

(Convenience Translation of Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Section 3 Note I)

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report
As at and for the Six-Month Period Ended
30 June 2011

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
11 August 2011

This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes" comprising 65 pages.

**Convenience Translation of the Independent Auditors' Review Report
Originally Prepared and Issued in Turkish (See Section 3 Note I)**

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

We have reviewed the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as at 30 June 2011 and the related unconsolidated statement of income, changes in shareholders' equity and cash flows for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the uniform chart of accounts, accounting and audit standards in conformity with the (Turkish) Banking Law No 5411. These standards require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at 30 June 2011, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Istanbul,
11 August 2011

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Özkan Genç
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

Address : Levent Mahallesi, Hacı Adil Yolu
Çayır Çimen sokak, No:12, Levent Beşiktaş/İstanbul

Telephone : 0212 316 70 70

Fax : 0212 316 72 32

Electronic web site : www.vakifbank.com.tr

Electronic mail address : posta@vakifbank.com.tr

The unconsolidated interim financial report as at and for the six-month period ended 30 June 2011, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REVIEW REPORT

The unconsolidated interim financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated interim financial report is presented in thousands of Turkish Lira (TL), and has been subjected to limited review.

11 August 2011

Ahmet CANDAN Deputy Chairman of Board of Directors	Serdar TUNÇBİLEK Board Member and Audit Committee Member	Halim KANATCI Board Member and Audit Committee Member	Süleyman KALKAN General Manager and Board Member
--	--	---	--

Metin Recep ZAFER
Assistant General Manager

Murat KOYGUN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

Name-Surname/Title : A. Sonat ŞEN /Manager	S. Buğra SÜRÜEL /Assistant Manager
Phone no : 0312 455 75 66	0312 455 75 70
Fax no : 0312 455 76 92	0312 455 76 92

		Page No:
<u>SECTION ONE</u>		
General Information		
I.	History of the Bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholders' structure during the period and information on Bank's risk group	1
III.	Information on the chairman and members of the board of director's, audit committee members, general manager, assistant general managers and their shares in the Bank	2
IV.	Information on the Bank's qualified shareholders	3
V.	Information about the services and nature of activities of the Bank	3
<u>SECTION TWO</u>		
Unconsolidated Interim Financial Statements		
I.	Balance sheet - Assets	4
II.	Balance sheet - Liabilities and equity	5
III.	Off-balance sheet items	6
IV.	Statement of income	7
V.	Statement of gains and losses recognized in equity	8
VI.	Statement of changes in equity	9
VII.	Statement of cash flows	10
<u>SECTION THREE</u>		
Accounting Policies		
I.	Basis of presentation	11
II.	Strategy for use of financial instruments and foreign currency transactions	11
III.	Information on forwards, options and other derivative transactions	12
IV.	Information on interest income and expenses	12
V.	Information on fees and commissions	13
VI.	Information on financial assets	13
VII.	Information on impairment of financial assets	14
VIII.	Information on offsetting of financial instruments	14
IX.	Information on repurchase and sale agreements and securities lending	14
X.	Information on assets held for sale and discontinued operations	14
XI.	Information on goodwill and other intangible assets	15
XII.	Information on tangible assets	15
XIII.	Information on leasing activities	15
XIV.	Information on provisions and contingent liabilities	16
XV.	Information on obligations of the Bank concerning employee rights	16
XVI.	Information on taxation	17
XVII.	Additional information on borrowings	18
XVIII.	Information on issuance of equity securities	18
XIX.	Information on confirmed bills of exchange and acceptances	18
XX.	Information on government incentives	18
XXI.	Information on segment reporting	18
XXII.	Other disclosures	19
<u>SECTION FOUR</u>		
Information Related To Financial Position of the Bank		
I.	Capital adequacy ratio	20
II.	Market risk	23
III.	Operational risk	24
IV.	Foreign currency exchange risk	24
V.	Interest rate risk	27
VI.	Liquidity risk	31
VII.	Segment reporting	33
<u>SECTION FIVE</u>		
Disclosures and Footnotes on Unconsolidated Interim Financial Statements		
I.	Information and disclosures related to assets	34
II.	Information and disclosures related to liabilities	48
III.	Information and disclosures related to off-balance sheet items	53
IV.	Information and disclosures related to statement of income	56
V.	Information and disclosures related to the Bank's risk group	59
<u>SECTION SIX</u>		
Other Disclosures and Footnotes		
I.	Other disclosures on the Bank's activity	61
II.	Summary information on the Bank's ratings given by international credit rating institutions	63
III.	Significant events and matters subsequent to balance sheet date that are not resulted	63
IV.	Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date	64
<u>SECTION SEVEN</u>		
Independent Auditors' Review Report		
I.	Information on Independent Auditors' Review Report	65

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as at and

For the Six-Month Period Ended 30 June 2011

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

SECTION ONE

General Information

I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

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

II. The Bank’s shareholders structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on Bank’s risk group

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

As at 30 June 2011 and 31 December 2010, the Bank’s paid-in capital is TL 2,500,000, divided into 250.000.000.000 shares with each has a nominal value of 1 Kuruş.

The Bank’s shareholders structure as at 30 June 2011 is stated below:

Shareholders	Number of Shares	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Foundations represented by the General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Appendant foundations (Group B)	386.224.785	386,225	15.45
Other appendant foundations (Group B)	3.162.359	3,162	0.13
Other registered foundations (Group B)	1.448.543	1,448	0.06
Other real persons and legal entities (Group C)	1.563.813	1,564	0.06
Publicly traded (Group D)	629.989.194	629,989	25.20
Total	2.500.000.000	2,500,000	100.00

III. Information on the chairman and members of the board of directors, audit committee members, general manager, assistant general managers and their shares in the Bank

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ahmet CANDAN	Deputy Chairman	19 March 2010	University	24 years
Süleyman KALKAN	Member – General Manager	19 March 2010	University	28 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	28 years
Dr. Adnan ERTEM	Member	27 October 2010	PHD	23 years
İsmail ALPTEKİN	Member	6 April 2009	University	13 years
Ramazan GÜNDÜZ	Member	6 April 2009	University	33 years
Halim KANATÇI	Member	28 April 2009	University	38 years
Selahattin TORAMAN	Member	19 March 2010	University	34 years
<u>Audit Committee</u>				
Halim KANATÇI	Member	5 November 2010	University	38 years
Serdar TUNÇBİLEK	Member	1 April 2010	University	28 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	34 years
Yunus ARINCI	Auditor	19 March 2010	Master	14 years
<u>Assistant Managers</u>				
Mehmet CANTEKİN (Senior Assistant Manager)	Loans Follow-up, Directorates of the Regions	28 December 2007	Master	19 years
Şahin UĞUR	Support Services	9 August 2004	University	25 years
Feyzi ÖZCAN	Retail Banking, Retail Loans, Corporate Salary Payments and Credit Cards, Member Store Operations	20 September 2005	University	22 years
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	15 years
Birgül DENLİ	International Relations and Investor Relations	15 June 2006	Master	17 years
Ömer ELMAS	Legal Services	5 January 2009	Master	9 years
Remzi ALTINOK	Commercial Loans, Intelligence	7 May 2010	University	19 years
İbrahim BİLGİÇ	Corporate Banking, Corporate Centers, Corporate Loans	7 May 2010	University	19 years
Hasan ECESoy	Treasury, Investment Banking	18 June 2010	PHD	17 years
Serdar SATOĞLU	Private Banking, Associations	17 June 2010	PHD	15 years
Ali Engin EROGLU	Software Development, Systems Management, IT Businesses and Support, IT Services Planning, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate	18 August 2010	Master	15 years
Osman DEMREN	Commercial Banking, Cash Management Affairs, SME Banking	6 April 2011	University	15 years
Mitat ŞAHİN	Human Resources, Planning and Performance	11 April 2011	Master	20 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as at and

For the Six-Month Period Ended 30 June 2011

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

İsmail Alptekin, Member of the Board, holds a Group C non-publicly traded share of the Bank amounting of TL 59. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

As per the 23 March 2011 dated resolution of the Board of Directors, Osman Demren has been appointed as Assistant General Manager responsible for Commercial Banking and Cash Management Operations, and has come into office on 6 April 2011.

As per the 23 March 2011 dated resolution of the Board of Directors, Mitat Şahin has been appointed as Assistant General Manager responsible for Human Resources, Planning and Performance, and has come into office on 11 April 2011.

IV. Information on the Bank’s qualified shareholders

The shareholder holding control over the Bank is The General Directorate of the Foundations having 43.00% of the Bank’s outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (the pension fund of the employees of the Bank), having 16.10% of outstanding shares of the Bank.

V. Information about the services and nature of activities of the Bank

The Bank was established under the authorization of special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

- Lending loans by granting securities and real estates as collateral,
- Establishing or participating in all kinds of insurance corporations already established,
- Trading real estates,
- Servicing all banking operations and services,
- Operating real estates and participating in industrial sectors for corporations handed over by foundations and General Directorate of the Foundations in line with conditions stipulated by agreements if signed.
- The Bank is established to render banking services to the foundations and carry out cashier transactions of the General Directorate of Foundations in compliance with the agreements signed by General Directorate of the Foundations.

As at 30 June 2011, the Bank has 668 domestic, 3 foreign, in total 671 branches (31 December 2010: 634 domestic, 2 foreign, in total 636 branches). As at 30 June 2011, the Bank has 12,446 employees (31 December 2010: 11,077 employees).

SECTION TWO – FINANCIAL STATEMENTS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
 Unconsolidated Balance Sheet (Statement of Financial Position)
 As at 30 June 2011
 (Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
 and Related Disclosures and Footnotes
 Originally Issued in Turkish, See Section 3 Note I*

			Reviewed Current Period 30 June 2011			Audited Prior Period 31 December 2010		
ASSETS		Notes	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	7,636,623	2,499,513	10,136,136	2,609,343	2,037,537	4,646,880
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	2,865	35,721	38,586	1,343	22,705	24,048
2.1	Financial assets held for trading purpose		2,865	35,721	38,586	1,343	22,705	24,048
2.1.1	Debt securities issued by the governments		-	-	-	-	-	-
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading purpose		-	-	-	-	-	-
2.1.4	Other securities	V-I-2	2,865	35,721	38,586	1,343	22,705	24,048
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	26,068	1,863,164	1,889,232	73,080	1,198,593	1,271,673
IV.	RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	2,101,584	-	2,101,584
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	2,101,584	-	2,101,584
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	11,429,813	2,464,206	13,894,019	11,258,009	2,506,822	13,764,831
5.1	Equity securities		-	10,750	10,750	-	10,750	10,750
5.2	Debt securities issued by the governments		11,429,813	2,382,242	13,812,055	11,258,009	2,421,794	13,679,803
5.3	Other securities		-	71,214	71,214	-	74,278	74,278
VI.	LOANS AND RECEIVABLES	V-I-5	36,416,122	16,364,174	52,780,296	31,568,514	13,292,505	44,861,019
6.1	Performing loans and receivables		36,408,415	16,364,174	52,772,589	31,543,889	13,292,505	44,836,394
6.1.1	Loans provided to risk group	V-V-1	201,299	276,479	477,778	713,256	210,472	923,728
6.1.2	Debt securities issued by the governments		-	-	-	-	-	-
6.1.3	Others		36,207,116	16,087,695	52,294,811	30,830,633	13,082,033	43,912,666
6.2	Loans under follow-up		2,136,767	-	2,136,767	2,265,716	-	2,265,716
6.3	Specific provisions (-)		2,129,060	-	2,129,060	2,241,091	-	2,241,091
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	2,922,126	1,404,216	4,326,342	2,911,012	1,395,684	4,306,696
8.1	Debt securities issued by the governments		2,922,126	1,371,808	4,293,934	2,911,012	1,358,592	4,269,604
8.2	Other securities		-	32,408	32,408	-	37,092	37,092
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	221,839	-	221,839	206,682	-	206,682
9.1	Associates, consolidated per equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		221,839	-	221,839	206,682	-	206,682
9.2.1	Financial associates		214,245	-	214,245	199,088	-	199,088
9.2.2	Non-Financial associates		7,594	-	7,594	7,594	-	7,594
X.	INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	542,574	150,015	692,589	538,486	150,015	688,501
10.1	Unconsolidated financial subsidiaries		402,239	150,015	552,254	397,946	150,015	547,961
10.2	Unconsolidated non-financial subsidiaries		140,335	-	140,335	140,540	-	140,540
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	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
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)		1,113,952	2,255	1,116,207	1,112,028	1,764	1,113,792
XV.	INTANGIBLE ASSETS (Net)		54,795	-	54,795	52,892	-	52,892
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		54,795	-	54,795	52,892	-	52,892
XVI.	INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII.	TAX ASSETS		95,603	-	95,603	87,234	-	87,234
17.1	Current tax assets		-	-	-	-	-	-
17.2	Deferred tax assets		95,603	-	95,603	87,234	-	87,234
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	-	-	-	-	-	-
18.1	Assets held for sale		-	-	-	-	-	-
18.2	Assets related to the discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	V-I-15	972,763	100,726	1,073,489	723,442	112,413	835,855
TOTAL ASSETS			61,435,143	24,883,990	86,319,133	53,243,649	20,718,038	73,961,687

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Balance Sheet (Statement of Financial Position)
As at 30 June 2011
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

			Reviewed Current Period 30 June 2011			Audited Prior Period 31 December 2010		
LIABILITIES AND EQUITY		Notes	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	39,899,099	13,345,457	53,244,556	35,265,782	12,435,493	47,701,275
1.1	Deposits of the risk group	V-V-1	1,484,588	134,598	1,619,186	1,218,893	149,166	1,368,059
1.2	Other deposits		38,414,511	13,210,859	51,625,370	34,046,889	12,286,327	46,333,216
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	65,081	25,683	90,764	21,237	82,130	103,367
III.	FUNDS BORROWED	V-II-3	70,621	7,707,545	7,778,166	51,292	6,276,102	6,327,394
IV.	INTERBANK MONEY MARKET		9,772,185	2,850,739	12,622,924	6,113,726	2,014,588	8,128,314
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		9,772,185	2,850,739	12,622,924	6,113,726	2,014,588	8,128,314
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		54,561	-	54,561	61,203	-	61,203
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		54,561	-	54,561	61,203	-	61,203
VII.	MISCELLANEOUS PAYABLES		1,742,096	23,863	1,765,959	1,352,381	44,587	1,396,968
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	195,713	294,574	490,287	132,520	370,787	503,307
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	4	4
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	4	4
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	1,044,338	26,263	1,070,601	966,708	23,182	989,890
12.1	General provisions	V-II-7	530,671	4,296	534,967	424,374	3,502	427,876
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		317,910	-	317,910	341,687	-	341,687
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	195,757	21,967	217,724	200,647	19,680	220,327
XIII.	TAX LIABILITIES	V-II-8	183,217	4,633	187,850	187,525	3,941	191,466
13.1	Current tax liabilities		183,217	4,633	187,850	187,525	3,941	191,466
13.2	Deferred tax liabilities	V-I-13	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS	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	-	-	-	-	-	-
XVI.	EQUITY		8,808,795	204,670	9,013,465	8,317,385	241,118	8,558,503
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,140,237	204,670	1,344,907	1,261,024	241,118	1,502,142
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	341,997	204,670	546,667	465,543	241,118	706,661
16.2.4	Revaluation surplus on tangible assets		7,564	-	7,564	5,033	-	5,033
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		66,758	-	66,758	66,530	-	66,530
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		4,519,516	-	4,519,516	3,399,221	-	3,399,221
16.3.1	Legal reserves		590,498	-	590,498	476,116	-	476,116
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		3,689,113	-	3,689,113	2,696,515	-	2,696,515
16.3.4	Other profit reserves		239,905	-	239,905	226,590	-	226,590
16.4	Profit or loss		649,042	-	649,042	1,157,140	-	1,157,140
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		649,042	-	649,042	1,157,140	-	1,157,140
TOTAL LIABILITIES AND EQUITY			61,835,706	24,483,427	86,319,133	52,469,759	21,491,928	73,961,687

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Off-Balance Sheet

As at 30 June 2011

(Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

	Notes	Reviewed Current Period 30 June 2011			Audited Prior Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		22,935,210	11,208,559	34,143,769	19,612,172	9,048,213	28,660,385
I. GUARANTEES AND SURETIES	V-III-2	7,332,799	4,959,903	12,292,702	6,466,338	4,878,322	11,344,660
1.1 Letters of guarantee	V-III-1	7,320,269	1,700,616	9,020,885	6,454,001	1,775,159	8,229,160
1.1.1 Guarantees subject to State Tender Law		1,080,888	427,238	1,508,126	1,001,341	407,089	1,408,430
1.1.2 Guarantees given for foreign trade operations		221,456	-	221,456	215,578	-	215,578
1.1.3 Other letters of guarantee		6,017,925	1,273,378	7,291,303	5,237,082	1,368,070	6,605,152
1.2 Bank acceptances		12,530	162,908	175,438	8,587	188,036	196,623
1.2.1 Import letter of acceptance		-	38,174	38,174	-	27,800	27,800
1.2.2 Other bank acceptances		12,530	124,734	137,264	8,587	160,236	168,823
1.3 Letters of credit		-	3,089,048	3,089,048	3,750	2,907,531	2,911,281
1.3.1 Documentary letters of credit		-	3,089,048	3,089,048	3,750	2,907,531	2,911,281
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	5,982	5,982	-	6,823	6,823
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		-	-	-	-	-	-
1.8 Other guarantees		-	1,155	1,155	-	773	773
1.9 Other sureties		-	194	194	-	-	-
II. COMMITMENTS		11,423,953	805,591	12,229,544	9,844,083	503,975	10,348,058
2.1 Irrevocable commitments		10,088,752	805,591	10,894,343	9,843,938	503,975	10,347,913
2.1.1 Asset purchase commitments	V-III-1	446,746	769,321	1,216,067	412,537	492,288	904,825
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	2,000	-	2,000	2,000	-	2,000
2.1.4 Loan granting commitments	V-III-1	3,912,560	-	3,912,560	3,679,208	-	3,679,208
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	800,896	-	800,896	655,194	-	655,194
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	4,629,875	-	4,629,875	4,880,798	-	4,880,798
2.1.10 Commitments for credit card and banking operations promotions		283,581	-	283,581	201,107	-	201,107
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		13,094	36,270	49,364	13,094	11,687	24,781
2.2 Revocable commitments		1,335,201	-	1,335,201	145	-	145
2.2.1 Revocable loan granting commitments		1,335,201	-	1,335,201	145	-	145
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		4,178,458	5,443,065	9,621,523	3,301,751	3,665,916	6,967,667
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		4,178,458	5,443,065	9,621,523	3,301,751	3,665,916	6,967,667
3.2.1 Forward foreign currency purchases/sales		228,308	307,248	535,556	39,955	64,916	104,871
3.2.1.1 Forward foreign currency purchases		114,182	153,627	267,809	19,983	32,459	52,442
3.2.2.2 Forward foreign currency sales		114,126	153,621	267,747	19,972	32,457	52,429
3.2.2 Currency and interest rate swaps		3,777,438	4,607,585	8,385,023	3,135,142	3,471,963	6,607,105
3.2.2.1 Currency swaps-purchases		2,445,270	1,278,071	3,723,341	1,319,674	1,729,042	3,048,716
3.2.2.2 Currency swaps-sales		1,092,168	2,553,076	3,645,244	1,575,468	1,447,017	3,022,485
3.2.2.3 Interest rate swaps-purchases		120,000	395,120	515,120	120,000	154,367	274,367
3.2.2.4 Interest rate swaps-sales		120,000	381,318	501,318	120,000	141,537	261,537
3.2.3 Currency, interest rate and security options		172,712	204,232	376,944	126,654	129,037	255,691
3.2.3.1 Currency call options		86,356	102,116	188,472	63,327	64,518	127,845
3.2.3.2 Currency put options		86,356	102,116	188,472	63,327	64,519	127,846
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		-	324,000	324,000	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		200,677,130	31,843,700	232,520,830	88,652,364	26,426,105	115,078,469
IV. ITEMS HELD IN CUSTODY		121,923,577	960,196	122,883,773	20,489,343	691,971	21,181,314
4.1 Customers' securities held		-	15,758	15,758	-	15,028	15,028
4.2 Investment securities held in custody		118,846,288	7,079	118,853,367	18,033,907	6,752	18,040,659
4.3 Checks received for collection		2,231,253	318,745	2,549,998	1,591,885	245,019	1,836,904
4.4 Commercial notes received for collection		471,776	116,746	588,522	388,999	119,465	508,464
4.5 Other assets received for collection		2,152	65	2,217	2,152	62	2,214
4.6 Assets received through public offering		-	4,804	4,804	-	4,860	4,860
4.7 Other items under custody		2,159	282,426	284,585	237,108	125,066	362,174
4.8 Custodians		369,949	214,573	584,522	235,292	175,719	411,011
V. PLEDGED ITEMS		78,753,553	30,883,504	109,637,057	68,163,021	25,734,134	93,897,155
5.1 Securities		1,007,752	55,986	1,063,738	837,239	61,103	898,342
5.2 Guarantee notes		273,873	107,517	381,390	266,716	110,761	377,477
5.3 Commodities		11,598,746	339,421	11,938,167	10,550,064	105,548	10,655,612
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		60,602,277	24,809,860	85,412,137	51,514,221	21,778,197	73,292,418
5.6 Other pledged items		4,515,051	5,303,399	9,818,450	4,233,678	3,497,190	7,730,868
5.7 Pledged items-depository		755,854	267,321	1,023,175	761,103	181,335	942,438
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		223,612,340	43,052,259	266,664,599	108,264,536	35,474,318	143,738,854

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Statement of Income
For the Six-Month Period Ended 30 June 2011
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statement
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note 1*

	Notes	Reviewed Current Period 1 January 2011- 30 June 2011	Reviewed Prior Period 1 January 2010- 30 June 2010	Reviewed Current Period 1 April 2011- 30 June 2011	Reviewed Prior Period 1 April 2010- 30 June 2010
I. INTEREST INCOME		2,948,402	2,989,453	1,520,582	1,484,697
1.1 Interest income from loans	V-IV-1	2,213,432	2,026,097	1,160,459	1,012,298
1.2 Interest income from reserve deposits		-	43,220	-	22,742
1.3 Interest income from banks	V-IV-1	4,224	3,058	2,379	1,477
1.4 Interest income from money market transactions		3,540	51,021	1,461	17,824
1.5 Interest income from securities portfolio		691,152	837,081	349,641	423,855
1.5.1 Trading financial assets		-	694	-	381
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		493,439	663,239	246,318	330,857
1.5.4 Held-to-maturity investments		197,713	173,148	103,323	92,617
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		36,054	28,976	6,642	6,501
II. INTEREST EXPENSE		1,585,756	1,604,871	858,400	807,243
2.1 Interest expense on deposits		1,278,975	1,323,715	694,830	674,401
2.2 Interest expense on funds borrowed	V-IV-2	60,117	41,075	32,706	22,742
2.3 Interest expense on money market transactions		219,551	202,057	126,945	102,345
2.4 Interest expense on securities issued		-	-	-	-
2.5 Other interest expenses		27,113	38,024	3,919	7,755
III. NET INTEREST INCOME (I – II)		1,362,646	1,384,582	662,182	677,454
IV. NET FEES AND COMMISSIONS INCOME		270,931	214,035	153,000	111,243
4.1 Fees and commissions received		356,963	266,556	203,267	141,330
4.1.1 Non-cash loans		30,721	31,516	15,491	15,493
4.1.2 Others		326,242	235,040	187,776	125,837
4.2 Fees and commissions paid		86,032	52,521	50,267	30,087
4.2.1 Non-cash loans		70	5	33	3
4.2.2 Others		85,962	52,516	50,234	30,084
V. DIVIDEND INCOME		44,479	35,102	150	21,433
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	41,845	131,181	3,891	81,664
6.1 Trading account income/losses	V-IV-3	29,542	155,298	5,972	118,187
6.2 Income/losses from derivative financial instruments	V-IV-3	21,950	(15,345)	11,052	(18,227)
6.3 Foreign exchange gains/losses	V-IV-3	(9,647)	(8,772)	(13,133)	(18,296)
VII. OTHER OPERATING INCOME	V-IV-4	443,968	255,258	208,173	148,810
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,163,869	2,020,158	1,027,396	1,040,604
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	404,256	547,514	222,183	340,143
X. OTHER OPERATING EXPENSES (-)	V-IV-6	936,130	797,148	484,025	406,194
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		823,483	675,496	321,188	294,267
XII. INCOME RESULTED FROM MERGERS		-	-	-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		823,483	675,496	321,188	294,267
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(174,441)	(135,809)	(81,337)	(59,692)
16.1 Current tax charges	V-IV-7	(176,895)	(131,354)	(97,953)	(53,289)
16.2 Deferred tax credits	V-IV-7	2,454	(4,455)	16,616	(6,403)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	649,042	539,687	239,851	234,575
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-8	649,042	539,687	239,851	234,575
Earnings per share (full TL)		0.2596	0.2159	0.0959	0.0938

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Statement of Gains and Losses Recognized in Equity

For the Six-Month Period Ended 30 June 2011

(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements**and Related Disclosures and Footnotes**Originally Issued in Turkish, See Section 3 Note 1*

	Reviewed Current Period 1 January 2011- 30 June 2011	Reviewed Prior Period 1 January 2010- 30 June 2010	Reviewed Current Period 1 April 2011- 30 June 2011	Reviewed Prior Period 1 April 2010- 30 June 2010
GAINS AND LOSSES RECOGNIZED IN EQUITY				
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES			
	(188,753)	(147,592)	(42,784)	(178,567)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS			
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS			
IV.	CURRENCY TRANSLATION DIFFERENCES			
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			
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES			
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)			
XI.	CURRENT PERIOD'S PROFIT/(LOSS)			
11.1	87,285	99,187	25,534	68,300
11.2	-	-	-	-
11.3	-	-	-	-
11.4	561,757	440,500	214,317	166,275
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)			
	489,276	516,975	235,128	116,945

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2011
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

CHANGES IN EQUITY	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation 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 Held for Sale and Assets of Discoun. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 30 June 2010																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	353,012	-	1,713,233	206,430	1,251,206	-	565,474	1,138	66,530	-	-	7,380,941	-	7,380,941
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(22,712)	-	-	-	-	(22,712)	-	(22,712)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	539,687	-	-	-	-	-	-	539,687	-	539,687
XVIII.	Profit distribution	-	-	-	-	123,104	-	983,282	20,160	(1,251,206)	-	-	3,895	-	-	-	(120,765)	-	(120,765)
18.1	Dividends	-	-	-	-	-	-	-	-	(120,765)	-	-	-	-	-	-	(120,765)	-	(120,765)
18.2	Transferred to reserves	-	-	-	-	123,104	-	983,282	20,160	(1,130,441)	-	-	3,895	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	476,116	-	2,696,515	226,590	539,687	-	542,762	5,033	66,530	-	-	7,777,151	-	7,777,151
CURRENT PERIOD – 30 June 2011																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	476,116	-	2,696,515	226,590	1,157,140	-	706,661	5,033	66,530	-	-	8,558,503	-	8,558,503
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(159,994)	-	-	-	-	(159,994)	-	(159,994)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	228	-	-	228	-	228
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	649,042	-	-	-	-	-	-	649,042	-	649,042
XVIII.	Profit distribution	-	-	-	-	114,382	-	992,598	13,315	(1,157,140)	-	-	2,531	-	-	-	(34,314)	-	(34,314)
18.1	Dividends	-	-	-	-	-	-	-	-	(34,314)	-	-	-	-	-	-	(34,314)	-	(34,314)
18.2	Transferred to reserves	-	-	-	-	114,382	-	992,598	13,315	(1,122,826)	-	-	2,531	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	590,498	-	3,689,113	239,905	649,042	-	546,667	7,564	66,758	-	-	9,013,465	-	9,013,465

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2011
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note 1*

	Reviewed Current Period 30 June 2011	Reviewed Prior Period 30 June 2010
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	723,552	1,241,016
1.1.1 Interests received	2,914,649	3,034,660
1.1.2 Interests paid	(1,528,267)	(1,656,901)
1.1.3 Dividends received	19,344	11,283
1.1.4 Fee and commissions received	270,931	214,035
1.1.5 Other income	88,815	97,398
1.1.6 Collections from previously written-off loans and other receivables	255,190	268,814
1.1.7 Payments to personnel and service suppliers	(933,045)	(819,734)
1.1.8 Taxes paid	(164,292)	(166,596)
1.1.9 Others	(199,773)	258,057
1.2 Changes in operating assets and liabilities	3,011,497	410,812
1.2.1 Net (increase) decrease in financial assets held for trading purpose	-	-
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	(479,960)	(184,863)
1.2.4 Net (increase) decrease in loans	(8,053,026)	(5,552,147)
1.2.5 Net (increase) decrease in other assets	(236,435)	(38,803)
1.2.6 Net increase (decrease) in bank deposits	1,632,243	862,642
1.2.7 Net increase (decrease) in other deposits	3,859,540	3,895,438
1.2.8 Net increase (decrease) in funds borrowed	1,439,916	1,095,460
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	4,849,219	333,085
I. Net cash flow from banking operations	3,735,049	1,651,828
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(170,057)	(1,151,048)
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 Purchases of tangible assets	(55,181)	(26,495)
2.4 Proceeds from disposal of tangible assets	104,718	22,157
2.5 Cash paid for purchase of available-for-sale financial assets	(3,172,723)	(7,949,071)
2.6 Proceeds from disposal of available-for-sale financial assets	1,484,709	6,426,602
2.7 Cash paid for purchase of held-to-maturity investments	(61,960)	(75,360)
2.8 Proceeds from disposal of held-to-maturity investments	1,533,926	458,898
2.9 Others	(3,546)	(7,779)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	(34,314)	(120,765)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(34,314)	(120,765)
3.5 Repayments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	(2,546)	(7,189)
V. Net increase in cash and cash equivalents	3,528,132	372,826
VI. Cash and cash equivalents at the beginning of the period	6,387,454	8,191,635
VII. Cash and cash equivalents at the end of the period	9,915,586	8,564,461

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

SECTION THREE

Accounting Policies

I. Basis of presentation

As per the Article 37 of “Accounting and Recording Rules” of the Turkish Banking Law no.5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (“BRSA”) and in effect since 1 November 2006, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance (collectively “Reporting Standards”).

The accompanying unconsolidated interim financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and investments in associates and subsidiaries whose fair value can be reliably measured, which are presented on a fair value basis in the accompanying unconsolidated financial statements.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

II. Strategy for the use of financial instruments and information on foreign currency transactions

Strategy for the use of financial instruments

The Bank’s core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

The most important fund sources of the Bank other than the deposits are its equity, funds borrowed through repurchase agreements in various maturities and medium and long-term borrowings obtained from foreign financial institutions. The Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Bank attaches great significance to long-term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity risk, interest rate risk, exchange rate risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the shareholders’ equity.

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank’s operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management but earn lower return. The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations.

The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities. The Bank also hedges itself against the risk exposed due to net investment in foreign operations by the same manner.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

Information on foreign currency transactions

Transactions are recorded in TL, the functional currency of the Bank. Foreign currency transactions are recorded using the foreign exchange rates effective at the transaction date. At the end of the periods, foreign currency denominated monetary assets and liabilities are measured with the Bank's spot purchase rates and the differences are recognized as foreign exchange gains or losses in the statement of income.

Foreign exchange differences resulting from amortized costs of foreign currency denominated available-for-sale financial assets are recognized in the statement of income whilst foreign exchange differences resulting from unrealized gains and losses are presented in "valuation differences of marketable securities" under equity.

If the net investments in associates and subsidiaries operating in foreign countries are measured at cost, they are reported as translated into TL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

III. Information on forwards, options and other derivative transactions

The derivative transactions mainly consist of currency and interest rate swaps, foreign currency forward contracts and currency options. The Bank has classified its derivative transactions, mentioned above, as "trading purpose" in accordance with the TAS 39 – *Financial Instruments: Recognition and Measurement*.

Derivatives are initially recorded at their purchase costs including the transaction costs.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Subsequently, the derivative transactions are measured at their fair values and the changes in fair values are recorded in the balance sheet under "derivative financial assets held for trading purpose" or "derivative financial liabilities held for trading purpose". The subsequent fair value changes of derivative transactions are recognized in the statement of income.

IV. Information on interest income and expenses

Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs. Transaction costs are additional costs that are directly related to the acquisition, issuance or disposal of financial assets or liabilities.

In accordance with the related regulation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

V. Information on fees and commissions

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission; incomes derived from agreements and asset purchases for third parties are recognized as income when realized.

VI. Information on financial assets

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

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

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

Financial assets at fair value through profit or loss

Such assets are measured at their fair values and gain/loss arising is recorded in the statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the statement of income.

Held to maturity investments, available-for-sale financial assets and loans and receivables

Held to maturity investments are the financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables. Held-to-maturity investments are measured at amortized cost using effective interest method after deducting impairments, if any.

There are no financial assets that are not allowed to be classified as held-to-maturity investments for two years due to the tainting rules applied for the breach of classification rules.

Held-to-maturity investments are subsequently measured at amortized cost by using effective interest method, after deducting impairment losses, if any.

Available-for-sale financial assets are the financial assets other than loans and receivables, held-to-maturity investments and assets held for trading purposes. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair values and the discounted values are recorded in “valuation differences of the marketable securities” under the shareholders’ equity. In case of disposal of such assets, the realized gain or losses are recognized directly in the statement of income.

Loans and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Associates and subsidiaries

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

Associates, classified as available-for-sale financial assets in unconsolidated financial statements, which are traded in an active market or whose fair value can be reliably measured, are recorded at their fair values. Associates which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

VII. Information on impairment of financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no. 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

VIII. Information on offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

IX. Information on sales and repurchase agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet. Government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and measured based on their original portfolio, either at fair value or at amortized cost using the effective interest rate method. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements are classified under “Interbank Money Markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

X. Information on assets held for sale and discontinued operations

The Bank has neither assets held for sale nor discontinued operations.

XI. Information on goodwill and other intangible assets

The Bank's intangible assets consist of software.

Intangible assets are initially recorded at their costs in compliance with the TAS 38 – *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XII. Information on tangible assets

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of 31 December 2004 are considered as their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price, and recorded in the statement of income of the related period.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful lives (Years)	Depreciation Rates (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

There are no changes in the related accounting estimates that are expected to have an impact in the current or subsequent periods.

If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIII. Information on leasing activities

Finance leases

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value.

Depreciation for assets obtained through finance leases is calculated in the same manner as tangible assets.

Operational leases

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XIV. Information on provisions and contingent liabilities

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XV. Information on obligations of the Bank concerning employee rights

Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 30 June 2011 is TL 2,623 (full TL) (31 December 2010: TL 2,517 (full TL)).

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

As at 30 June 2011 and 31 December 2010, the major statistical assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	4.66%	4.66%
Expected Rate of Salary/Limit Increase	5.10%	5.10%
Estimated Employee Turnover Rate	1.13%	1.13%

Other benefits to employees

The Bank has provided for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with *TAS 19* in the accompanying unconsolidated financial statements.

Pension fund

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

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

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 (“the Law”) was approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no. 20 of the Article no. 73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

- a) The technical interest rate to be used for the actuarial calculation is 9.80%
- b) Income and expenditures in respect to fund’s insurance division are considered in the calculation of discounted liability.

Law requires the transfer to be completed in three years beginning from 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011.

At 19 June 2008, Cumhuriyet Halk Partisi, appealed to the Supreme Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. The application has been refused in accordance with the decision taken in 30 March 2011 dated meeting of the Supreme Court.

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

The technical financial statements of the Fund are audited by the certified actuary according to the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2011 which is prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

XVI. Information on taxation

Corporate tax

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

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

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

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

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred taxes

According to the TAS 12 – *Income Taxes*; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

The deferred tax assets and liabilities are reported as net in the financial statements only if the Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

In case where gains/losses resulting from the subsequent measurement of the items are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized directly in the equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Transfer pricing

In Turkey, the transfer pricing provisions are stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

XVII. Additional information on borrowings

Financial liabilities for trading purposes and derivative financial liabilities are valued at their fair values. All other financial liabilities are carried at amortized cost using effective interest method.

As at 30 June 2011 and 31 December 2010, there are no convertible bonds or any other securities issued by the Bank.

XVIII. Information on issuance of equity securities

The shares of the Bank having nominal value of TL 322,000,000, representing the 25.18% of the Bank's outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as “Share Premiums” in shareholders' equity. TL 448,429 of this amount was utilized in capital increase on 19 December 2006.

XIX. Information on confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XX. Information on government incentives

As at 30 June 2011 and 31 December 2010, the Bank does not have any government incentives.

XXI. Information on segment reporting

Operational segments are determined based the structure of the Bank's risks and benefits and presented in Section 4 Note VII.

XXII. Other disclosures

Earnings per shares

Earning per share is calculated by dividing the net profit for the period to weighted average of outstanding shares. In Turkey, the companies may perform capital increase (“Bonus Shares”) from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the six-month period ended 30 June 2011, earning per share is TL 0.2596 (30 June 2010: TL 0.2159).

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - *Related Party Disclosures*. Transactions made with related parties are disclosed in Section 5 Note V.

Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in TL, cash in FC, cheques, demand deposits for both Central Bank of Turkey (“CBT”) and other banks, money market placements and time deposits at banks and marketable securities whose original maturity is less than three months.

SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 14.00% (31 December 2010: 14.35%).

Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006, "Regulation for an Amendment for the Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26824 dated 22 March 2008 and "Regulation on the Equity of Banks".

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of the Banks".

Information on unconsolidated capital adequacy ratio

	30 June 2011						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Balance sheet items (Net)	15,173,352	-	1,612,863	15,943,377	38,983,981	145,695	263,158
Cash and cash equivalents	720,726	-	2	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	7,565,002	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	389,835	-	1,271,605	-	225,921	-	-
Interbank money market placements	-	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-
Reserve deposits at CBT	1,850,406	-	-	-	-	-	-
Loans	246,185	-	272,014	15,812,263	35,602,128	145,695	263,158
Loans under follow-up (Net)	-	-	-	-	7,707	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Held-to-maturity investment securities	4,185,475	-	32,400	-	-	-	-
Receivables from term sale of assets	-	-	-	-	104,630	-	-
Miscellaneous receivables	2,570	-	30,648	-	523,985	-	-
Interest and other income accruals	110,887	-	6,194	131,114	299,172	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	914,428	-	-
Tangible assets (Net)	-	-	-	-	902,216	-	-
Other assets	102,266	-	-	-	403,794	-	-
Off-balance sheet items	177,306	-	573,186	492,177	7,805,098	-	-
Non-cash loans and commitments	177,306	-	360,612	492,177	7,798,833	-	-
Derivative financial instruments	-	-	212,574	-	6,265	-	-
Non-risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	15,350,658	-	2,186,049	16,435,554	46,789,079	145,695	263,158

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Value at credit risk (VaCR)	56,188,924	48,608,735
Value at market risk (VaMR)	1,934,813	1,781,375
Value at operational risk (VaOR) (*)	6,531,375	5,795,900
Equity	9,052,553	8,065,195
Equity/ (VaCR+VaMR+VaOR)*100	%14.00	%14.35

(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2010 was measured by taking value at operational risk calculated based on average of gross incomes for the years ended 2009, 2008 and 2007 into consideration. For the year 2011, value at operational risk is being calculated based on average of gross incomes for the years ended 2010, 2009 and 2008.

Components of equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	590,498	476,116
I. Legal Reserve (Turkish Commercial Code 466/1)	295,249	238,058
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	295,249	238,058
Status Reserves	-	-
Extraordinary Reserves	3,929,018	2,923,105
Reserve allocated as per the Decision held by the General Assembly	3,689,113	2,696,515
Retained Earnings	239,905	226,590
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	649,042	1,157,140
Current Period's Profit	649,042	1,157,140
Prior Years' Profit	-	-
Provision for Possible Losses (up to 25% of Core Capital)	74,098	65,428
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	7,564	5,033
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	73,037	73,009
Prepaid Expenses (-)	-	323,581
Intangible Assets (-)	54,795	52,892
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	8,346,306	7,401,258
SUPPLEMENTARY CAPITAL		
General Provisions	534,967	427,876
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	66,758	66,530
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	246,000	317,997
Associates and Subsidiaries	176,508	178,791
Available for Sale Investment Securities	69,492	139,206
Other Profit Reserves	-	-
Total Supplementary Capital	847,725	812,403
TIER III CAPITAL		
CAPITAL	9,194,031	8,213,661
DEDUCTIONS FROM CAPITAL	141,478	148,466
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	140,954	148,466
Others	524	-
TOTAL EQUITY	9,052,553	8,065,195

II. Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices on balance sheet and off-balance sheet positions of the banks.

The capital need for general market risk and specific risks is calculated using the standard method defined by the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and reported monthly.

In addition to the standard method, the Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Bank also performs daily back-testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liability accounts, liquidity analysis are performed and the duration of the Bank’s assets and liabilities is calculated.

The market risk analysis of the Bank is reported monthly and sent to the related regulatory institutions.

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	127,450
(II) Capital Obligation against Specific Risks - Standard Method	6,547
(III) Capital Obligation against Currency Risk - Standard Method	19,081
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	1,707
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	154,785
(IX) Value-At-Market Risk (12.5xVIII) or (12.5xVII)	1,934,813

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of the changes in the levels of equity indices and the value of individual stocks.

The effect on equity as a result of change in the fair value of equity instruments quoted to İstanbul Stock Exchange (“ISE”) held as available for sale financial assets, associates and subsidiaries due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in index	30 June 2011	30 June 2010
		Equity	Equity
ISE – 100 (IMKB - 100)	10%	36,289	25,814

III. Operational risk

The Bank calculated the value at operational risk in accordance with the fourth section published in the Official Gazette date 1 June 2007 related to the "Computation of Value of Operational Risk" of the circular, "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 26333 and dated 1 November 2006. "Basic Indicator Method" is used for operational risk calculation.

As at 30 June 2011 the amount calculated as TL 522,510 (31 December 2010: TL 463,672) from gross income for the years ended 31 December 2010, 2009 and 2008 and used for the calculation of capital adequacy ratio as at 30 June 2011, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to TL 6,531,375 (31 December 2010: TL 5,795,900) presented in the table included in Note I of this section is calculated as 12.5 times of the operational risk.

IV. Foreign currency exchange risk

Foreign exchange risk that the Bank exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Bank for the positions being monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As at 30 June 2011 and 31 December 2010, the Bank does not have derivate financial instruments held for risk management purpose.

Foreign exchange risk management policy

Risk policy of the Bank is based on the transactions within the limits and keeping the currency position well-balanced.

In the light of the national legislations and international applications, the Bank has established a foreign currency risk management policy that enables the Bank to take position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Bank.

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in TL are as follows:

	US Dollar	Euro
The Bank's foreign currency purchase rate at the balance sheet date	1.6200	2.3459
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	1.5800	2.2714
Day 2	1.5900	2.2696
Day 3	1.6000	2.2579
Day 4	1.5700	2.2376
Day 5	1.5700	2.2437
<hr/>		
	US Dollar	Euro
Last 30-days arithmetical average rate	1.5533	2.2261

Information on currency risk

Current Period	Euro	US Dollar	Japanese Yen	Other FCs	Total
Assets:					
Cash and balances with the Central Bank of Turkey	218,872	2,273,097	200	7,344	2,499,513
Banks	584,161	1,229,205	1,078	48,720	1,863,164
Financial assets at fair value through profit or loss ⁽¹⁾	685	33,807	-	-	34,492
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	635,313	1,828,893	-	-	2,464,206
Loans and receivables ⁽²⁾	7,036,432	10,060,729	1,423	56,747	17,155,331
Associates, subsidiaries and joint-ventures	150,015	-	-	-	150,015
Held-to-maturity investments	160,787	1,243,429	-	-	1,404,216
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	2,255	-	-	2,255
Intangible assets	-	-	-	-	-
Other assets ⁽³⁾	16,740	67,469	-	-	84,209
Total assets	8,803,005	16,738,884	2,701	112,811	25,657,401
Liabilities:					
Bank deposits	173,517	1,404,841	-	48	1,578,406
Foreign currency deposits	4,410,962	7,309,140	496	46,453	11,767,051
Interbank money market takings	539,029	2,311,710	-	-	2,850,739
Other funding	3,699,461	3,965,283	1,421	41,380	7,707,545
Securities issued	-	-	-	-	-
Miscellaneous payables	3,887	19,895	-	81	23,863
Derivative financial liabilities held for risk Management purpose	-	-	-	-	-
Other liabilities ^{(1) (4)}	96,729	208,758	953	20,842	327,282
Total liabilities	8,923,585	15,219,627	2,870	108,804	24,254,886
Net 'on balance sheet' position	(120,580)	1,519,257	(169)	4,007	1,402,515
Net 'off-balance sheet' position	(16,956)	(1,265,112)	1,017	(549)	(1,281,600)
Derivative assets ⁽⁶⁾	323,832	2,125,595	1,017	14,949	2,465,393
Derivative liabilities ⁽⁶⁾	340,788	3,390,707	-	15,498	3,746,993
Non-cash loans ⁽⁵⁾	1,716,633	3,059,838	53,172	130,260	4,959,903
Prior Period					
	Euro	US Dollar	Japanese Yen	Other FCs	Total
Total assets	7,349,331	13,700,671	4,582	115,237	21,169,821
Total liabilities	7,275,165	13,844,722	5,055	106,839	21,231,781
Net 'on balance sheet' position	74,166	(144,051)	(473)	8,398	(61,960)
Net 'off-balance sheet' position	16,284	231,189	453	(4,218)	243,708
Derivative assets ⁽⁶⁾	294,745	1,894,659	551	11,001	2,200,956
Derivative liabilities ⁽⁶⁾	278,461	1,663,470	98	15,219	1,957,248
Non-cash loans ⁽⁵⁾	1,506,177	3,152,750	90,106	129,289	4,878,322

⁽¹⁾ Derivative financial assets and liabilities resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 791,157 (31 December 2010: TL 479,180) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 16,517 (31 December 2010: TL 14,064) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 21,075 (31 December 2010: TL 17,267) are not included.

⁽⁵⁾ Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

⁽⁶⁾ Asset purchase commitments amounting to TL 374,459 (31 December 2010: TL 220,570) and asset sales commitments amounting to TL 394,862 (31 December 2010: 271,718) are included.

Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the six-month period ended 30 June 2011 and 2010 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 June 2011		30 June 2010	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	10,378	24,114	7,392	17,825
EUR	(29,855)	(28,755)	2,429	3,275
Other currencies	431	431	670	670
Total, net	(19,046)	(4,210)	10,491	21,770

(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

10 percent revaluation of the TL against the following currencies as at and for the six-month period ended 30 June 2011 and 2010 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	30 June 2011		30 June 2010	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(6,472)	(20,208)	(2,967)	(13,400)
Euro	29,855	28,755	(2,425)	(3,271)
Other currencies	357	357	86	86
Total, net	23,740	8,904	(5,306)	(16,585)

(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

V. Interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

Bank's interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBT	-	-	-	-	-	10,136,136	10,136,136
Banks	1,140,910	136,850	4,034	-	-	607,438	1,889,232
Financial assets at fair value through profit/loss	3,493	28,089	7,004	-	-	-	38,586
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	4,205,362	2,746,958	2,252,879	2,619,792	2,058,278	10,750	13,894,019
Loans and receivables	15,693,355	6,716,462	13,892,333	11,176,226	5,294,213	7,707	52,780,296
Held-to-maturity investments	407,444	470,355	27,186	1,020,651	2,400,706	-	4,326,342
Other assets (*)	5,482	6,262	25,441	97,809	296	3,119,232	3,254,522
Total assets	21,456,046	10,104,976	16,208,877	14,914,478	9,753,493	13,881,263	86,319,133
Liabilities:							
Bank deposits	2,014,506	540,528	-	-	-	982,524	3,537,558
Other deposits	28,198,736	10,720,134	2,366,068	13,537	-	8,408,523	49,706,998
Interbank money market takings	10,420,090	752,498	1,450,336	-	-	-	12,622,924
Miscellaneous payables	-	2,637	14,212	-	-	1,749,110	1,765,959
Securities issued	-	-	-	-	-	-	-
Funds borrowed	94,024	4,056,198	3,586,908	21,580	19,456	-	7,778,166
Other liabilities (**)	26,381	7,828	48,275	34,851	13,939	10,776,254	10,907,528
Total liabilities	40,753,739	16,079,821	7,465,799	69,968	33,395	21,916,411	86,319,133
On balance sheet long position	-	-	8,743,078	14,844,510	9,720,098	-	33,307,686
On balance sheet short position	(19,297,693)	(5,974,845)	-	-	-	(8,035,148)	(33,307,686)
Off-balance sheet long position	245,308	1,002,530	24,390	-	-	-	1,272,228
Off-balance sheet short position	(174,432)	(2,607)	(144,142)	(653,738)	(243,000)	-	(1,217,919)
Position, Net	(19,226,817)	(4,974,922)	8,623,326	14,190,772	9,477,098	(8,035,148)	54,309

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets:							
Cash and balances with CBT	-	-	-	-	-	4,646,880	4,646,880
Banks	728,200	79,123	47,029	-	-	417,321	1,271,673
Financial assets at fair value through profit/loss	14,400	1,609	1,210	6,829	-	-	24,048
Interbank money market placements	2,101,584	-	-	-	-	-	2,101,584
Available-for-sale financial assets	4,418,159	2,658,069	3,204,305	1,341,073	2,132,475	10,750	13,764,831
Loans and receivables	14,957,568	8,941,787	8,264,310	9,073,810	3,598,919	24,625	44,861,019
Held-to-maturity investments	549,869	1,062,472	812,563	304,767	1,577,025	-	4,306,696
Other assets (*)	3,804	1,300	8,500	111,894	239	2,859,219	2,984,956
Total assets	22,773,584	12,744,360	12,337,917	10,838,373	7,308,658	7,958,795	73,961,687
Liabilities:							
Bank deposits	1,440,178	142,796	421,561	-	-	10,200	2,014,735
Other deposits	25,508,127	10,362,127	2,419,559	130,051	-	7,266,676	45,686,540
Interbank money market takings	5,801,511	1,176,212	1,150,591	-	-	-	8,128,314
Miscellaneous payables	-	4,601	20,332	-	-	1,372,035	1,396,968
Securities issued	-	-	-	-	-	-	-
Fund borrowed	13,269	4,860,178	1,317,668	136,279	-	-	6,327,394
Other liabilities (**)	11,539	1,360	21,611	98,706	17,926	10,256,594	10,407,736
Total liabilities	32,774,624	16,547,274	5,351,322	365,036	17,926	18,905,505	73,961,687
On balance sheet long position	-	-	6,986,595	10,473,337	7,290,732	-	24,750,664
On balance sheet short position	(10,001,040)	(3,802,914)	-	-	-	(10,946,710)	(24,750,664)
Off-balance sheet long position	208,483	757,781	7,539	30,223	-	-	1,004,026
Off-balance sheet short position	(58,401)	(5,331)	(140,331)	(662,168)	(115,875)	-	(982,106)
Position, Net	(9,850,958)	(3,050,464)	6,853,803	9,841,392	7,174,857	(10,946,710)	21,920

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

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

Average interest rates applied to monetary financial instruments

Current Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	1.50	0.89	-	8.72
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.63	6.98	-	8.28
Loans and receivables	4.51	3.86	3.49	13.83
Held-to-maturity investments	5.58	7.41	-	10.10
Liabilities:				
Bank deposits	3.32	1.69	-	9.00
Other deposits	3.25	3.10	-	8.32
Interbank money market takings	1.54	1.39	-	6.57
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	2.08	1.72	0.49	7.07
Prior Period				
	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.90	1.27	-	7.23
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	6.97
Available-for-sale financial assets	5.69	7.00	-	9.24
Loans and receivables	4.36	4.18	3.49	14.18
Held-to-maturity investments	6.61	7.38	-	9.72
Liabilities:				
Bank deposits	2.26	0.99	-	8.36
Other deposits	2.71	2.73	-	8.08
Interbank money market takings	1.36	1.28	-	7.01
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	1.71	1.43	0.49	7.36

Interest sensitivity

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss held as at 30 June 2011 and on net interest income of floating rate non-trading financial assets and financial liabilities (without tax effects).

Interest rate sensitivity of equity is calculated by taking the effects of the assumed changes in interest rates on the fair value of fixed rate available-for-sale financial assets as at 30 June 2011 into account.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

This analysis is performed on the same basis for 30 June 2010.

	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Current Period				
Financial assets at fair value through profit or loss	32,471	(35,353)	32,471	(35,353)
Available-for-sale financial assets	28,987	(29,088)	(209,328)	223,422
Floating rate financial assets	145,859	(145,859)	145,859	(145,859)
Floating rate financial liabilities	(41,158)	41,158	(41,158)	41,158
Total, net	166,159	(169,142)	(72,156)	83,368

	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Prior Period				
Financial assets at fair value through profit or loss	21,119	(19,215)	21,119	(19,215)
Available-for-sale financial assets	26,675	(27,294)	(217,238)	234,698
Floating rate financial assets	240,725	(240,725)	240,725	(240,725)
Floating rate financial liabilities	(73,341)	73,341	(73,341)	73,341
Total, net	215,178	(213,893)	(28,735)	48,099

^(*) Equity effect also includes profit or loss effect of 100 bp increase or decrease in interest rates.

VI. Liquidity risk

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

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

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed^(*)	Total
Assets:								
Cash and balance with CBT	10,136,136	-	-	-	-	-	-	10,136,136
Banks	997,274	751,074	136,850	4,034	-	-	-	1,889,232
Financial assets at fair value through profit/loss	-	1,741	2,712	17,817	16,316	-	-	38,586
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	158	579,340	480,423	7,489,546	5,333,802	10,750	13,894,019
Loans and receivables	-	6,865,168	2,863,940	11,379,330	24,916,328	6,747,823	7,707	52,780,296
Held-to-maturity investments	-	32,444	-	27,186	1,866,006	2,400,706	-	4,326,342
Other assets	-	477,418	6,645	26,640	193,029	296	2,550,494	3,254,522
Total assets	11,133,410	8,128,003	3,589,487	11,935,430	34,481,225	14,482,627	2,568,951	86,319,133
Liabilities:								
Bank deposits	7,739	2,014,506	540,528	-	-	-	974,785	3,537,558
Other deposits	8,408,523	28,198,736	10,720,134	2,366,068	13,537	-	-	49,706,998
Funds borrowed	-	84,498	1,540,899	2,769,031	1,859,928	1,523,810	-	7,778,166
Interbank money market takings	-	10,377,932	627,406	1,568,453	49,133	-	-	12,622,924
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,667,307	33,524	14,212	-	-	50,916	1,765,959
Other liabilities	-	240,467	105,481	59,374	44,211	13,939	10,444,056	10,907,528
Total liabilities	8,416,262	42,583,446	13,567,972	6,777,138	1,966,809	1,537,749	11,469,757	86,319,133
Liquidity gap	2,717,148	(34,455,443)	(9,978,485)	5,158,292	32,514,416	12,944,878	(8,900,806)	-
Prior Period								
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed^(*)	Total
Total assets	5,546,854	11,444,770	2,895,358	11,524,278	28,066,663	11,971,319	2,512,445	73,961,687
Total liabilities	7,276,876	34,067,607	13,332,387	5,916,454	2,214,721	1,097,732	10,055,910	73,961,687
Liquidity gap	(1,730,022)	(22,622,837)	(10,437,029)	5,607,824	25,851,942	10,873,587	(7,543,465)	-

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

Residual contractual maturities of the financial liabilities

30 June 2011	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	3,537,558	3,549,354	982,524	2,019,056	547,774	-	-	-
Other deposits	49,706,998	50,019,355	8,408,523	28,412,014	10,801,215	2,383,964	13,639	-
Funds borrowed	7,778,166	8,411,825	-	84,582	1,563,912	2,813,537	2,157,423	1,792,371
Money market takings	12,622,924	12,641,500	-	10,384,859	629,573	1,576,730	50,338	-
Miscellaneous payables	1,765,959	1,765,959	50,916	1,667,307	33,524	14,212	-	-
Other liabilities	565,940	565,940	290,318	150,269	7,829	59,374	44,211	13,939
Total	75,977,545	76,953,933	9,732,281	42,718,087	13,583,827	6,847,817	2,265,611	1,806,310

Non-Cash Loans	12,292,702	12,292,702	6,484,854	501,208	734,631	3,147,971	1,334,889	89,149
-----------------------	-------------------	-------------------	------------------	----------------	----------------	------------------	------------------	---------------

31 December 2010	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	2,014,735	2,032,965	10,200	1,442,042	144,416	436,307	-	-
Other deposits	45,686,540	45,957,158	7,266,676	25,687,798	10,435,115	2,436,602	130,967	-
Funds borrowed	6,327,394	6,626,850	-	7,486	1,659,231	1,845,539	1,877,279	1,237,315
Money market takings	8,128,314	11,326,118	-	8,320,365	1,600,372	1,235,014	170,367	-
Miscellaneous payables	1,396,968	1,396,968	63,757	1,278,014	30,264	4,601	20,332	-
Other liabilities	600,095	600,095	375,978	76,901	1,328	21,618	106,344	17,926
Total	64,154,046	67,940,154	7,716,611	36,812,606	13,870,726	5,979,681	2,305,289	1,255,241

Non-Cash Loans	11,344,660	11,344,660	6,978,154	598,232	820,728	1,699,003	1,168,428	80,115
-----------------------	-------------------	-------------------	------------------	----------------	----------------	------------------	------------------	---------------

This table shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the financial statements.

VII. Segment reporting

The Bank operates in corporate, commercial, small business, retail and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network was built in order to serve customers' needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

Additionally, the Bank provides "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	625,039	371,312	427,218	480,022	1,903,591
Undistributed expenses	-	-	-	(1,124,587)	(1,124,587)
Operating profit	625,039	371,312	427,218	(644,565)	779,004
Income from associates	-	-	-	-	44,479
Income before taxes	-	-	-	-	823,483
Provision for taxes	-	-	-	-	(174,441)
Net profit	-	-	-	-	649,042
Segment assets	19,073,989	33,706,307	29,701,435	-	82,481,731
Investments in associates and subsidiaries	-	-	914,428	-	914,428
Undistributed assets	-	-	-	2,922,974	2,922,974
Total assets	19,073,989	33,706,307	30,615,863	2,922,974	86,319,133
Segment liabilities	18,244,918	34,999,638	20,563,262	-	73,807,818
Equity	-	-	-	9,013,465	9,013,465
Undistributed liabilities	-	-	-	3,497,850	3,497,850
Total Liabilities and Equity	18,244,918	34,999,638	20,563,262	12,511,315	86,319,133

SECTION FIVE

Disclosure and Footnotes on Unconsolidated Financial Statements

I. Information and disclosures related to assets

1. Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	612,179	107,654	571,538	83,801
Central Bank of Turkey ^(*)	7,024,444	2,390,964	2,037,805	1,953,075
Others	-	895	-	661
Total	7,636,623	2,499,513	2,609,343	2,037,537

^(*) TL 1,850,406 (31 December 2010: TL 1,423,140) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 16% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2010: for all maturity ranges 6%). For foreign currency liabilities, all banks shall provide a reserve rate of 12 % in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 11% as maturities get longer (31 December 2010: for all maturity ranges 11%).

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	7,024,444	540,558	2,034,444	529,935
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	1,850,406	3,361	1,423,140
Total	7,024,444	2,390,964	2,037,805	1,953,075

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

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

None.

Trading securities subject to repurchase agreements

None.

Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2,504	179	907	99
Swap Transactions	278	34,428	356	21,248
Futures	-	-	-	-
Options	83	1,114	80	1,358
Others	-	-	-	-
Total	2,865	35,721	1,343	22,705

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	26,068	1,863,164	73,080	1,198,593
Domestic	26,068	291,606	33,064	78,946
Foreign	-	1,571,558	40,016	1,119,647
Foreign Head Offices and Branches	-	-	-	-
Total	26,068	1,863,164	73,080	1,198,593

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	2,018,796	80,745	1,660,529	68,530
Others	-	-	-	-
Total	2,018,796	80,745	1,660,529	68,530

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	7,875,987	-	5,074,766	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	1,666,868	-	1,451,246
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	7,875,987	1,666,868	5,074,766	1,451,246

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		13,929,236		13,765,091
Quoted		13,929,236		13,765,091
Unquoted		-		-
Equity securities		10,750		10,750
Quoted		-		-
Unquoted		10,750		10,750
Provision for impairment on available-for-sale financial assets (-)		45,967		11,010
Total		13,894,019		13,764,831

5. Information on loans

Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	27,989	-	563
Legal entities	-	27,989	-	563
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	51,649	-	45,654	-
Total	51,649	27,989	45,654	563

Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
		Loans and Other Receivables		Loans and Other Receivables
Cash Loans				
Loans	50,218,855	-	1,908,479	604,745
Discounted bills	10,145	-	-	1
Exporting loans	3,992,786	-	122,557	64,825
Importing loans	-	-	-	1
Loans to the financial sectors	2,571,476	-	326	85
Overseas loans	69,707	-	-	-
Consumer loans	16,801,150	-	538,856	146,753
Credit cards	1,579,032	-	87,652	8,620
Precious metal loans	-	-	-	-
Others	25,194,559	-	1,159,088	384,460
Specialization loans	40,510	-	-	-
Other receivables	-	-	-	-
Total	50,259,365	-	1,908,479	604,745

Information on changes in payment schedules of the performing loans and other receivables

<i>Performing Loans and Other Receivables</i> (*)						
Number of Restructuring	Number of Loans	Up to 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
1	5	1,943	-	-	-	1,943
1	16	-	1,678	-	-	1,678
1	13	-	-	1,286	-	1,286
	34	1,943	1,678	1,286	-	4,907

<i>Loans under Follow-up and Other Receivables</i> (*)						
Number of Restructuring	Number of Loans	Up to 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
1	109	114	-	-	-	114
1	167	-	38,930	-	-	38,930
1	90	-	-	4,097	-	4,097
1	1	-	-	-	168	168
	367	114	38,930	4,097	168	43,309

(*) The tables above include performing loans and other receivables whose payment schedules are restructured or rescheduled after the date 28 May 2011.

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	256,095	16,571,108	16,827,203
Housing Loans	6,259	8,021,886	8,028,145
Automobile Loans	3,101	265,766	268,867
General Purpose Loans	129,623	4,429,148	4,558,771
Other	117,112	3,854,308	3,971,420
Consumer Loans – FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Retail Credit Cards – TL	1,548,614	2,125	1,550,739
With Installment	551,661	2,125	553,786
Without Installment	996,953	-	996,953
Retail Credit Cards – FC	1,210	-	1,210
With Installment	-	-	-
Without Installment	1,210	-	1,210
Personnel Loans – TL	902	25,567	26,469
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	860	25,567	26,427
Other	42	-	42
Personnel Loans – FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	25,142	-	25,142
With Installment	9,887	-	9,887
Without Installment	15,255	-	15,255
Personnel Credit Cards – FC	38	-	38
With Installment	-	-	-
Without Installment	38	-	38
Overdraft Checking Accounts – TL (Real persons)	633,087	-	633,087
Overdraft Checking Accounts – FC (Real persons)	-	-	-
Total	2,465,088	16,598,800	19,063,888

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	379,999	6,334,890	6,714,889
Real Estate Loans	167	111,619	111,786
Automobile Loans	21,283	541,076	562,359
General Purpose Loans	358,549	5,682,195	6,040,744
Other	-	-	-
Installment-based Commercial Loans – FC indexed	9,800	271,308	281,108
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	9,800	271,308	281,108
Other	-	-	-
Installment-based Commercial Loans – FC	199	541,667	541,866
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	199	541,667	541,866
Corporate Credit Cards – TL	98,006	73	98,079
With Installment	17,873	73	17,946
Without Installment	80,133	-	80,133
Corporate Credit Cards – FC	96	-	96
With Installment	-	-	-
Without Installment	96	-	96
Overdraft Checking Accounts – TL (Corporate)	311,821	-	311,821
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	799,921	7,147,938	7,947,859

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	52,701,574	44,769,519
Overseas Loans	71,015	66,875
Total	52,772,589	44,836,394

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	470,088	914,750
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	470,088	914,750

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	58,929	66,757
Loans and Receivables with Doubtful Collectibility	142,012	218,622
Uncollectible Loans and Receivables	1,928,119	1,955,712
Total	2,129,060	2,241,091

Information on non-performing loans (NPLs) (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	7,649	29,028	107,173
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	7,649	29,028	107,173
Prior period	12,885	56,475	159,362
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	12,885	56,475	159,362

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the period	91,382	218,622	1,955,712
Additions (+)	155,919	11,291	34,640
Transfers from other categories of loans under follow-up (+) ^(*)	-	155,382	176,849
Transfers to other categories of loans under follow-up (-) ^(*)	155,519	202,131	50,190
Collections (-)	25,146	41,152	188,892
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Others	-	-	-
Differences from corrections according to exchange rates	-	-	-
Balance at the end of the period	66,636	142,012	1,928,119
Specific provision (-)	58,929	142,012	1,928,119
Balance, net	7,707	-	-

Uncollectible loans and receivables are collected by liquidation of collaterals and legal follow-up.

^(*)Loans that are transferred from restructured loans to non-performing loans and from non-performing loans to restructured loans are presented in the transfers from and to other categories of loans under follow-up lines.

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
Balance at the end of the period	250	3,233	288,084
Specific provision (-)	50	3,233	288,084
Net balance on balance sheet	200	-	-
Prior Period			
Balance at the end of the period	2,687	9,173	299,365
Specific provision (-)	537	9,173	299,365
Net balance on balance sheet	2,150	-	-

Non-performing foreign currency denominated loans are followed in TL accounts.

Loan customer concentration of non-performing loans:

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)			
7,707			
Consumer and Commercial Loans (Gross)	66,291	140,672	1,891,833
Specific Provision (-)	58,860	140,672	1,891,833
Consumer and Commercial Loans (Net)	7,431	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	345	1,340	34,735
Specific Provision (-)	69	1,340	34,735
Other Loans and Receivables (Net)	276	-	-
Prior Period (Net)			
24,625			
Consumer and Commercial Loans (Gross)	91,167	214,723	1,920,998
Specific Provision (-)	66,714	214,723	1,920,998
Consumer and Commercial Loans (Net)	24,453	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	215	3,899	33,163
Specific Provision (-)	43	3,899	33,163
Other Loans and Receivables (Net)	172	-	-

6. Information on held-to-maturity investments

Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	2,922,126	-	2,911,012	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	1,371,808	-	1,358,592
Total	2,922,126	1,371,808	2,911,012	1,358,592

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	4,355,706	4,336,674
Quoted at Stock Exchanges	4,323,298	4,299,582
Unquoted at Stock Exchanges	32,408	37,092
Impairment Losses (-)	29,364	29,978
Total	4,326,342	4,306,696

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	4,306,696	3,498,473
Foreign currency differences on monetary assets	68,503	43,968
Purchases during the period	1,520,109	2,276,240
Disposals through sales/redemptions	(1,533,926)	(1,515,414)
Impairment losses	614	(17,166)
Change in amortized costs of the securities (*)	(35,654)	20,595
Balances at the end of the period	4,326,342	4,306,696

(*) Differences in the amortized costs of the marketable securities are included in this column.

In the current period, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 1,390,000 to its held-to-maturity investment securities portfolio at their fair values of TL 1,458,149 as at their reclassification dates. These reclassifications are presented in “purchases during the period” line in the movement table of held-to-maturity investment securities. The valuation differences of such securities amounting to TL (2,570) are recorded under equity and will be amortized through the statement of income until their maturities.

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 2,205,476 to its held-to-maturity investment securities portfolio at their fair values of TL 2,166,451 as at their reclassification dates, in 2010. These reclassifications are presented in “purchases during the period” line in the movement table of held-to-maturity investment securities. The valuation differences of such securities amounting to TL (4,842) are recorded under equity and will be amortized through the statement of income until their maturities.

Information on held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	207	32,400	209	32,408
Investments subject to repurchase agreements	2,797,430	1,017,745	2,858,520	1,037,066
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	62,794	336,663	63,397	334,742
Total	2,860,431	1,386,808	2,922,126	1,404,216

Prior Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	401,847	37,080	405,031	37,092
Investments subject to repurchase agreements	1,267,246	914,794	1,321,006	930,042
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	1,145,838	425,748	1,184,975	428,550
Total	2,814,931	1,377,622	2,911,012	1,395,684

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

7. Information on investments in associates

Information on investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Kıbrıs Vakıflar Bankası Ltd.	15.00	15.00
2	Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ	11.75	21.77
3	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	27.63	29.47
4	Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	10.00	10.00
5	Türkiye Sınai Kalkınma Bankası AŞ ^(*)	8.38	8.38
6	Bankalararası Kart Merkezi AŞ ^(*)	9.70	9.70
7	Kredi Kayıt Bürosu AŞ ^(*)	9.09	9.09
8	Güçbirliği Holding AŞ ^(*)	0.07	0.07
9	İzmir Enternasyonel Otelcilik AŞ ^(*)	5.00	5.00
10	İMKB Takas ve Saklama Bankası AŞ	4.86	5.28
11	World Vakıf UBB Ltd.	82.00	85.24
12	Kredi Garanti Fonu AŞ	1.67	1.67

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	679,188	57,671	7,760	26,075	4,778	2,514	5,687	-
2	15,825	14,971	100	-	-	(536)	247	14,851
3	158,205	108,920	140,723	1,376	343	26,267	2,437	63,739
4	1,194,094	210,455	172,789	4,652	-	8,905	13,007	-
5	8,799,504	1,396,199	25,969	77,608	54,167	60,264	59,925	2,073,783
6	20,567	17,454	6,312	181	-	1,589	1,905	-
7	45,045	19,875	2,517	778	-	4,175	2,638	-
8	116,702	24,060	144	58	-	(818)	(1,994)	-
9	106,501	46,382	100,443	-	-	351	806	-
10	1,734,538	288,509	10,099	15,202	1,806	15,837	17,870	-
11	2,330	(26,788)	-	2,807	-	(1,631)	(934)	-
12	142,235	135,886	3,038	2,147	245	2,782	3,270	-

^(*) The financial statements as at and for the three-month period ended 31 March 2011 are presented.

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	206,682	142,008
Movements during the period	15,157	64,674
Transfers	-	-
Acquisitions and capital increases	-	-
Bonus shares received	9,486	10,477
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	5,671	54,197
Impairment losses	-	-
Balance at the end of the period	221,839	206,682
Capital commitments	2,000	2,000
Share percentage at the end of the period (%)	-	-

The name of World Vakıf Off Shore Banking Ltd, a subsidiary of the Bank, was changed as World Vakıf UBB. Ltd. on 4 February 2009. Pursuant to the 4 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., operating in NCTR, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. According to 24 May 2010 dated decision of the Nicosia Local Court, World Vakıf UBB Ltd. will be liquidated and NCTR Company Registrar is appointed to carry out liquidation process. Due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified “Investments in associates”.

As per the resolution of the Board of Directors of the Bank dated 3 April 2008, it has been decided to work on disposal process of Roketsan Roket Sanayi AŞ (“Roketsan”), that the Bank owns 10% shares representing TL 14,600 nominal shares of its capital of TL 146,000 to the third parties or other shareholders of Roketsan.

Sectoral distribution of investments in associates

	Current Period	Prior Period
Banks	189,082	172,051
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	25,163	27,037
Total	214,245	199,088

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	193,139	178,758
Quoted at international stock exchanges	-	-
Total	193,139	178,758

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”), an associate of the Bank, from TL 700,000 to TL 800,000, by the General Assembly of TSKB, the share of the Bank amounting to TL 8,378 is presented in the movement table of investments in associates as bonus shares received.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (“Vakıf GYO”), an associate of the Bank, from TL 20,800 to TL 22,000, by the General Assembly of Vakıf GYO, the share of the Bank amounting to TL 332 is presented in the movement table of investments in associates as bonus shares received.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Bankalararası Kart AŞ (“BKM”), an associate of the Bank, from TL 6,000 to TL 14,000, by the General Assembly of BKM, the share of the Bank amounting to TL 776 is presented in the movement table of investments in associates as bonus shares received.

In 2010, Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, increased its paid-in capital from TL 600,000 to TL 700,000. The share of the Bank amounting to TL 8,377 is presented in the movement table of investments in associates as bonus shares received.

Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, increased its paid-in capital from TL 26,000 to TL 40,000 in the current period. The share of the Bank amounting to TL 2,100 is presented in the movement table of investments in associates as bonus shares received.

8. Information on investments in subsidiaries

Information on investments in subsidiaries

Subsidiary	Address (City / Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta AŞ (*)	Istanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik AŞ (*)	İstanbul/Turkey	53.90	75.30
3 Vakıf Enerji ve Madencilik AŞ	Ankara/Turkey	65.50	84.92
4 Taksim Otelcilik AŞ (*)	İstanbul/Turkey	51.00	51.52
5 Vakıf Finans Factoring Hizmetleri AŞ (*)	İstanbul/Turkey	78.39	86.97
6 Vakıf Finansal Kiralama AŞ (*)	İstanbul/Turkey	58.71	64.40
7 Vakıf Pazarlama ve Ticaret AŞ (*)	İstanbul/Turkey	68.55	73.95
8 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/Turkey	99.00	99.44
9 Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ (*)	Ankara/Turkey	73.00	79.85
10 Vakıf Gayrimenkul Değerleme AŞ (*)	Ankara/Turkey	54.29	58.54
11 Vakıf International AG	Vienna/Austria	90.00	90.00
12 Vakıf Portföy Yönetimi AŞ	İstanbul/Turkey	99.99	99.99

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	1,197,755	163,472	54,113	2,825	-	(29,854)	(20,670)	353,392
2	1,238,567	106,924	24,416	9,727	15,690	2,744	4,234	194,500
3	8,884	8,782	1,062	134	1,827	387	(90)	12,500
4	212,890	211,310	84,345	2,239	2	502	(1,916)	212,968
5	569,352	77,268	468	11,209	-	2,656	3,697	70,000
6	406,733	92,146	3,466	7,062	28	6,082	4,616	122,529
7	46,219	9,184	204	718	-	1,001	564	-
8	121,531	54,644	319	3,780	141	2,336	4,183	55,298
9	15,042	8,483	464	94	7	657	548	12,000
10	18,385	14,315	442	231	11	2,588	1,216	32,000
11	1,316,632	183,923	1,689	19,823	4,002	7,508	3,739	166,683
12	6,721	5,292	7	210	46	693	730	19,621

(*) The financial statements as at and for the three-month period ended 31 March 2011 are presented.

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	688,501	546,249
Movements during the period	4,088	142,252
Transfers	-	-
Acquisitions and capital increases	-	42,320
Bonus shares received	14,678	-
Dividends from current year profit	(13,243)	-
Sales and liquidations	-	-
Fair value changes	2,653	113,467
Impairment losses	-	(13,535)
Balance at the end of the period	692,589	688,501
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

As per the resolution of the Board of Directors of the Bank on 22 August 2006, it is decided to merge Vakıf Deniz Finansal Kiralama AŞ and Vakıf Finansal Kiralama AŞ. In accordance with the “Regulation on Establishment and Operations of Leasing, Factoring and Finance Companies”, temporary 1st clause and 4th sub-clause, permission for operations of Vakıf Deniz Finansal Kiralama AŞ was revoked on 25 June 2009. The application for the merge of Vakıf Finansal Kiralama AŞ with Vakıf Deniz Finansal Kiralama AŞ was not approved by Capital Market Board. As a result, activities regarding the merger were stopped. Thereupon, the registered name of Vakıf Deniz Finansal Kiralama AŞ was changed as Vakıf Pazarlama ve Ticaret AŞ on 29 September 2009. Pursuant to the BRSA decision dated 25 March 2010, all rights and obligations arising from 3226 numbered Leasing Law can continue until the termination of the existing leasing contracts of the Company.

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	692,589	688,501
Equity method of accounting	-	-
Total	692,589	688,501

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	150,015	150,015
Insurance companies	223,038	214,617
Factoring companies	50,368	50,368
Leasing companies	71,937	64,965
Finance companies	-	-
Other financial subsidiaries	56,896	67,996
Total	552,254	547,961

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	200,395	183,064
Quoted at international stock exchanges	-	-
Total	200,395	183,064

Investments in subsidiaries disposed during the period

As per 17 June 2010 dated resolution of the Board of Directors, it is decided to sell 51% share in Taksim Otelcilik, a subsidiary of the Bank, to domestic or foreign investors and to execute necessary procedures including assignment of a consultant.

Investments in subsidiaries acquired during the period

In current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ (“Vakıf Leasing”), a subsidiary of the Bank, from TL 25,000 to TL 50,000, by the General Assembly of Vakıf Leasing, the share of the Bank amounting to TL 14,678 is presented in the movement table of investments in subsidiaries as bonus shares received.

In 2010, Vakıf International AG, a subsidiary of Bank, increased its paid-in capital from EUR 20,000,000 (full EUR) to EUR 45,000,000 (full EUR). The increased amount of EUR 25,000,000 (full EUR) was fully paid in cash. The Bank utilized its pre-emptive right of EUR 22,500,000 (full EUR) and TL equivalent of the related amount, TL 42,320, is presented as acquisitions and capital increases in the movement table of investments in subsidiaries.

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

None.

13. Information on deferred tax assets

As at 30 June 2011 and 31 December 2010, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
<i>Deferred tax assets:</i>	126,022	122,478
Provision for employee termination benefits and unused vacations	44,670	43,307
Other provisions	25,964	23,572
Valuation difference for associates and subsidiaries	23,456	23,456
BRSA - Tax Code depreciation differences	17,735	16,986
Valuation differences of financial assets and liabilities	12,496	13,582
Others	1,701	1,575
<i>Deferred tax liabilities:</i>	(30,419)	(35,244)
Valuation difference for associates and subsidiaries	(17,681)	(17,525)
Valuation differences of financial assets and liabilities	(12,738)	(17,719)
Deferred tax assets, net	95,603	87,234

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

None.

15. Information on other assets

As at 30 June 2011 and 31 December 2010 other assets are as follows:

	Current period	Prior Period
Receivables from credit card payments	467,810	292,504
Prepaid expenses	372,726	323,581
Receivables from term sale of assets	104,630	87,974
Receivables from lawsuit expenses	50,276	37,763
Receivables from derivative financial instruments	33,218	52,062
Others	44,829	41,971
Total	1,073,489	835,855

The bank has recorded specific provisions amounting to TL 45,602 (31 December 2010: TL 48,480) for lawsuit and court expenses undertaken due to loans and advances under follow-up loans amounting to TL 45,989 (31 December 2010: TL 48,976) that is a part of lawsuit and court expenses that amounts to TL 50,276 in total.

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,786,540	-	619,149	10,502,783	523,991	114,842	55,664	-	13,602,969
Foreign Currency Deposits	1,300,362	-	1,951,516	5,811,192	1,041,451	275,356	1,387,174	-	11,767,051
Residents in Turkey	1,235,183	-	1,948,589	5,754,171	1,037,310	270,874	1,366,875	-	11,613,002
Residents in Abroad	65,179	-	2,927	57,021	4,141	4,482	20,299	-	154,049
Public Sector Deposits	2,571,842	-	1,717,985	4,040,422	820,693	81,072	9,281	-	9,241,295
Commercial Deposits	1,083,701	-	2,431,957	5,379,300	695,042	3,217	1,513	-	9,594,730
Others	1,666,078	-	440,794	2,588,698	723,286	70,183	11,914	-	5,500,953
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	982,524	-	1,134,553	597,674	223,345	599,462	-	-	3,537,558
Central Bank	100	-	-	-	-	-	-	-	100
Domestic Banks	651,274	-	1,086,702	436,319	145,586	-	-	-	2,319,881
Foreign Banks	328,202	-	47,851	161,355	77,759	599,462	-	-	1,214,629
Participation Banks	2,940	-	-	-	-	-	-	-	2,940
Others	8	-	-	-	-	-	-	-	8
Total	9,391,047	-	8,295,954	28,920,069	4,027,808	1,144,132	1,465,546	-	53,244,556

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,460,236	-	1,235,236	9,402,828	245,339	25,332	44,923	-	12,413,894
Foreign Currency Deposits	1,084,338	-	1,811,841	6,776,456	657,405	124,493	1,265,409	-	11,719,942
Residents in Turkey	1,059,716	-	1,759,213	6,694,013	653,615	120,478	1,253,375	-	11,540,410
Residents in Abroad	24,622	-	52,628	82,443	3,790	4,015	12,034	-	179,532
Public Sector Deposits	2,100,660	-	971,257	3,174,130	635,535	10,981	8,260	-	6,900,823
Commercial Deposits	1,099,948	-	2,467,484	6,028,136	553,073	471	1,589	-	10,150,701
Others	1,521,494	-	758,990	1,898,088	293,835	9,048	19,725	-	4,501,180
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	10,200	-	660,412	889,135	33,427	421,561	-	-	2,014,735
Central Bank	123	-	-	-	-	-	-	-	123
Domestic Banks	1,801	-	578,270	384,135	33,427	150,133	-	-	1,147,766
Foreign Banks	3,090	-	82,142	505,000	-	271,428	-	-	861,660
Participation Banks	5,128	-	-	-	-	-	-	-	5,128
Others	58	-	-	-	-	-	-	-	58
Total	7,276,876	-	7,905,220	28,168,773	2,418,614	591,886	1,339,906	-	47,701,275

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	6,214,005	5,664,532	7,388,964	6,749,362
Foreign Currency Saving Deposits	1,364,105	1,378,766	3,277,844	2,759,321
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	7,578,110	7,043,298	10,666,808	9,508,683

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	7,041	6,604
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	1,655	3,486
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	2,703	183	845	94
Swap Transactions	62,286	24,313	20,297	80,716
Futures	-	-	-	-
Options	92	1,187	95	1,320
Others	-	-	-	-
Total	65,081	25,683	21,237	82,130

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	70,621	242,774	51,292	213,965
Foreign Banks, Institutions and Funds	-	7,464,771	-	6,062,137
Total	70,621	7,707,545	51,292	6,276,102

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	62,720	4,206,903	38,861	3,375,423
Medium and Long term (*)	7,901	3,500,642	12,431	2,900,679
Total	70,621	7,707,545	51,292	6,276,102

(*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 10.1% (31 December 2010: 9.7%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 24 March 2010, the Bank obtained a syndication loan at the amount of US Dollar 170 million and Euro 566.5 million with interest rates of US Libor + 1.50% and Euribor + 1.50%, with the participation of 33 banks under the coordination of West LB AG and repaid the loan on 29 March 2011.

This loan has been renewed with a syndicated loan at the amount of US Dollar 192,5 million and Euro 573,5 million with interest rates of US Libor+ % 1.10 and Euribor + % 1.10 at a maturity of one year, with the participation of 34 banks under the coordination of West LB AG and the agency of ING Bank N.V.

4. Components of “other external resources payable” in the financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments

Other external resources payable in the financials does not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under finance leases

None.

6. Information on derivative financial liabilities held for risk management purpose

Negative fair values of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	440,141	350,017
Provisions for loans and receivables in Group II	51,292	40,852
Provisions for non-cash loans	41,582	35,922
Others	1,952	1,085
Total	534,967	427,876

Provision for currency exchange loss on foreign currency indexed loans

	Current Period	Prior period
Provision for currency exchange gain/loss on foreign currency indexed loans	265	835

The Bank recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 265 (31 December 2010: TL 835) and reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans.

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

	Current Period	Prior Period
Non-cash loans with limited collectibility	2,408	233
Non-cash loans with doubtful collectibility	2,815	3,636
Uncollectible non-cash loans	71,328	88,379
Total	76,551	92,248

Information on other provisions

As at 30 June 2011 the Bank recorded 5% provision (31 December 2010:5%) for the Loans under Follow-up. A portion of this provision is recognized as general provision, remaining portion amounting to TL 74,098 is (31 December 2010: TL 65,428) presented as “provision for possible losses” under other provisions caption in the accompanying financial statements.

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Specific provisions for non-cash loans	76,551	92,248
Provision for loans under follow-up	74,098	65,428
Provision for cheques	16,734	15,226
Provision for World Vakıf UBB Ltd with regard to its negative equity	21,967	19,680
Provisions for lawsuits against the Bank	14,673	14,673
Provisions for credit card promotions	8,501	7,873
Other provisions	5,200	5,199
Total	217,724	220,327

8. Taxation

Current taxes

Tax provision

As at 30 June 2011, the tax provision is amounting to TL 147,033 (31 December 2010: TL 296,978).
As at 30 June 2011, corporate tax liabilities of the Bank is amounting to TL 97,652 (31 December 2010: TL 112,811), after deducting prepaid taxes amounted to TL 49,381 (31 December 2010: TL 184,167).

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	97,652	112,811
Taxation on securities	49,254	38,770
Capital gains tax on property	1,072	1,031
Banking and insurance transaction tax (BITT)	21,900	22,201
Taxes on foreign exchange transactions	-	-
Value added tax payable	939	1,160
Others	15,654	14,391
Total	186,471	190,364

Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	460	367
Unemployment insurance- employer share	919	735
Others	-	-
Total	1,379	1,102

Information on deferred tax liabilities

Disclosed in Note 13 of information and disclosures related to assets.

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

None.

10. Information on subordinated loans

None.

11. Information on equity

Paid-in capital

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

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

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	5,000,000

The registered capital ceiling was increased from TL 1,300,000 to TL 5,000,000 as per the resolution no. 74202 dated 16 February 2006 by the Board of Directors.

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no share capital increase in the current and prior period.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	328,950	56,310	334,023	56,310
Fair value differences of available-for-sale securities	6,067	148,360	124,540	184,808
Foreign exchange differences	6,980	-	6,980	-
Total	341,997	204,670	465,543	241,118

III. Information and disclosures related to off-balance sheet items

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Commitments for credit card limits	4,629,875	4,880,798
Loan granting commitments	3,912,560	3,679,208
Asset purchase commitments	1,216,067	904,825
Commitments for cheque payments	800,896	655,194
Share capital commitments to associates and subsidiaries	2,000	2,000
Total	10,561,398	10,122,025

Type and amount of possible losses from off-balance sheet items including those referred to below

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The Bank provided specific provision amounting to TL 76,551 (31 December 2010: TL 92,248) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 86,183 (31 December 2010: TL 93,180).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional letters of guarantee	466,343	627,236
Final letters of guarantee	3,816,727	3,480,369
Letters of guarantee for advances	1,306,925	1,215,050
Letters of guarantee given to custom offices	221,456	215,578
Other letters of guarantee	3,209,434	2,690,927
Total	9,020,885	8,229,160

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	243,338	309,128
With original maturity of 1 year or less	58,867	197,708
With original maturity of more than 1 year	184,471	111,420
Other non-cash loans	12,049,364	11,035,532
Total	12,292,702	11,344,660

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	36,367	0.50	99,585	2.01	34,489	0.54	168,629	3.46
Farming and Cattle	32,331	0.45	96,356	1.94	30,764	0.48	154,865	3.17
Forestry	3,213	0.04	-	-	3,252	0.05	3,250	0.07
Fishing	823	0.01	3,229	0.07	473	0.01	10,514	0.22
Manufacturing	3,158,278	43.07	2,722,994	54.90	2,913,650	45.06	2,585,483	52.99
Mining	40,566	0.55	139,131	2.81	37,315	0.58	177,128	3.63
Production	2,131,767	29.07	2,112,348	42.58	1,974,922	30.54	1,762,739	36.13
Electric, gas and water	985,945	13.45	471,515	9.51	901,413	13.94	645,616	13.23
Construction	1,137,967	15.52	808,000	16.29	1,082,641	16.74	730,552	14.98
Services	2,451,328	33.43	466,908	9.41	1,893,805	29.29	404,005	8.28
Wholesale and retail trade	864,792	11.79	175,321	3.53	721,816	11.16	179,191	3.67
Hotel, food and beverage services	51,112	0.70	2,557	0.05	42,105	0.65	7,510	0.15
Transportation and telecommunication	260,801	3.56	214,555	4.33	204,053	3.16	185,871	3.81
Financial institutions	1,192,368	16.26	59,495	1.20	888,134	13.73	17,834	0.37
Real estate and renting services	16,497	0.22	-	-	2,008	0.03	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	8,120	0.11	1,446	0.03	4,925	0.08	-	-
Health and social services	57,638	0.79	13,534	0.27	30,764	0.48	13,599	0.28
Others	548,859	7.48	862,416	17.39	541,753	8.37	989,653	20.29
Total	7,332,799	100.00	4,959,903	100.00	6,466,338	100.00	4,878,322	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	7,173,222	1,627,889	112,148	27,047
Confirmed Bills of Exchange and Acceptances	12,530	160,088	-	2,733
Letters of Credit	-	3,082,786	-	2,033
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	6,043	-	0
Non-Cash Loans	7,185,752	4,876,806	112,148	31,813

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	6,337,267	1,695,245	87,838	18,993
Confirmed Bills of Exchange and Acceptances	8,587	168,833	-	17,070
Letters of Credit	3,750	2,907,360	-	171
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	6,366	-	-
Non-Cash Loans	6,349,604	4,777,804	87,838	36,234

5. Contingent assets and liabilities

None.

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

The Bank's custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. Information on disclosures related to the statement of income

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term Loans	603,142	61,152	626,033	85,257
Medium and Long-Term Loans	1,247,536	240,293	1,096,856	171,821
Loans Under Follow-Up	61,309	-	46,130	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1,911,987	301,445	1,769,019	257,078

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,003	870	1,072	735
Foreign Banks	42	2,309	152	1,099
Foreign Head Office and Branches	-	-	-	-
Total	1,045	3,179	1,224	1,834

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	10,855	24,782

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2,276	54,641	1,938	37,832
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,276	949	1,938	1,028
Foreign Banks	-	53,692	-	36,804
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	3,200	-	1,305
Total	2,276	57,841	1,938	39,137

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	16,623	19,292

Interest expense on securities issued

None.

3. Information on trading income/losses

	Current Period	Prior Period
Income	615,055	452,578
Income from capital market transactions	33,783	155,659
Income from derivative financial instruments	200,913	48,166
Foreign exchange gains	380,359	248,753
Losses	(573,210)	(321,397)
Losses from capital market transactions	(4,241)	(361)
Losses from derivative financial instruments	(178,963)	(63,511)
Foreign exchange losses	(390,006)	(257,525)
Trading income/losses, net	41,845	131,181

Net gain arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments amounts to TL 33,232 as at and for the six-month period ended 30 June 2011 (30 June 2010: net loss of TL 20,035).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses	335,256	155,796
Communication income	40,223	37,616
Gain on sale of assets	40,668	6,979
Rent income	1,578	2,018
Other income	26,243	52,849
Total	443,968	255,258

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	196,179	425,927
<i>Loans and receivables in Group III</i>	35,858	38,783
<i>Loans and receivables in Group IV</i>	123,661	204,030
<i>Loans and receivables in Group V</i>	36,660	183,114
Non-performing commissions and other receivables	-	-
General provision expenses	106,297	38,569
Provision for possible losses	8,671	-
Impairment losses on securities:	20,056	4,432
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	20,056	4,432
Other impairment losses:	12,521	23,972
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	13,535
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	12,521	10,437
Others ^(*)	60,532	54,614
Total	404,256	547,514

^(*) Other provision expenses amounting to TL 60,532 (30 June 2010: TL 54,614) are comprised of provision expenses for dividends to personnel amounting to TL 46,375 (30 June 2010: TL 35,758), provision for cheques and for non-cash loans that are not indemnified or not converted into cash amounting to TL 12,858 (30 June 2010: TL 18,080), and other provision expenses amounting to TL 1,299 (30 June 2010: TL 776).

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	404,034	332,352
Reserve for Employee Termination Benefits	6,815	8,466
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	49,934	48,683
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	4,412	3,683
Impairment Losses on Assets to be Disposed	1,565	1,694
Depreciation Expenses on Assets to be Disposed	5,489	5,399
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	377,844	319,009
<i>Operational lease expenses</i>	54,191	39,868
<i>Repair and maintenance expenses</i>	6,107	6,741
<i>Advertisement expenses</i>	11,743	15,126
<i>Other expenses</i>	305,803	257,274
Loss on sale of assets	315	172
Others	85,722	77,690
Total	936,130	797,148

7. Provision for taxes on income

Current period taxation benefit or charge and deferred tax benefit or charge

In the current period, the Bank recorded a tax charge of TL 176,895 (30 June 2010: TL 131,354) from the net taxable profit calculated in accordance the laws and regulations in effect.

Deferred tax benefit of the Bank is detailed in the below table.

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

	Current Period	Prior Period
Sources of deferred tax benefit/charge		
Arising from Origination / (Reversal) of Deductible Temporary Differences	3,545	(4,821)
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(1,091)	366
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	2,454	(4,455)

8. Information on net profit and loss

Any further explanation on operating results needed for a proper understanding of the Bank's performance

None.

Any changes in estimations that might have a material effect on current and subsequent period results

None.

9. Information related to the components of other items in the statement of income exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group

None.

V. Information and disclosures related to the Bank's risk group

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

Current Period	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables:						
Balance at the beginning of the period	914,750	340,525	-	563	8,978	2,371
Balance at the end of the period	470,088	372,400	-	27,989	7,690	2,031
Interest and commission income	10,855	285	-	21	200	25

Prior Period	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables:						
Balance at the beginning of the period	579,792	402,370	-	549	9,587	4,122
Balance at the end of the period	914,750	340,525	-	563	8,978	2,371
Interest and commission income	24,782	163	-	-	324	40

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits:						
Balance at the beginning of the period	731,751	623,235	581,885	917,223	54,423	56,210
Balance at the end of the period	868,596	731,751	690,190	581,885	60,400	54,423
Interest on deposits	16,623	19,292	19,417	25,605	231	236

Information on forwards, options and other derivative transactions held by the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions held for trading purpose:						
Purchase balance at the beginning of the period	30,900	29,800	-	-	-	-
Sales balance at the beginning of the period	31,694	29,790	-	-	-	-
Purchase balance at the end of the period	-	30,900	-	-	-	-
Sales balance at the end of the period	-	31,694	-	-	-	-
Total Profit/ (Loss)	6	8	-	-	-	-

2. Disclosures of transactions with the Bank's risk group

Relations with entities in the risk group of/ or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

Pricing policy and other conditions of transactions with the risk group of the Bank, are determined and applied on arm's length basis. The ratio of cash and non-cash loans given to the Bank's risk group to total cash and non-cash loans are 0.91% (31 December 2010: 2.06%) and 3.27% (31 December 2010: 3.03%) respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	477,778	0.91
Non-cash loans	402,420	3.27
Deposits	1,619,186	3.04
Forward and option agreements	-	-

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	923,728	2.06
Non-cash loans	343,459	3.03
Deposits	1,368,059	2.87
Forward and option agreements	62,594	0.90

SECTION SIX

Other Disclosures and Footnotes

I. Other disclosures on the Bank's activity

- There were monetary losses amounting to TL 379,000 incurred in the 2001 financial year as a result of the inflation accounting applied in compliance with the Temporary article no. 4 added to the Banks Law no. 4389 through the Law no. 4743. The tax returns of 2002, 2003 and 2004 were submitted with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. The Bank appealed to the tax court for the corporate tax return on 22 February 2007. Ankara 5th Tax court decided in favour of the Bank and TL 125,187 was transferred to the Bank's accounts on 5 September 2007. Related court decision has been approved by 4th Council of Supreme Court in year 2010.

“The Law on the Collection of Some of the Public Receivables by Reconciliation” no. 5736 was passed on 20 February 2008 in Parliament and approved on 26 February 2008 by the President of the Turkish Republic. In accordance with this law's first sub-clause of the third article, the tax authority would not insist on their claims with the banks which consider 65 percent of these losses in the determination of revenues for the year 2001 as previous year losses, and admit to correct taxable income for the subsequent years and declare that they abnegated from all of the courts related to this matter in one month after this law came into effect. As per the 27 March 2008 dated resolution of the Board of Directors, the Bank management has taken no decision for any reconcilements for the point in dispute stated in the first paragraph above.

The related tax administration appealed to a higher court and the appeal was partially accepted by the State Council. Based on the decision of the State Council, the exercise of jurisdiction was renewed by the Ankara 5th Tax Court and the related case was partly revoked and partly declined. Consequently, the Bank has filed an appeal against the decision of the Ankara 5th Tax Court, the decision was certified by the judgement of Ankara 4th State Council and mentioned decision became definite per this judgement. In accordance with the decision of Ankara 5th Tax Court, the Bank paid TL 20,484 accrued by the tax office on 3 December 2009 and the lawsuit and the related legal procedures has been completed.

- In order to assess banking opportunities in Republic of Iraq, Erbil Branch has started its operations on 16 February 2011.
- As per the resolution of 57th Annual General Assembly held on 25 March 2011, the net profit of year 2010 is decided to be distributed as follows and the distribution is completed in the current year.

Profit Distribution Table of Year 2010	
Bank's unconsolidated profit in its statutory financial statements	1,157,140
Deferred tax income	(13,315)
Net profit of the year subject to distribution	1,143,825
Legal reserves	114,382
<i>First Legal Reserves</i>	<i>57,191</i>
<i>Reserves allocated according to banking law and articles of association.</i>	<i>57,191</i>
Net profit of the year subject to distribution	1,029,443
Gain on sale of immovables and shares of associates and subsidiaries	2,531
Extraordinary reserves	992,598
Dividends to the shareholders	34,314

- The Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Bank. Subsequent to the decision, CBT required the Bank to provide reserve requirement for loans obtained by foreign branches, the Bank filed a claim in Ankara 15th Administrative Court for the suspension of execution and cancellation of the decision. As at 15 June 2011, the court decided on refusal of the claim with the right to appeal on State Council. CBT requested the Bank to provide additional reserves amounting to USD 384 million in average for 3.5 years period with the 4 May 2011 dated communique. In this context, the Bank has begun to provide additional reserve requirements at 27 May 2011.
- Small and Medium Industry Development Organization (“KOSGEB”) claimed that the Bank had subscription fee liabilities for the years 2004, 2005 and 2006 based on the clause c of 14th article of the KOSGEB Law No: 3624 which states that the organization’s budget comprise the subscription fees from banks whose equities are held by state institutions and organizations by more than 50%, amounting to %2 of their annual profits subject to corporate tax. First stage of the court decided the Bank to pay TL 50,252 thousands. Following the notice of the court decision the Bank appealed for correction in the scope of 97th and 98th articles of the Law No: 6111 which became effective as at 25 February 2011. With respect to 97th article of Law No: 6111 the subscription fee liability is abrogated in favor of Bank and 98th article states that this practice will be effective starting from 1 January 2004. Therefore, subscription fee liability and compensation decided by the court lost their basis. Main opposition party applied to the Constitutional Court for the cancellation of 98th article of Law No: 6111. Since 97th and 98th articles of Law No: 6111 are currently effective and are in favour of the Bank, the Bank has not booked provision for the related lawsuit in the accompanying financial statements.

II. Summary information on the Bank's rating given by international credit rating institutions

February 2010 (*)	Standard Poors
Foreign Currency Credit Rating	BB/ positive / B
Domestic Currency Credit Rating	BB / positive / B
National	trAA / -- / trA-1
Continuance Rating	BBB-/--/--

October 2010 (*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa3 / P-3
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Ba3 / NP
Foreign Currency Outlook	Positive

July 2011 (*)	Fitch Rating
Long Term Foreign Currency	BB+
Short Term Foreign Currency	B
Foreign Currency Outlook	Positive
Long Term Local Currency	BB+
Short Term Local Currency	B
Local Currency Outlook	Positive
National Long Term	AA+ (tur)
National Outlook	Stable
Viability Rating	BB+
Individual	C/D
Support	3
Base Support Rating	BB+

November 2010 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB
Support Rating	2
Outlook	Stable

(*) Dates represent the last change dates of credit ratings and outlook.

III. Significant events and matters subsequent to balance sheet date that are not resulted

- In accordance with the 2011/40 numbered "Press Release on Reserve Requirements" announced by Central Bank and published on 25 July 2011, reserve requirements ratio for one year and more than one year dated foreign currency deposit accounts and cumulative foreign currency deposit accounts decreased from 11% to 10%, for foreign currency other liabilities with maturity up to one to three years (three-years included) decreased from 11.5% to 10%, and for foreign currency other liabilities with maturity more than three years the ratio decreased from 11% to 9%. Announced rates shall be effective beginning from the liability schedule dated 22 July 2011 and the reserve requirements calculated at the new rates shall be set starting from 5 August 2011.

For all maturities of foreign currency reserve requirement ratios are reduced by 0.5% with 2011/48 numbered "Press Release on Reserve Requirements" announced by Central Bank and published on 5 August 2011. Announced amendment shall be effective beginning from the liability schedule dated 19 August 2011 and the reserve requirements calculated at new rates shall be set starting from 5 August 2011.

- Bank's application for the issuance of TL denominated bank bill and/or bond with different maturities up to TL 1,500 million is announced with approval of Capital Markets Board published on No. 2011/28 weekly bulletin. In this context, bank bonds with nominal value of TL 500 million, maturity of 176 days, date of issuance of 8 August 2011, and maturity date of 31 January 2012 were sold through public offer as the first tranche of bonds to be issued. Compound and simple interest rates of mentioned bond are 8.896% p.a. and 8.7% p.a, respectively and the issuance price is TL 95.974. Investors will receive the yield at maturity based on nominal amounts of the bonds and the interest rate determined and started to be calculated from the issuance date. The interest of the fixed rate bank bond will be paid with the principal at maturity.

IV. Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date

None.

SECTION SEVEN

Independent Auditors' Review Report

I. Information on the independent auditors' review report

The Bank's unconsolidated interim financial statements and footnotes as at and for the six-month period ended 30 June 2011 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International, a Swiss cooperative). It was noted in their review report dated 11 August 2011 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as at and for the six-month period ended 30 June 2011.