.7.1 To owners of ordinary shares		-	100,000
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
1.8 DIVIDENDS TO PERSONNEL		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
1.11 SECOND LEGAL RESERVES		-	-
1.12 STATUS RESERVES		-	-
1.13 EXTRAORDINARY RESERVES	V-V-5	-	1,325,482
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS	V-V-5	-	1,501
II. DISTRIBUTION FROM RESERVES			
2.1 DISTRIBUTION OF RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENDS TO SHAREHOLDERS		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES (Earning per 100 shares)		0.7013	0.6342
3.2 TO OWNERS OF ORDINARY SHARES (%)		70.13	63.42
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	0.04
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	4.00
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) As at report date, no resolution has been decided regarding about 2014 profit distribution. Accordingly, net profit available for distribution has not been presented.

(**) The amount shown in the other taxes and duties is the deferred tax income/loss which is not subject to profit distribution.

(***) Profit distribution table has been presented according to unconsolidated financial statements of the Parent Bank.

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