

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 30 JUNE 2016
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	Notes	Reviewed Current Period 30 June 2016			Audited Prior Period 31 December 2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	3,189,610	22,615,300	25,804,910	2,134,017	19,355,897	21,489,914
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	899,588	178,070	1,077,658	840,168	155,694	995,862
2.1 Financial assets held for trading purpose		899,588	178,070	1,077,658	840,168	155,694	995,862
2.1.1 Debt securities issued by the governments		504	9,648	10,152	312	9,566	9,878
2.1.2 Equity securities		4,557	-	4,557	1,832	-	1,832
2.1.3 Derivative financial assets held for trading purpose	V-I-2	815,096	168,422	983,518	739,339	146,128	885,467
2.1.4 Other securities		79,431	-	79,431	98,685	-	98,685
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	889,600	4,608,910	5,498,510	1,185,799	4,990,220	6,176,019
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		5,808	-	5,808	6,699	-	6,699
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		3,415	-	3,415	3,310	-	3,310
4.3 Receivables from reverse repurchase agreements		2,393	-	2,393	3,389	-	3,389
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,425,417	5,418,837	17,844,254	12,100,346	5,235,765	17,336,111
5.1 Equity securities		15	22,412	22,427	15	79,238	79,253
5.2 Debt securities issued by the governments		12,425,402	5,287,430	17,712,832	12,100,331	5,028,990	17,129,321
5.3 Other securities		-	108,995	108,995	-	127,537	127,537
VI. LOANS AND RECEIVABLES	V-I-5	93,264,003	38,765,484	132,029,487	88,452,140	37,507,539	125,959,679
6.1 Performing loans and receivables		92,218,237	38,760,396	130,978,633	87,548,356	37,502,389	125,050,745
6.1.1 Loans provided to the same risk group	V-V-1	5,522	1,029	6,551	1,071	822	1,893
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		92,212,715	38,759,367	130,972,082	87,547,285	37,501,567	125,048,852
6.2 Loans under follow-up		5,657,406	66,536	5,723,942	5,071,771	66,342	5,138,113
6.3 Specific provisions (-)	V-I-5	4,611,640	61,448	4,673,088	4,167,987	61,192	4,229,179
VII. FACTORING RECEIVABLES		770,285	113,467	883,752	622,754	94,973	717,727
VIII. HELD-TO-MATURITY INVESTMENTS (Net)	V-I-6	7,587,748	158,447	7,746,195	7,546,748	130,981	7,677,729
8.1 Debt securities issued by the governments		7,587,748	-	7,587,748	7,546,748	-	7,546,748
8.2 Other securities		-	158,447	158,447	-	130,981	130,981
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	314,997	3	315,000	295,332	3	295,335
9.1 Associates, consolidated per equity method		265,211	-	265,211	245,549	-	245,549
9.2 Unconsolidated associates		49,786	3	49,789	49,783	3	49,786
9.2.1 Financial associates		37,433	-	37,433	37,434	-	37,434
9.2.2 Non-Financial associates		12,353	3	12,356	12,349	3	12,352
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	270,637	-	270,637	271,017	-	271,017
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		270,637	-	270,637	271,017	-	271,017
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	314,540	1,014,947	1,329,487	318,359	1,007,466	1,325,825
12.1 Finance lease receivables		397,877	1,134,686	1,532,563	401,084	1,134,987	1,536,071
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		83,337	119,739	203,076	82,725	127,521	210,246
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)		1,668,821	7,576	1,676,397	1,648,900	5,218	1,654,118
XV. INTANGIBLE ASSETS (Net)		218,640	23	218,663	201,506	31	201,537
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		218,640	23	218,663	201,506	31	201,537
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	323,771	-	323,771	287,726	-	287,726
XVII. TAX ASSETS	V-I-13	192,095	-	192,095	139,972	2,944	142,916
17.1 Current tax assets	V-I-13	184	-	184	787	2,944	3,731
17.2 Deferred tax assets	V-I-13	191,911	-	191,911	139,185	-	139,185
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	1,081,794	-	1,081,794	994,991	-	994,991
18.1 Assets held for sale		1,081,794	-	1,081,794	994,991	-	994,991
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	2,916,056	980,922	3,896,978	2,789,299	1,263,054	4,052,353
TOTAL ASSETS		126,333,410	73,861,986	200,195,396	119,835,773	69,749,785	189,585,558

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 30 JUNE 2016
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

LIABILITIES AND EQUITY	Notes	Reviewed Current Period 30 June 2016			Audited Prior Period 31 December 2015		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	80,375,741	35,587,757	115,963,498	76,054,788	35,955,209	112,009,997
1.1 Deposits of the same risk group	V-V-1	1,804,105	62,574	1,866,679	1,209,289	110,608	1,319,897
1.2 Other deposits		78,571,636	35,525,183	114,096,819	74,845,499	35,844,601	110,690,100
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	254,043	489,753	743,796	153,177	151,175	304,352
III. FUNDS BORROWED	V-II-3	1,444,506	18,668,171	20,112,677	932,351	19,262,696	20,195,047
IV. INTERBANK MONEY MARKET		14,005,326	1,860,413	15,865,739	9,423,761	3,403,437	12,827,198
4.1 Interbank Money Market takings		1,300,325	-	1,300,325	1,150,343	-	1,150,343
4.2 Istanbul Stock Exchange money market takings		104,830	-	104,830	83,157	-	83,157
4.3 Obligations under repurchase agreements		12,600,171	1,860,413	14,460,584	8,190,261	3,403,437	11,593,698
V. SECURITIES ISSUED (Net)	V-II-3	3,059,296	8,855,327	11,914,623	3,257,620	7,389,088	10,646,708
5.1 Bills		3,059,296	-	3,059,296	3,257,620	-	3,257,620
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	8,855,327	8,855,327	-	7,389,088	7,389,088
VI. FUNDS		3,729	-	3,729	4,228	-	4,228
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Others		3,729	-	3,729	4,228	-	4,228
VII. MISCELLANEOUS PAYABLES		4,171,815	509,156	4,680,971	3,647,401	750,360	4,397,761
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	904,340	1,709,149	2,613,489	662,279	1,783,682	2,445,961
IX. FACTORING PAYABLES		506	-	506	-	5	5
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	5,206,384	35,746	5,242,130	5,025,269	31,277	5,056,546
12.1 General provisions	V-II-7	2,074,293	12,091	2,086,384	1,944,150	13,453	1,957,603
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		656,210	1,518	657,728	700,635	1,544	702,179
12.4 Insurance technical provisions (Net)		2,159,061	9,678	2,168,739	2,082,428	9,127	2,091,555
12.5 Other provisions	V-II-7	316,820	12,459	329,279	298,056	7,153	305,209
XIII. TAX LIABILITIES	V-II-8	628,111	12,787	640,898	531,561	7,888	539,449
13.1 Current tax liabilities		619,672	1,596	621,268	514,681	1,678	516,359
13.2 Deferred tax liabilities	V-I-13	8,439	11,191	19,630	16,880	6,210	23,090
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	-	4,109,154	4,109,154	-	4,155,551	4,155,551
XVI. EQUITY		17,689,448	614,738	18,304,186	16,437,456	565,299	17,002,755
16.1 Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital reserves		1,709,474	287,794	1,997,268	1,390,356	257,405	1,647,761
16.2.1 Share premium		727,780	-	727,780	727,780	-	727,780
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Valuation differences of the marketable securities	V-II-11	68,435	287,794	356,229	(227,394)	257,405	30,011
16.2.4 Revaluation surplus on tangible assets		964,089	-	964,089	940,657	-	940,657
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		3,683	-	3,683	3,683	-	3,683
16.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		(54,513)	-	(54,513)	(54,370)	-	(54,370)
16.3 Profit reserves		12,040,405	173,497	12,213,902	10,163,563	170,099	10,333,662
16.3.1 Legal reserves		1,425,366	7,942	1,433,308	1,228,224	7,942	1,236,166
16.3.2 Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3 Extraordinary reserves		10,159,375	4,594	10,163,969	8,475,454	4,594	8,480,048
16.3.4 Other profit reserves		449,327	160,961	610,288	453,548	157,563	611,111
16.4 Profit or loss		999,798	106,838	1,106,636	1,921,411	94,530	2,015,941
16.4.1 Previous years' profit/loss		(110,421)	93,582	(16,839)	(34,277)	101,630	67,353
16.4.2 Current year's profit/loss		1,110,219	13,256	1,123,475	1,955,688	(7,100)	1,948,588
16.5 Non-controlling interest		439,771	46,609	486,380	462,126	43,265	505,391
TOTAL LIABILITIES AND EQUITY		127,743,245	72,452,151	200,195,396	116,129,891	73,455,667	189,585,558

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET AS AT 30 JUNE 2016**

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

	Notes	Reviewed Current Period 30 June 2016			Audited Prior Period 31 December 2015		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		71,293,886	72,269,025	143,562,911	54,303,859	64,173,751	118,477,610
I. GUARANTEES AND SURETIES	V-III-2	23,324,594	10,343,712	33,668,306	22,126,363	10,993,538	33,119,901
1.1 Letters of guarantee	V-III-1	23,178,954	4,494,388	27,673,342	21,980,769	4,816,824	26,797,593
1.1.1 Guarantees subject to State Tender Law		2,675,019	2,190,067	4,865,086	2,542,809	2,199,589	4,742,398
1.1.2 Guarantees given for foreign trade operations		1,068,118	-	1,068,118	1,030,530	-	1,030,530
1.1.3 Other letters of guarantee		19,435,817	2,304,321	21,740,138	18,407,430	2,617,235	21,024,665
1.2 Bank acceptances		79,693	676,674	756,367	86,762	1,389,251	1,476,013
1.2.1 Import letter of acceptance		-	204,753	204,753	1,590	189,471	191,061
1.2.2 Other bank acceptances		79,693	471,921	551,614	85,172	1,199,780	1,284,952
1.3 Letters of credit		2,639	5,151,596	5,154,235	16,306	4,772,403	4,788,709
1.3.1 Documentary letters of credit		2,639	5,151,596	5,154,235	16,306	4,772,403	4,788,709
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	2,291	2,291	-	2,314	2,314
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		63,308	2,531	65,839	42,526	2,224	44,750
1.8 Other guarantees		-	8,077	8,077	-	10,522	10,522
1.9 Other sureties		-	8,155	8,155	-	-	-
II. COMMITMENTS		25,838,951	13,073,430	38,912,381	21,560,921	13,287,107	34,848,028
2.1 Irrevocable commitments		23,131,842	4,482,373	27,614,215	19,153,861	3,897,112	23,050,973
2.1.1 Asset purchase commitments	V-III-1	2,246,683	4,375,859	6,622,542	112,420	3,730,953	3,843,373
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	8,965,301	11,689	8,976,990	8,482,816	11,931	8,494,747
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	2,005,128	-	2,005,128	1,805,569	-	1,805,569
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	8,158,027	-	8,158,027	7,399,361	-	7,399,361
2.1.10 Commitments for credit card and banking operations promotions		267,056	-	267,056	196,037	-	196,037
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		1,489,647	94,825	1,584,472	1,157,658	154,228	1,311,886
2.2 Revocable commitments		2,707,109	8,591,057	11,298,166	2,407,060	9,389,995	11,797,055
2.2.1 Revocable loan granting commitments		2,707,109	8,591,057	11,298,166	2,407,060	9,389,995	11,797,055
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		22,130,341	48,851,883	70,982,224	10,616,575	39,893,106	50,509,681
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		22,130,341	48,851,883	70,982,224	10,616,575	39,893,106	50,509,681
3.2.1 Forward foreign currency purchases/sales		343,270	327,326	670,596	211,514	257,246	468,760
3.2.1.1 Forward foreign currency purchases		171,927	163,720	335,647	106,014	128,693	234,707
3.2.2.2 Forward foreign currency sales		171,343	163,606	334,949	105,500	128,553	234,053
3.2.2 Currency and interest rate swaps		20,240,808	39,226,724	59,467,532	9,535,325	31,037,511	40,572,836
3.2.2.1 Currency swaps-purchases		12,896,725	13,459,890	26,356,615	4,474,398	12,245,882	16,720,280
3.2.2.2 Currency swaps-sales		6,344,083	14,092,560	20,436,643	4,160,927	6,377,871	10,538,798
3.2.2.3 Interest rate swaps-purchases		500,000	5,837,137	6,337,137	450,000	6,206,879	6,656,879
3.2.2.4 Interest rate swaps-sales		500,000	5,837,137	6,337,137	450,000	6,206,879	6,656,879
3.2.3 Currency, interest rate and security options		286,734	333,896	620,630	258,134	255,396	513,530
3.2.3.1 Currency call options		100,158	204,476	304,634	65,004	185,976	250,980
3.2.3.2 Currency put options		186,576	129,420	315,996	193,130	69,420	262,550
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		1,259,529	8,963,937	10,223,466	611,602	8,342,953	8,954,555
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		986,166,098	434,981,155	1,421,147,253	900,903,931	422,152,366	1,323,056,297
IV. ITEMS HELD IN CUSTODY		81,921,451	3,289,105	85,210,556	75,156,434	3,413,733	78,570,167
4.1 Customers' securities held		688,958	-	688,958	682,348	28,306	710,654
4.2 Investment securities held in custody		69,568,685	123,344	69,692,029	63,234,788	118,086	63,352,874
4.3 Checks received for collection		9,615,457	2,213,585	11,829,042	9,151,798	2,345,788	11,497,586
4.4 Commercial notes received for collection		1,025,879	350,236	1,376,115	1,265,535	450,126	1,715,661
4.5 Other assets received for collection		2,152	115	2,267	2,152	116	2,268
4.6 Assets received through public offering		-	-	-	-	-	-
4.7 Other items under custody		11,468	40,746	52,214	24,796	66,158	90,954
4.8 Custodians		1,008,852	561,079	1,569,931	795,017	405,153	1,200,170
V. PLEDGED ITEMS		256,727,375	81,565,738	338,293,113	235,457,258	82,272,386	317,729,644
5.1 Securities		421,193	13,374	434,567	435,618	14,171	449,789
5.2 Guarantee notes		770,846	458,236	1,229,082	793,282	429,076	1,222,358
5.3 Commodities		30,202,552	666,251	30,868,803	28,164,121	681,732	28,845,853
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		210,680,967	67,159,206	277,840,173	191,799,623	67,309,165	259,108,788
5.6 Other pledged items		14,107,604	13,121,514	27,229,118	13,661,436	13,683,601	27,345,037
5.7 Pledged items-depository		544,213	147,157	691,370	603,178	154,641	757,819
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		647,517,272	350,126,312	997,643,584	590,290,239	336,466,247	926,756,486
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,057,459,984	507,250,180	1,564,710,164	955,207,790	486,326,117	1,441,533,907

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

			Reviewed Current Period 1 January 2016 - 30 June 2016	Reviewed Prior Period 1 January 2015 - 30 June 2015	Reviewed Current Period 1 April 2016 - 30 June 2016	Reviewed Prior Period 1 April 2015 - 30 June 2015
	Notes					
I.	INTEREST INCOME		8,036,310	6,618,599	4,016,816	3,506,308
1.1	Interest income from loans	V-IV-1	6,704,268	5,417,205	3,440,886	2,800,077
1.2	Interest income from reserve deposits		54,942	8,144	26,349	5,958
1.3	Interest income from banks	V-IV-1	57,785	39,573	29,153	21,560
1.4	Interest income from money market transactions		316	586	175	420
1.5	Interest income from securities portfolio	V-IV-1	1,106,906	1,062,479	466,545	633,066
1.5.1	Trading financial assets		3,885	3,601	1,361	1,519
1.5.2	Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3	Available-for-sale financial assets		760,604	721,169	333,746	412,529
1.5.4	Held-to-maturity investments		342,417	337,709	131,438	219,018
1.6	Finance lease income		54,223	47,041	26,760	24,355
1.7	Other interest income		57,870	43,571	26,948	20,872
II.	INTEREST EXPENSE		4,802,288	3,830,375	2,404,232	2,012,784
2.1	Interest expense on deposits	V-IV-2	3,612,320	2,820,570	1,803,151	1,475,245
2.2	Interest expense on funds borrowed	V-IV-2	217,789	176,723	115,840	85,043
2.3	Interest expense on money market transactions		489,117	421,500	251,587	243,447
2.4	Interest expense on securities issued	V-IV-2	318,983	276,361	161,433	142,597
2.5	Other interest expenses		164,079	135,221	72,221	66,452
III.	NET INTEREST INCOME (I – II)		3,234,022	2,788,224	1,612,584	1,493,524
IV.	NET FEES AND COMMISSIONS INCOME		407,056	424,640	193,720	207,234
4.1	Fees and commissions received		672,624	656,233	338,270	334,733
4.1.1	Non-cash loans		109,082	88,008	56,305	45,224
4.1.2	Others		563,542	568,225	281,965	289,509
4.2	Fees and commissions paid		265,568	231,593	144,550	127,499
4.2.1	Non-cash loans		745	473	409	230
4.2.2	Others		264,823	231,120	144,141	127,269
V.	DIVIDEND INCOME		61,139	10,102	22,876	106
VI.	TRADING INCOME/LOSSES (Net)	V-IV-3	70,829	118,575	59,814	40,640
6.1	Trading account income/losses		41,014	56,248	31,514	5,320
6.2	Income/losses from derivative financial instruments		(22,006)	(3,680)	(7,405)	23,276
6.3	Foreign exchange gains/losses		51,821	66,007	35,705	12,044
VII.	OTHER OPERATING INCOME	V-IV-4	1,076,189	972,675	585,633	487,585
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		4,849,235	4,314,216	2,474,627	2,229,089
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	1,011,430	1,007,090	496,785	549,355
X.	OTHER OPERATING EXPENSES (-)	V-IV-6	2,458,410	2,413,142	1,224,183	1,133,529
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,379,395	893,984	753,659	546,205
XII.	INCOME RESULTED FROM MERGERS		-	-	-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		20,483	16,772	8,814	8,039
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		1,399,878	910,756	762,473	554,244
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES		(297,308)	(248,234)	(175,150)	(125,536)
16.1	Current tax charges	V-IV-7	(435,475)	(129,040)	(328,774)	(53,287)
16.2	Deferred tax credits	V-IV-7	138,167	(119,194)	153,624	(72,249)
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)		1,102,570	662,522	587,323	428,708
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)		1,102,570	662,522	587,323	428,708
23.1.	Equity holders of the Bank		1,123,475	758,075	602,333	424,690
23.2.	Non-controlling interest	V-IV-9	(20,905)	(95,553)	(15,010)	4,018
	Earnings per 100 Share (full TL)	III-XXV	0.4410	0.2650	0.2349	0.1715

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**

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

	Reviewed Current Period 1 January 2016- 30 June 2016	Reviewed Prior Period 1 January 2015 -30 June 2015	Reviewed Current Period 1 April 2016 - 30 June 2016	Reviewed Prior Period 1 April 2015 - 30 June 2015
GAINS AND LOSSES RECOGNIZED IN EQUITY				
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	417,979	(498,992)	177,165	(334,831)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	419	-	110	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	3,776	21,087	(2,308)	24,903
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	(24,966)	(9,638)	3,744	(909)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	(90,799)	99,295	(43,947)	65,288
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	306,409	(388,248)	134,764	(245,549)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	1,102,570	662,522	587,323	428,708
11.1 Change in fair value of securities (transfers to the statement of income)	31,216	50,885	25,823	3,822
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	1,071,354	611,637	561,500	424,886
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	1,408,979	274,274	722,087	183,159

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**

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

REVIEWED	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustm ents to Paid-in Capital	Share Premium	Share Cancell ation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 30 June 2015																			
I.	Balances at the beginning of the period	2,500,000	-	727,780	-	1,069,245	6,337	7,346,127	372,881	-	1,805,677	521,530	52,864	3,683	-	-	14,474,439	486,084	14,960,523
II.	Corrections made according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	The effect of corrections of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	The effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted beginning balance (I+II)	2,500,000	-	727,780	-	1,069,245	6,337	7,346,127	372,881	-	1,805,677	521,530	52,864	3,683	-	-	14,474,439	486,084	14,960,523
Changes during the period																			
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(396,812)	-	-	-	-	(396,812)	(792)	(397,604)
VI.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	18,978	-	-	-	-	-	-	-	18,978	2,109	21,087
X.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	(8,804)	-	-	-	-	(8,804)	-	(8,804)
XIII.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	(2,072)	-	-	-	-	-	-	-	(2,072)	(855)	(2,927)
XVIII.	Other	-	-	-	-	-	-	-	-	758,075	-	-	-	-	-	-	758,075	(95,553)	662,522
XIX.	Current period's net profit/loss	-	-	-	-	166,909	-	1,133,895	142,559	-	(1,805,677)	-	235,430	-	-	-	(100,000)	(1,513)	(101,513)
XX.	Profit distribution	-	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	(100,000)	(1,513)	(101,513)
20.1	Dividends	-	-	-	-	166,909	-	1,133,895	142,559	-	(1,705,677)	-	235,430	-	-	-	-	-	-
20.2	Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	727,780	-	1,236,154	6,337	8,480,022	532,346	758,075	-	115,914	288,294	3,683	-	-	14,743,804	389,480	15,133,284

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**

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

REVIEWED	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellat ion Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period 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 Sale and Assets Held for Discount. Op.s	Shareholders ' Equity before Minority Interest	Minority Shareholders' Interest	Total Shareholders' Equity
CURRENT PERIOD – 30 June 2016																			
I.	Balances at the beginning of the period	2,500,000	-	727,780	-	1,236,166	6,337	8,480,048	556,741	-	2,015,941	30,011	940,657	3,683	-	-	16,497,364	505,391	17,002,755
II.	Changes during the period																		
III.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	321,774	-	-	-	-	321,774	1,511	323,285
IV.1	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.2	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	433	-	(11)	-	-	-	422	325	747
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	-	-	-	3,398	-	-	-	-	-	-	-	3,398	378	3,776
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 Bank's equity	-	-	-	-	-	-	-	-	-	(25,031)	4,444	-	-	-	-	(20,587)	-	(20,587)
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.	Other	-	-	-	-	-	-	-	(125)	-	(694)	-	-	-	-	-	(819)	7	(812)
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	1,123,475	-	-	-	-	-	-	1,123,475	(20,905)	1,102,570
XVIII.	Profit distribution	-	-	-	-	197,142	-	1,683,921	(4,239)	-	(2,007,488)	-	23,443	-	-	-	(107,221)	(327)	(107,548)
18.1	Dividends	-	-	-	-	-	-	-	-	-	(107,221)	-	-	-	-	-	(107,221)	(327)	(107,548)
18.2	Transferred to reserves	-	-	-	-	197,142	-	1,683,921	(4,239)	-	(1,900,267)	-	23,443	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period	2,500,000	-	727,780	-	1,433,308	6,337	10,163,969	555,775	1,123,475	(16,839)	356,229	964,089	3,683	-	-	17,817,806	486,380	18,304,186

The accompanying explanations and notes form an integral part of these financial statements.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**

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

	Reviewed Current Period 30 June 2016	Reviewed Prior Period 30 June 2015
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	2,092,675	1,246,434
1.1.1 Interests received	7,758,751	6,132,819
1.1.2 Interests paid	(4,706,102)	(3,718,684)
1.1.3 Dividends received	10,563	5,483
1.1.4 Fee and commissions received	672,624	656,233
1.1.5 Other income	615,563	484,820
1.1.6 Collections from previously written-off loans and other receivables	517,775	444,283
1.1.7 Payments to personnel and service suppliers	(914,659)	(786,410)
1.1.8 Taxes paid	(396,593)	(415,005)
1.1.9 Others	(1,465,247)	(1,557,105)
1.2 Changes in operating assets and liabilities	(2,075,527)	(3,861,644)
1.2.1 Net (increase) decrease in financial assets held for trading purpose	16,252	24,466
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	(2,389,693)	(1,690,691)
1.2.4 Net (increase) decrease in loans	(7,335,297)	(15,105,495)
1.2.5 Net (increase) decrease in other assets	194,194	113,903
1.2.6 Net increase (decrease) in bank deposits	1,149,105	(36,130)
1.2.7 Net increase (decrease) in other deposits	2,630,074	8,871,359
1.2.8 Net increase (decrease) in funds borrowed	(121,484)	1,573,831
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	3,781,322	2,387,113
I. Net cash flow from banking operations	17,148	(2,615,210)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	78,772	(674,120)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Cash paid for purchase of tangible assets	(121,379)	(84,592)
2.4 Proceeds from disposal of tangible assets	212,808	40,497
2.5 Cash paid for purchase of available-for-sale financial assets	(2,351,542)	(3,133,520)
2.6 Proceeds from disposal of available-for-sale financial assets	2,301,021	2,621,628
2.7 Cash paid for purchase of held-to-maturity investments	(1,042,305)	(509,494)
2.8 Proceeds from disposal of held-to-maturity investments	1,105,605	418,167
2.9 Others	(25,436)	(26,806)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	1,134,086	2,884,817
3.1 Cash obtained from funds borrowed and securities issued	5,230,715	6,549,257
3.2 Cash used for repayment of funds borrowed and securities issued	(3,996,302)	(3,562,927)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(100,327)	(101,513)
3.5 Re-payments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	15,483	(32,116)
V. Net decrease in cash and cash equivalents	1,245,489	(436,629)
VI. Cash and cash equivalents at the beginning of the year	9,057,127	9,190,905
VII. Cash and cash equivalents at the end of the period	10,302,616	8,754,276

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