

(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 Nine-Month Period Ended
30 September 2010

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
10 November 2010

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 September 2010 and the related unconsolidated statement of income, changes in shareholders' equity and cash flows for the nine-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 September 2010, and of the results of its operations and its cash flows for the nine-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,
10 November 2010

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010

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The unconsolidated interim financial report as at and for the nine-month period ended 30 September 2010, 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.

10 November 2010

Hasan SEZER	Serdar TUNÇBİLEK	Halim KANATÇI	Süleyman KALKAN
Board of Directors Chairman	Board Member and Audit Committee Member	Board Member and Audit Committee Member	General Manager and Board Member

Dr. Metin Recep ZAFER
Assistant General Manager

Mitat ŞAHİN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as at and

For the Nine-Month Period Ended 30 September 2010

(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 direct or indirect control over the shares of the Bank is the General Directorate of the Foundations.

As at 30 September 2010 and 31 December 2009, the Bank’s paid-in capital is TL 2,500,000, divided into 2.500.000.000 shares with each has a nominal value of 1 Turkish Lira.

The Bank’s shareholders structure as at 30 September 2010 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)	387.681.125	387,681	15.51
Other appendant foundations (Group B)	3.179.181	3,179	0.13
Other real persons and legal entities (Group C)	1.797.953	1,798	0.07
Publicly traded (Group D)	629.730.435	629,730	25.19
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>				
Hasan SEZER	Chairman	19 March 2010	University	27 years
Ahmet CANDAN	Deputy Chairman	19 March 2010	University	23 years
Süleyman KALKAN	Member – General Manager	19 March 2010	University	27 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	27 years
Dr. Adnan ERTEM	Member	27 October 2010	PHD	22 years
İsmail ALPTEKİN	Member	6 April 2009	University	12 years
Ramazan GÜNDÜZ	Member	6 April 2009	University	32 years
Halim KANATÇI	Member	28 April 2009	University	37 years
Selahattin TORAMAN	Member	19 March 2010	University	33 years
<u>Audit Committee</u>				
Halim KANATÇI	Member	5 November 2010	University	37 years
Serdar TUNÇBİLEK	Member	1 April 2010	University	27 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	33 years
Yunus ARINCI	Auditor	19 March 2010	Master	13 years
<u>Assistant Managers</u>				
Mehmet CANTEKİN (Senior Assistant Manager)	Loans Follow-up, Directorates of the Regions	28 December 2007	Master	18 years
Serdar SATOĞLU	Human Resources, Pension Fund	17 June 2010	PHD	14 years
Dr. Metin Recep ZAFER	Accounting and Financial Affairs, Planning and Performance, Subsidiaries, Treasury, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	15 years
İbrahim BİLGİÇ	Commercial Banking, Corporate Banking, Commercial Centers and Cash Management Operations	7 May 2010	University	18 years
Remzi ALTINOK	Corporate Loans, Commercial Loans, Intelligence	7 May 2010	University	19 years
Feyzi ÖZCAN	Retail Banking, Retail Loans, Corporate Salary Payments and Credit Cards	20 September 2005	University	21 years
Hasan ECESoy	Treasury, Investment Banking	18 June 2010	PHD	17 years
Ali Engin EROĞLU	Software Development, Ebis Operations, Ebis Support and Business Analysis, Information Technologies Project Management	18 August 2010	Master	15 years
Şahin UĞUR	Support Services	9 August 2004	University	25 years
Ömer ELMAS	Legal Services	5 January 2009	Master	9 years
Birgül DENLİ	Private Banking, International Relations and Investor Relations	15 June 2006	Master	16 years

In accordance with the 17 March 2010 dated approval of Prime Ministry, Süleyman Kalkan has been appointed as the General Manager and he has come into office on 19 March 2010.

As per the 19 March 2010 dated resolution of the Annual General Assembly of the shareholders, Hasan Sezer and Ahmet Candan representing Group (A), Sabahattin Birdal representing Group (B), Selahattin Toraman representing Group (C), and İsmail Alptekin, Ramazan Gündüz and Serdar Tunçbilek as independent members have been appointed as members of the Board of Directors of the Bank in accordance with the 48th article of the Articles of Association of T. Vakıflar Bankası T.A.O. Hasan Sezer has been appointed as Chairman and Ahmet Candan has been appointed as Deputy Chairman of the Board in accordance with the 52th article of Articles of Association of T. Vakıflar Bankası T.A.O.

Yusuf Beyazıt, former Chairman of the Board; Hasan Özer, former Member of the Board; and Ragıp Doğu, former Member of the Board and the Audit Committee, resigned pursuant to the end of their term of office.

Sabahattin Birdal, former Member of Board and Audit Committee resigned on 26 October 2010. Subsequently Dr. Adnan Ertem has been appointed as Member of Board on 27 October 2010, and on 5 November 2010 Halim Kanatçı has taken up the position of Member of Audit Committee besides being Member of Board.

Former Assistant General Managers İhsan Çakır and M. Kürşat Demirkol resigned on 25 March 2010 and on 30 June 2010 respectively; and Tanju Yüksel retired on 16 July 2010.

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.

IV. Information on the Bank’s qualified shareholders

The shareholder holding direct or indirect 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 September 2010, the Bank has 603 domestic, 2 foreign, in total 605 branches (31 December 2009: 543 domestic, 2 foreign, in total 545 branches). As at 30 September 2010, the Bank has 10,955 employees (31 December 2009: 10,153 employees).

SECTION TWO – FINANCIAL STATEMENTS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
 Unconsolidated Balance Sheet (Statement of Financial Position)
 As at 30 September 2010
 (Thousands of Turkish Lira (TL))

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

ASSETS	Notes	Reviewed Current Period 30 September 2010			Audited Prior Period 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,129,610	1,698,658	3,828,268	1,656,694	1,392,941	3,049,635
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	35,534	53,985	89,519	698	38,123	38,821
2.1 Financial assets held for trading purpose		35,534	53,985	89,519	698	38,123	38,821
2.1.1 Debt securities issued by the governments		-	-	-	-	17,297	17,297
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading purpose	V-I-2	5,801	53,985	59,786	698	20,826	21,524
2.1.4 Other securities		29,733	-	29,733	-	-	-
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	286,562	2,217,138	2,503,700	245,530	2,493,028	2,738,558
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		2,486,420	-	2,486,420	3,400,614	-	3,400,614
4.1 Interbank money market placements		1,835,309	-	1,835,309	3,400,614	-	3,400,614
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		651,111	-	651,111	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	11,985,686	2,600,860	14,586,546	12,753,102	2,212,777	14,965,879
5.1 Equity securities		-	10,750	10,750	-	10,750	10,750
5.2 Debt securities issued by the governments		11,985,686	2,522,052	14,507,738	12,753,102	2,175,301	14,928,403
5.3 Other securities		-	68,058	68,058	-	26,726	26,726
VI. LOANS AND RECEIVABLES	V-I-5	29,186,568	12,229,728	41,416,296	23,761,896	10,810,759	34,572,655
6.1 Performing loans and receivables		29,091,272	12,229,728	41,321,000	23,627,978	10,810,759	34,438,737
6.1.1 Loans provided to risk group	V-V-1	948,160	194,070	1,142,230	440,589	148,790	589,379
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		28,143,112	12,035,658	40,178,770	23,187,389	10,661,969	33,849,358
6.2 Loans under follow-up		2,304,067	-	2,304,067	2,118,967	-	2,118,967
6.3 Specific provisions (-)		2,208,771	-	2,208,771	1,985,049	-	1,985,049
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	3,053,626	1,315,386	4,369,012	2,075,831	1,422,642	3,498,473
8.1 Debt securities issued by the governments		3,053,626	1,267,525	4,321,151	2,075,831	1,386,876	3,462,707
8.2 Other securities		-	47,861	47,861	-	35,766	35,766
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	192,253	-	192,253	142,008	-	142,008
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		192,253	-	192,253	142,008	-	142,008
9.2.1 Financial associates		184,659	-	184,659	134,414	-	134,414
9.2.2 Non-Financial associates		7,594	-	7,594	7,594	-	7,594
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	530,680	150,015	680,695	446,091	100,158	546,249
10.1 Unconsolidated financial subsidiaries		390,140	150,015	540,155	301,369	100,158	401,527
10.2 Unconsolidated non-financial subsidiaries		140,540	-	140,540	144,722	-	144,722
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)		1,096,340	1,332	1,097,672	1,082,464	655	1,083,119
XV. INTANGIBLE ASSETS (Net)		52,033	-	52,033	43,549	-	43,549
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		52,033	-	52,033	43,549	-	43,549
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII. TAX ASSETS		76,833	-	76,833	79,899	-	79,899
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets		76,833	-	76,833	79,899	-	79,899
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	608,290	122,634	730,924	450,926	187,257	638,183
TOTAL ASSETS		51,720,435	20,389,736	72,110,171	46,139,302	18,658,340	64,797,642

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

LIABILITIES AND EQUITY	Notes	Reviewed Current Period 30 September 2010			Audited Prior Period 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	34,575,083	12,924,695	47,499,778	31,720,631	12,931,092	44,651,723
1.1 Deposits of the risk group	V-V-1	1,181,585	155,598	1,337,183	1,484,393	112,275	1,596,668
1.2 Other deposits		33,393,498	12,769,097	46,162,595	30,236,238	12,818,817	43,055,055
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	4,818	99,853	104,671	9,549	30,259	39,808
III. FUNDS BORROWED	V-II-3	46,389	5,475,603	5,521,992	43,875	4,322,235	4,366,110
IV. INTERBANK MONEY MARKET		6,189,761	1,981,555	8,171,316	4,640,658	1,502,724	6,143,382
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		6,189,761	1,981,555	8,171,316	4,640,658	1,502,724	6,143,382
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		65,801	-	65,801	83,383	-	83,383
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Others		65,801	-	65,801	83,383	-	83,383
VII. MISCELLANEOUS PAYABLES		1,116,435	36,545	1,152,980	808,982	50,503	859,485
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	175,518	149,743	325,261	152,235	148,149	300,384
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1 Finance lease payables		-	4	4	-	6	6
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	4	4	-	6	6
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	894,854	21,574	916,428	787,429	20,926	808,355
12.1 General provisions	V-II-7	383,493	3,617	387,110	319,100	3,889	322,989
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		290,220	-	290,220	295,632	-	295,632
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions	V-II-7	221,141	17,957	239,098	172,697	17,037	189,734
XIII. TAX LIABILITIES	V-II-8	151,161	4,331	155,492	160,238	3,833	164,071
13.1 Current tax liabilities		151,161	4,331	155,492	160,238	3,833	164,071
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		7,920,383	276,069	8,196,452	7,226,323	154,618	7,380,941
16.1 Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital reserves		1,256,618	276,069	1,532,687	1,202,442	154,618	1,357,060
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	461,137	276,069	737,206	410,856	154,618	565,474
16.2.4 Revaluation surplus on tangible assets		5,033	-	5,033	1,138	-	1,138
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		66,530	-	66,530	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		3,399,221	-	3,399,221	2,272,675	-	2,272,675
16.3.1 Legal reserves		476,116	-	476,116	353,012	-	353,012
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		2,696,515	-	2,696,515	1,713,233	-	1,713,233
16.3.4 Other profit reserves		226,590	-	226,590	206,430	-	206,430
16.4 Profit or loss		764,544	-	764,544	1,251,206	-	1,251,206
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current period's profit/loss		764,544	-	764,544	1,251,206	-	1,251,206
TOTAL LIABILITIES AND EQUITY		51,140,203	20,969,968	72,110,171	45,633,303	19,164,339	64,797,642

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Income
For the Nine-Month Period Ended 30 September 2010
(Thousands of Turkish Lira (TL))

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

		Reviewed Current Period 30 September 2010			Audited Prior Period 31 December 2009			
		Notes	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		17,368,848	8,430,260	25,799,108	13,306,535	6,813,589	20,120,124
I.	GUARANTEES AND SURETIES	V-III-2	5,539,188	4,207,346	9,746,534	4,294,507	4,799,725	9,094,232
1.1	Letters of guarantee	V-III-1	5,538,278	1,547,118	7,085,396	4,287,299	1,818,278	6,105,577
1.1.1	Guarantees subject to State Tender Law		833,510	417,891	1,251,401	856,655	555,653	1,412,308
1.1.2	Guarantees given for foreign trade operations		217,011	-	217,011	161,158	-	161,158
1.1.3	Other letters of guarantee		4,487,757	1,129,227	5,616,984	3,269,486	1,262,625	4,532,111
1.2	Bank acceptances		825	161,523	162,348	-	436,822	436,822
1.2.1	Import letter of acceptance		-	35,032	35,032	-	45,760	45,760
1.2.2	Other bank acceptances		825	126,491	127,316	-	391,062	391,062
1.3	Letters of credit		85	2,488,676	2,488,761	4,130	2,522,041	2,526,171
1.3.1	Documentary letters of credit		85	2,488,676	2,488,761	4,130	2,522,041	2,526,171
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Guaranteed pre-financings		-	9,304	9,304	-	18,355	18,355
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		-	725	725	-	1,061	1,061
1.9	Other sureties		-	-	-	3,078	3,168	6,246
II.	COMMITMENTS		9,071,035	677,873	9,748,908	7,825,442	237,385	8,062,827
2.1	Irrevocable commitments		9,063,353	677,873	9,741,226	7,817,759	237,385	8,055,144
2.1.1	Asset purchase commitments	V-III-1	277,157	663,572	940,729	61,292	237,385	298,677
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	3,406,880	-	3,406,880	2,839,123	-	2,839,123
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	658,401	-	658,401	735,839	-	735,839
2.1.8	Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9	Commitments for credit card limits	V-III-1	4,530,772	-	4,530,772	4,043,910	-	4,043,910
2.1.10	Commitments for credit card and banking operations promotions		175,049	-	175,049	135,591	-	135,591
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	14,301	27,395	4	-	4
2.2	Revocable commitments		7,682	-	7,682	7,683	-	7,683
2.2.1	Revocable loan granting commitments		7,682	-	7,682	7,683	-	7,683
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		2,758,625	3,545,041	6,303,666	1,186,586	1,776,479	2,963,065
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		2,758,625	3,545,041	6,303,666	1,186,586	1,776,479	2,963,065
3.2.1	Forward foreign currency purchases/sales		19,084	67,840	86,924	66,090	197,741	263,831
3.2.1.1	Forward foreign currency purchases		9,546	33,923	43,469	33,051	98,888	131,939
3.2.2.2	Forward foreign currency sales		9,538	33,917	43,455	33,039	98,853	131,892
3.2.2	Currency and interest rate swaps		2,414,564	2,814,997	5,229,561	924,063	1,351,804	2,275,867
3.2.2.1	Currency swaps-purchases		864,483	1,356,499	2,220,982	-	721,146	721,146
3.2.2.2	Currency swaps-sales		1,310,081	876,097	2,186,178	447,000	277,484	724,484
3.2.2.3	Interest rate swaps-purchases		120,000	297,415	417,415	180,959	238,390	419,349
3.2.2.4	Interest rate swaps-sales		120,000	284,986	404,986	296,104	114,784	410,888
3.2.3	Currency, interest rate and security options		324,977	372,204	697,181	196,433	212,034	408,467
3.2.3.1	Currency call options		162,493	186,098	348,591	98,216	106,017	204,233
3.2.3.2	Currency put options		162,484	186,106	348,590	98,217	106,017	204,234
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		-	290,000	290,000	-	14,900	14,900
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		84,008,414	24,530,886	108,539,300	71,982,783	22,062,561	94,045,344
IV.	ITEMS HELD IN CUSTODY		20,376,708	603,748	20,980,456	15,481,970	408,451	15,890,421
4.1	Customers' securities held		-	14,104	14,104	-	14,493	14,493
4.2	Investment securities held in custody		18,115,659	6,337	18,121,996	13,710,326	3,531	13,713,857
4.3	Checks received for collection		1,419,351	199,558	1,618,909	1,068,035	141,378	1,209,413
4.4	Commercial notes received for collection		357,120	95,821	452,941	270,923	66,382	337,305
4.5	Other assets received for collection		2,152	58	2,210	2,152	60	2,212
4.6	Assets received through public offering		-	4,567	4,567	-	4,709	4,709
4.7	Other items under custody		235,258	87,725	322,983	233,158	57,537	290,695
4.8	Custodians		247,168	195,578	442,746	197,376	120,361	317,737
V.	PLEDGED ITEMS		63,631,706	23,927,138	87,558,844	56,500,813	21,654,110	78,154,923
5.1	Securities		881,890	57,868	939,758	981,862	56,793	1,038,655
5.2	Guarantee notes		266,216	79,144	345,360	261,065	92,769	353,834
5.3	Commodities		10,122,382	85,161	10,207,543	9,234,986	45,375	9,280,361
5.4	Warranties		-	-	-	-	-	-
5.5	Real estates		47,403,596	20,326,412	67,730,008	41,580,523	18,625,220	60,205,743
5.6	Other pledged items		4,291,149	3,209,659	7,500,808	3,897,517	2,677,275	6,574,792
5.7	Pledged items-depository		666,473	168,894	835,367	544,860	156,678	701,538
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)			101,377,262	32,961,146	134,338,408	85,289,318	28,876,150	114,165,468

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Income
For the Nine-Month Period Ended 30 September 2010
(Thousands of Turkish Lira (TL))

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

		Reviewed Current Period 1 January 2010-	Reviewed Prior Period 1 January 2009-	Reviewed Current Period 1 July 2010-	Reviewed Prior Period 1 July 2009-
	Notes	30 September 2010	30 September 2009	30 September 2010	30 September 2009
I. INTEREST INCOME		4,416,655	4,896,233	1,427,202	1,591,627
1.1 Interest income from loans	V-IV-1	3,046,985	3,411,933	1,020,888	1,101,127
1.2 Interest income from reserve deposits		65,085	91,703	21,865	26,615
1.3 Interest income from banks	V-IV-1	4,653	8,617	1,595	1,866
1.4 Interest income from money market transactions		58,579	61,591	7,558	14,944
1.5 Interest income from securities portfolio		1,211,077	1,305,512	373,996	445,269
1.5.1 Trading financial assets		903	2,760	209	1,085
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		939,227	951,748	275,988	330,084
1.5.4 Held-to-maturity investments		270,947	351,004	97,799	114,100
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		30,276	16,877	1,300	1,806
II. INTEREST EXPENSE		2,392,772	2,583,517	787,901	809,825
2.1 Interest expense on deposits		1,998,429	2,283,446	674,714	719,637
2.2 Interest expense on funds borrowed	V-IV-2	63,846	122,564	22,771	27,990
2.3 Interest expense on money market transactions		283,378	156,218	81,321	59,969
2.4 Interest expense on securities issued		-	-	-	-
2.5 Other interest expenses		47,119	21,289	9,095	2,229
III. NET INTEREST INCOME (I – II)		2,023,883	2,312,716	639,301	781,802
IV. NET FEES AND COMMISSIONS INCOME		308,744	345,533	94,709	126,772
4.1 Fees and commissions received		395,415	447,077	128,859	155,960
4.1.1 Non-cash loans		46,914	56,775	15,398	20,147
4.1.2 Others		348,501	390,302	113,461	135,813
4.2 Fees and commissions paid		86,671	101,544	34,150	29,188
4.2.1 Non-cash loans		12	13	7	3
4.2.2 Others		86,659	101,531	34,143	29,185
V. DIVIDEND INCOME		35,125	24,265	23	-
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	159,846	148,382	28,665	86,298
6.1 Trading account income/losses	V-IV-3	201,367	82,247	46,069	51,678
6.2 Income/losses from derivative financial instruments	V-IV-3	(49,836)	14,020	(34,491)	2,044
6.3 Foreign exchange gains/losses	V-IV-3	8,315	52,115	17,087	32,576
VII. OTHER OPERATING INCOME	V-IV-4	397,584	171,762	142,326	86,114
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,925,182	3,002,658	905,024	1,080,986
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	740,440	735,617	192,926	291,073
X. OTHER OPERATING EXPENSES (-)	V-IV-6	1,221,884	1,125,178	424,736	372,878
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		962,858	1,141,863	287,362	417,035
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)		962,858	1,141,863	287,362	417,035
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(198,314)	(201,568)	(62,505)	(71,782)
16.1 Current tax charges	V-IV-7	(200,141)	(229,705)	(68,787)	(84,529)
16.2 Deferred tax credits	V-IV-7	1,827	28,137	6,282	12,747
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	764,544	940,295	224,857	345,253
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	764,544	940,295	224,857	345,253
Earnings per share (full TL)		0.3058	0.3761	0.0899	0.1381

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 Nine-Month Period Ended 30 September 2010
(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 1 January 2010- 30 September 2010	Reviewed Prior Period 1 January 2009- 30 September 2009	Reviewed Current Period 1 July 2010- 30 September 2010	Reviewed Prior Period 1 July 2009- 30 September 2009
GAINS AND LOSSES RECOGNIZED IN EQUITY				
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES			
	13,753	395,470	161,347	236,307
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			
	145,432	110,274	51,980	66,340
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES			
	12,547	(73,727)	(18,883)	(49,696)
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)			
	171,732	432,017	194,444	252,951
XI.	CURRENT PERIOD'S PROFIT/(LOSS)			
	764,544	940,295	224,857	345,253
11.1	Change in fair value of securities (transfers to the statement of income)			
	104,734	(15,710)	5,547	4,066
11.2	Gains/Losses recognized in the statement of income due to reclassification of cash flow hedges			
	-	-	-	-
11.3	Gains/Losses recognized in the statement of income due to reclassification of net foreign investment hedges			
	-	-	-	-
11.4	Others			
	659,810	956,005	219,310	341,187
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)			
	936,276	1,372,312	419,301	598,204

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 Nine-Month Period Ended 30 September 2010
(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 and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 30 September 2009																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	279,893	-	1,056,276	184,421	753,198	-	107,809	25	65,459	-	-	5,670,999	-	5,670,999
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	430,946	-	-	-	-	430,946	-	430,946
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	-	-	-	-	-	-	-	-	-	-	-	-	1,071	-	-	1,071	-	1,071
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	-	-	-	-	-	-	-	-	940,295	-	-	-	-	-	-	940,295	-	940,295
XVIII.	Profit distribution	-	-	-	-	73,119	-	656,957	22,009	(753,198)	-	-	1,113	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to reserves	-	-	-	-	73,119	-	656,957	22,009	(753,198)	-	-	1,113	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	353,012	-	1,713,233	206,430	940,295	-	538,755	1,138	66,530	-	-	7,043,311	-	7,043,311
CURRENT PERIOD – 30 September 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	-	-	-	-	-	-	-	-	-	-	171,732	-	-	-	-	171,732	-	171,732
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	-	-	-	-	-	-	-	-	764,544	-	-	-	-	-	-	764,544	-	764,544
XVIII.	Profit distribution	-	-	-	-	123,104	-	983,282	20,160	(1,251,206)	-	-	3,895	-	-	-	(120,765)	-	(120,765)
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to reserves	-	-	-	-	123,104	-	983,282	20,160	(1,130,441)	-	-	3,895	-	-	-	(120,765)	-	(120,765)
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	476,116	-	2,696,515	226,590	764,544	-	737,206	5,033	66,530	-	-	8,196,452	-	8,196,452

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 Nine-Month Period Ended 30 September 2010
(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 September 2010	Reviewed Prior Period 30 September 2009
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	1,943,742	2,143,824
1.1.1 Interests received	4,521,767	5,224,199
1.1.2 Interests paid	(2,474,409)	(2,686,890)
1.1.3 Dividends received	11,306	11,208
1.1.4 Fee and commissions received	308,744	345,533
1.1.5 Other income	129,540	(145,902)
1.1.6 Collections from previously written-off loans and other receivables	414,734	265,445
1.1.7 Payments to personnel and service suppliers	(1,207,546)	(851,745)
1.1.8 Taxes paid	(200,261)	(206,868)
1.1.9 Others	439,867	188,844
1.2 Changes in operating assets and liabilities	(1,607,865)	3,870,837
1.2.1 Net (increase) decrease in financial assets held for trading purpose	(20,011)	294
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	(299,160)	85,625
1.2.4 Net (increase) decrease in loans	(7,618,091)	(3,602,436)
1.2.5 Net (increase) decrease in other assets	(79,399)	70,172
1.2.6 Net increase (decrease) in bank deposits	862,642	486,855
1.2.7 Net increase (decrease) in other deposits	1,956,502	5,152,556
1.2.8 Net increase (decrease) in funds borrowed	1,158,587	(369,168)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	2,431,065	2,046,939
I. Net cash flow from banking operations	335,877	6,014,661
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(897,660)	(4,855,303)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(42,320)	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	(49,892)	(57,311)
2.4 Proceeds from disposal of tangible assets	39,323	44,236
2.5 Cash paid for purchase of available-for-sale financial assets	(7,006,330)	(8,419,749)
2.6 Proceeds from disposal of available-for-sale financial assets	5,394,561	3,207,373
2.7 Cash paid for purchase of held-to-maturity investments	(75,502)	(118,610)
2.8 Proceeds from disposal of held-to-maturity investments	856,712	488,758
2.9 Others	(14,212)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	(120,765)	(16,064)
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	(120,765)	-
3.5 Repayments for finance leases	-	(16,064)
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	12,212	8,115
V. Net increase in cash and cash equivalents	(670,336)	1,151,409
VI. Cash and cash equivalents at the beginning of the period	8,191,635	6,847,846
VII. Cash and cash equivalents at the end of the period	7,521,299	7,999,255

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.

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.

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.

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 September 2010 is TL 2,517 (full TL) (31 December 2009: TL 2,365 (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 September 2010 and 31 December 2009, the major statistical assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	5.92%	5.92%
Expected Rate of Salary/Limit Increase	4.80%	4.80%
Estimated Employee Turnover Rate	0.94%	0.94%

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.

At 19 June 2008, Cumhuriyet Halk Partisi, appealed to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. As at the report date, there is no arbitrement of the Constitutional Court published.

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 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 2010 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 September 2010 and 31 December 2009, 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 September 2010 and 31 December 2009, 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 nine-month period ended 30 September 2010, earning per share is TL 0.3058 (30 September 2009: TL 0.3761).

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 14.41% (31 December 2009: 15.42%).

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 September 2010						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Balance sheet items (Net)	12,123,631	-	1,579,195	11,101,384	32,008,537	59,049	204
Cash and cash equivalents	514,267	-	7	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	2,158,523	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	1,237,400	-	1,167,363	-	98,680	-	-
Interbank money market placements	1,835,000	-	-	-	-	-	-
Receivables from reverse repurchase agreements	651,000	-	-	-	-	-	-
Reserve deposits at CBT	1,133,606	-	-	-	-	-	-
Loans	166,723	-	275,108	11,008,421	29,465,970	59,049	204
Loans under follow-up (Net)	-	-	-	-	95,296	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Held-to-maturity investment securities	4,186,491	-	47,853	-	-	-	-
Receivables from term sale of assets	-	-	-	-	93,703	-	-
Miscellaneous receivables	100	-	42,268	-	229,721	-	-
Interest and other income accruals	158,480	-	46,596	92,963	267,984	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	872,948	-	-
Tangible assets (Net)	-	-	-	-	855,521	-	-
Other assets	82,041	-	-	-	28,714	-	-
Off-balance sheet items	91,645	-	390,786	412,418	6,606,567	-	-
Non-cash loans and commitments	91,645	-	253,638	412,418	6,599,343	-	-
Derivative financial instruments	-	-	137,148	-	7,224	-	-
Non-risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	12,215,276	-	1,969,981	11,513,802	38,615,104	59,049	204

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Value at credit risk (VaCR)	44,854,983	37,706,171
Value at market risk (VaMR)	1,851,825	1,889,513
Value at operational risk (VaOR) (*)	5,795,900	4,756,200
Equity	7,566,047	6,837,925
Equity/ (VaCR+VaMR+VaOR)*100	%14.41	%15.42

(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 31 December 2009 was measured by taking value at operational risk calculated based on average of gross incomes for the years ended 31 December 2008, 2007 and 2006 into consideration. For the year 2010, value at operational risk is being calculated based on average of gross incomes for the years ended 31 December 2009, 2008 and 2007.

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	476,116	353,012
I. Legal Reserve (Turkish Commercial Code 466/1)	238,058	176,506
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	238,058	176,506
Status Reserves	-	-
Extraordinary Reserves	2,923,105	1,919,663
Reserve allocated as per the Decision held by the General Assembly	2,696,515	1,713,233
Retained Earnings	226,590	206,430
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	764,544	1,251,206
Current Period's Profit	764,544	1,251,206
Prior Years' Profit	-	-
Provision for Possible Losses (up to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	5,033	1,138
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	72,526	79,082
Prepaid Expenses (-)	317,868	255,027
Intangible Assets (-)	52,033	43,549
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	6,950,289	6,371,279
SUPPLEMENTARY CAPITAL		
General Provisions	387,110	322,989
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	66,530	66,530
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	331,743	254,463
Associates and Subsidiaries	169,232	106,228
Available for Sale Investment Securities	162,511	148,235
Other Profit Reserves	-	-
Total Supplementary Capital	785,383	643,982
TIER III CAPITAL	-	-
CAPITAL	7,735,672	7,015,261
DEDUCTIONS FROM CAPITAL	169,625	177,336
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	169,625	177,336
Others	-	-
TOTAL EQUITY	7,566,047	6,837,925

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	117,606
(II) Capital Obligation against Specific Risks - Standard Method	15,444
(III) Capital Obligation against Currency Risk - Standard Method	13,837
(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	1,259
(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)	148,146
(IX) Value-At-Market Risk (12.5xVIII) or (12.5xVII)	1,851,825

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 September 2010	30 September 2009
		Equity	Equity
ISE – 100 (IMKB - 100)	10%	34,140	11,159

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.

The amount calculated as TL 463,672 (31 December 2009: TL 380,496) from gross income for the years ended 31 December 2009, 2008 and 2007 and used for the calculation of capital adequacy ratio as at 30 September 2010, 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 5,795,900 (31 December 2009: TL 4,756,200) 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 September 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	1.4500	1.9793
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	1.4200	1.9292
Day 2	1.4500	1.9443
Day 3	1.4300	1.9262
Day 4	1.4300	1.9080
Day 5	1.4300	1.9156
	US Dollar	Euro
Last 30-days arithmetical average rate	1.4573	1.8912

Information on currency risk

Current Period	Euro	US Dollar	Japanese Yen	Other FCs	Total
Assets:					
Cash and balances with the Central Bank of Turkey	1,509,899	180,861	88	7,810	1,698,658
Banks	173,002	2,007,284	1,929	34,923	2,217,138
Financial assets at fair value through profit or loss ⁽¹⁾	2,062	9,875	-	-	11,937
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	623,556	1,977,304	-	-	2,600,860
Loans and receivables ⁽²⁾	4,745,176	7,779,889	2,979	59,589	12,587,633
Associates, subsidiaries and joint-ventures	150,015	-	-	-	150,015
Held-to-maturity investments	189,549	1,125,837	-	-	1,315,386
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	1,332	-	-	1,332
Intangible assets	-	-	-	-	-
Other assets ⁽³⁾	12,075	92,834	-	-	104,909
Total assets	7,405,334	13,175,216	4,996	102,322	20,687,868
Liabilities:					
Bank deposits	141,142	758,711	-	176	900,029
Foreign currency deposits	4,053,549	7,931,341	808	38,968	12,024,666
Interbank money market takings	89,779	1,891,776	-	-	1,981,555
Other funding	2,921,168	2,512,910	2,976	38,549	5,475,603
Securities issued	-	-	-	-	-
Miscellaneous payables	5,682	30,709	1	153	36,545
Derivative financial liabilities held for risk Management purpose	-	-	-	-	-
Other liabilities ^{(1) (4)}	78,320	172,784	1,109	3,374	255,587
Total liabilities	7,289,640	13,298,231	4,894	81,220	20,673,985
Net 'on balance sheet' position	115,694	(123,015)	102	21,102	13,883
Net 'off-balance sheet' position	(55,536)	532,299	-	(18,228)	458,535
Derivative assets ⁽⁶⁾	172,925	2,145,974	-	14,675	2,333,574
Derivative liabilities ⁽⁶⁾	228,461	1,613,675	-	32,903	1,875,039
Non-cash loans ⁽⁵⁾	1,587,516	2,422,503	100,523	96,804	4,207,346
Prior Period					
Total assets	6,155,145	12,466,656	6,054	95,757	18,723,612
Total liabilities	6,262,014	12,635,008	1,764	88,999	18,987,785
Net 'on balance sheet' position	(106,869)	(168,352)	4,290	6,758	(264,173)
Net 'off-balance sheet' position	216,208	354,125	(3,063)	33	567,303
Derivative assets	306,330	827,026	-	31,085	1,164,441
Derivative liabilities	90,122	472,901	3,063	31,052	597,138
Non-cash loans ⁽⁵⁾	2,014,042	2,642,661	11,538	131,484	4,799,725

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

⁽²⁾ Foreign currency indexed loans amounting to TL 357,905 (31 December 2009: TL 84,536) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 17,725 (31 December 2009: TL 18,290) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 18,027 (31 December 2009: TL 21,054) 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 314,639 and asset sales commitments amounting to TL 348,933 are included.

Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the nine-month period ended 30 September 2010 and 2009 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 September 2010		30 September 2009	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	19,906	39,720	12,432	16,777
EUR	(11,148)	(8,986)	13,227	14,465
Other currencies	297	297	648	648
Total, net	9,055	31,031	26,307	31,890

(*) 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 nine-month period ended 30 September 2010 and 2009 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	30 September 2010		30 September 2009	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(15,949)	(35,763)	(6,313)	(10,658)
Euro	11,151	8,990	(12,254)	(13,492)
Other currencies	456	456	116	116
Total, net	(4,342)	(26,317)	(18,451)	(24,034)

(*) 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	1,689,522	-	-	-	-	2,138,746	3,828,268
Banks	2,078,140	71,461	43,676	-	-	310,423	2,503,700
Financial assets at fair value through profit/loss	1,449	10,595	47,742	-	-	29,733	89,519
Interbank money market placements	2,486,420	-	-	-	-	-	2,486,420
Available-for-sale financial assets	4,931,458	1,655,539	4,446,607	1,747,694	1,794,498	10,750	14,586,546
Loans and receivables	14,332,334	6,852,530	9,479,900	7,833,387	2,822,849	95,296	41,416,296
Held-to-maturity investments	414,187	1,017,307	1,616,981	285,497	1,035,040	-	4,369,012
Other assets (*)	709	85,666	8,920	40,061	-	2,695,054	2,830,410
Total assets	25,934,219	9,693,098	15,643,826	9,906,639	5,652,387	5,280,002	72,110,171
Liabilities:							
Bank deposits	2,681,568	156,794	-	-	-	8,687	2,847,049
Other deposits	25,926,810	9,799,188	2,005,887	126,673	-	6,794,171	44,652,729
Interbank money market takings	6,606,826	1,080,330	484,160	-	-	-	8,171,316
Miscellaneous payables	84	25,441	4,398	-	-	1,123,057	1,152,980
Securities issued	-	-	-	-	-	-	-
Funds borrowed	321,381	1,741,961	3,330,445	128,205	-	-	5,521,992
Other liabilities (**)	13,048	86,839	4,788	15,295	36,908	9,607,227	9,764,105
Total liabilities	35,549,717	12,890,553	5,829,678	270,173	36,908	17,533,142	72,110,171
On balance sheet long position	-	-	9,814,148	9,636,466	5,615,479	-	25,066,093
On balance sheet short position	(9,615,498)	(3,197,455)	-	-	-	(12,253,140)	(25,066,093)
Off-balance sheet long position	192,500	820,647	57,065	35,060	-	-	1,105,272
Off-balance sheet short position	-	(25,441)	(180,606)	(662,168)	(253,750)	-	(1,121,965)
Position, Net	(9,422,998)	(2,402,249)	9,690,607	9,009,358	5,361,729	(12,253,140)	(16,693)

(*) 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	1,148,099	-	-	-	-	1,901,536	3,049,635
Banks	2,529,243	-	-	-	-	209,315	2,738,558
Financial assets at fair value through profit/loss	1,193	1,690	1,488	17,153	17,297	-	38,821
Interbank money market placements	3,400,614	-	-	-	-	-	3,400,614
Available-for-sale financial assets	3,040,317	3,377,542	4,199,480	2,993,905	1,343,885	10,750	14,965,879
Loans and receivables	10,079,977	9,901,076	6,340,535	5,971,447	2,145,702	133,918	34,572,655
Held-to-maturity investments	525,309	638,690	742,634	366,453	1,225,387	-	3,498,473
Other assets (*)	3,146	6,046	38,703	111,860	-	2,373,252	2,533,007
Total assets	20,727,898	13,925,044	11,322,840	9,460,818	4,732,271	4,628,771	64,797,642
Liabilities:							
Bank deposits	1,673,063	450,325	56,144	-	-	9,711	2,189,243
Other deposits	25,776,035	9,165,320	1,601,838	386	-	5,918,901	42,462,480
Interbank money market takings	730,767	3,934,522	1,403,218	74,875	-	-	6,143,382
Miscellaneous payables	-	9,497	32,677	-	-	817,311	859,485
Securities issued	-	-	-	-	-	-	-
Fund borrowed	98,440	3,587,911	679,759	-	-	-	4,366,110
Other liabilities (**)	24,146	15,369	26,144	29,096	11,561	8,670,626	8,776,942
Total liabilities	28,302,451	17,162,944	3,799,780	104,357	11,561	15,416,549	64,797,642
On balance sheet long position	-	-	7,523,060	9,356,461	4,720,710	-	21,600,231
On balance sheet short position	(7,574,553)	(3,237,900)	-	-	-	(10,787,778)	(21,600,231)
Off-balance sheet long position	180,959	184,045	-	54,345	-	-	419,349
Off-balance sheet short position	(68,838)	(9,496)	(40,453)	(292,101)	-	-	(410,888)
Position, Net	(7,462,432)	(3,063,351)	7,482,607	9,118,705	4,720,710	(10,787,778)	8,461

(*) 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	-	-	-	5.00
Banks	0.36	0.85	-	7.54
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	6.40
Available-for-sale financial assets	5.28	6.60	-	8.97
Loans and receivables	4.05	4.37	3.49	15.28
Held-to-maturity investments	6.61	7.29	-	9.66
Liabilities:				
Bank deposits	2.29	0.79	-	8.01
Other deposits	2.44	2.84	-	8.57
Interbank money market takings	1.15	1.51	-	7.03
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	1.30	1.75	0.49	7.57
Prior Period				
	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	5.20
Banks	0.28	0.34	-	6.90
Financial assets at fair value through profit/loss	-	11.88	-	-
Interbank money market placements	-	-	-	6.50
Available-for-sale financial assets	5.37	6.68	-	9.82
Loans and receivables	4.60	4.93	6.79	15.62
Held-to-maturity investments	6.97	7.44	-	11.93
Liabilities:				
Bank deposits	2.25	0.81	-	8.69
Other deposits	2.62	2.75	-	8.73
Interbank money market takings	1.00	1.30	-	9.04
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	1.81	1.53	-	10.09

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 September 2010 and on net interest income of floating rate non-trading financial assets and financial liabilities held at 30 September 2010 (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 September 2010 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 September 2009.

	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 September 2010				
Financial assets at fair value through profit or loss	(4,690)	3,591	(4,690)	3,591
Available-for-sale financial assets	2,379	(2,624)	(247,579)	270,104
Floating rate financial assets	181,561	(181,561)	181,561	(181,561)
Floating rate financial liabilities	(55,589)	55,589	(55,589)	55,589
Total, net	123,661	(125,005)	(126,297)	147,723

	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 September 2009				
Financial assets at fair value through profit or loss	(5,229)	5,902	(5,229)	5,902
Available-for-sale financial assets	20,641	(21,192)	(175,444)	186,537
Floating rate financial assets	156,694	(156,694)	156,694	(156,694)
Floating rate financial liabilities	(33,973)	33,973	(33,973)	33,973
Total, net	138,133	(138,011)	(57,952)	69,718

^(*) 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	3,828,268	-	-	-	-	-	-	3,828,268
Banks	1,547,823	840,740	71,461	43,676	-	-	-	2,503,700
Financial assets at fair value through profit/loss	29,733	1,449	1,839	47,742	8,756	-	-	89,519
Interbank money market placements	-	2,486,420	-	-	-	-	-	2,486,420
Available-for-sale financial assets	-	234,896	316,733	2,810,919	6,413,101	4,800,147	10,750	14,586,546
Loans and receivables	-	7,334,870	3,596,681	7,855,407	18,399,865	4,134,177	95,296	41,416,296
Held-to-maturity investments	-	34,809	607,468	1,555,326	1,136,369	1,035,040	-	4,369,012
Other assets	-	181,700	63,948	8,920	151,954	-	2,423,888	2,830,410
Total assets	5,405,824	11,114,884	4,658,130	12,321,990	26,110,045	9,969,364	2,529,934	72,110,171
Liabilities:								
Bank deposits	8,687	2,681,568	156,794	-	-	-	-	2,847,049
Other deposits	6,794,171	25,926,810	9,799,188	2,005,887	126,673	-	-	44,652,729
Funds borrowed	-	6,535	62,531	2,740,096	1,864,151	848,679	-	5,521,992
Interbank money market takings	-	6,496,226	1,036,348	484,446	154,296	-	-	8,171,316
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,058,604	20,425	4,398	25,441	-	44,112	1,152,980
Other liabilities	-	207,367	68,328	18,557	100,901	45,849	9,323,103	9,764,105
Total liabilities	6,802,858	36,377,110	11,143,614	5,253,384	2,271,462	894,528	9,367,215	72,110,171
Liquidity gap	(1,397,034)	(25,262,226)	(6,485,484)	7,068,606	23,838,583	9,074,836	(6,837,281)	-
Prior Period								
Total assets	4,285,460	11,863,819	3,307,344	11,673,779	25,146,308	6,202,329	2,318,603	64,797,642
Total liabilities	5,928,612	29,145,258	13,706,697	4,552,289	1,694,357	1,295,388	8,475,041	64,797,642
Liquidity gap	(1,643,152)	(17,281,439)	(10,399,353)	7,121,490	23,451,951	4,906,941	(6,156,438)	-

^(*) 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 September 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	2,847,049	2,851,702	8,687	2,684,085	158,930	-	-	-
Other deposits	44,652,729	47,705,265	6,794,171	28,019,005	10,587,888	2,167,333	136,868	-
Funds borrowed	5,521,992	5,769,563	-	11,972	62,886	2,782,179	1,947,370	965,156
Money market takings	8,171,316	8,196,533	-	5,393,103	740,669	1,800,740	262,021	-
Miscellaneous payables	1,152,980	1,152,980	44,112	1,058,604	20,425	4,398	25,441	-
Other liabilities	427,875	427,875	142,365	117,031	3,172	18,557	100,901	45,849
Total	62,773,941	66,103,918	6,989,335	37,283,800	11,573,970	6,773,207	2,472,601	1,011,005

Non-Cash Loans	9,746,534	9,746,534	5,852,428	413,877	884,837	1,718,892	825,759	50,741
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31 December 2009	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	2,189,243	2,198,410	9,711	1,675,723	455,531	57,445	-	-
Other deposits	42,462,480	42,654,665	5,918,901	25,911,593	9,213,521	1,610,262	388	-
Funds borrowed	4,366,110	4,700,907	-	56,615	97,487	1,494,478	1,625,489	1,426,838
Money market takings	6,143,382	6,151,417	-	730,933	3,889,087	1,408,969	122,428	-
Miscellaneous payables	859,485	859,485	55,360	740,477	21,473	-	42,175	-
Other liabilities	338,684	338,684	145,494	87,486	2,448	25,420	60,151	17,685
Total	56,359,384	56,903,568	6,129,466	29,202,827	13,679,547	4,596,574	1,850,631	1,444,523

Non-Cash Loans	9,094,232	9,094,232	4,751,809	53,817	154,574	1,291,543	2,633,322	209,167
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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.

VI. 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	755,398	37,147	1,097,033	427,860	2,317,438
Undistributed expenses	-	-	-	(1,389,705)	(1,389,705)
Operating profit	755,398	37,147	1,097,033	(961,845)	927,733
Income from associates	-	-	-	-	35,125
Income before taxes	-	-	-	-	962,858
Provision for taxes	-	-	-	-	(198,314)
Net profit	-	-	-	-	764,544
Segment assets	12,937,066	28,479,230	27,485,262	-	68,901,558
Investments in associates and subsidiaries	-	-	872,948	-	872,948
Undistributed assets	-	-	-	2,335,665	2,335,665
Total assets	12,937,066	28,479,230	28,358,210	2,335,665	72,110,171
Segment liabilities	14,884,639	32,615,139	13,893,701	-	61,393,479
Equity	-	-	-	8,196,452	8,196,452
Undistributed liabilities	-	-	-	2,520,240	2,520,240
Total Liabilities and Equity	14,884,639	32,615,139	13,893,701	10,716,692	72,110,171

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	440,088	73,399	508,595	82,486
Central Bank of Turkey ^(*)	1,689,522	1,624,472	1,148,099	1,309,753
Others	-	787	-	702
Total	2,129,610	1,698,658	1,656,694	1,392,941

^(*) TL 1,133,606 (31 December 2009: TL 872,785) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve; TL 21,865 (31 December 2009: TL 21,013) of Turkish Lira balances is comprised of interest income accruals from unrestricted portion of the deposit at Central Bank of Turkey held as reserve requirement.

According to the no. 2005/1 announcement of the CBT, "Announcement on Reserve Deposits", all banks operating in Turkey should provide a reserve amounting to 5% (31 December 2009: 5%) of the liabilities in Turkish Lira and 10% (31 December 2009: 9%) of the liabilities in foreign currencies. As at 30 September 2010, interest rate given by CBT is 5 % for TL reserve deposits and interest rate is nil for foreign currency reserve deposits (31 December 2009: TL 5.2%, FC nil).

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,667,657	490,866	1,127,086	436,968
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	21,865	1,133,606	21,013	872,785
Total	1,689,522	1,624,472	1,148,099	1,309,753

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	308	237	456	920
Swap Transactions	4,929	51,651	-	19,205
Futures	-	-	-	-
Options	564	2,097	242	701
Others	-	-	-	-
Total	5,801	53,985	698	20,826

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	286,562	2,217,138	245,530	2,493,028
Domestic	286,562	420,460	245,530	206,938
Foreign	-	1,796,678	-	2,286,090
Foreign Head Offices and Branches	-	-	-	-
Total	286,562	2,217,138	245,530	2,493,028

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	2,730,892	273,539	2,905,370	289,422
Others	-	-	-	-
Total	2,730,892	273,539	2,905,370	289,422

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	4,996,131	-	3,958,401	-
Treasury Bills	-	-	205,312	-
Other Debt Securities	-	1,493,917	-	823,038
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	4,996,131	1,493,917	4,163,713	823,038

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		14,589,565		14,977,439
Quoted		14,589,565		14,977,439
Unquoted		-		-
Equity securities		10,750		10,750
Quoted		-		-
Unquoted		10,750		10,750
Provision for impairment on available-for-sale financial assets (-)		13,769		22,310
Total		14,586,546		14,965,879

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	-	542	-	549
Legal entities	-	542	-	549
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	45,297	-	39,808	-
Total	45,297	542	39,808	549

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	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash Loans				
Loans	38,966,164	-	1,715,097	587,532
Discounted bills	1,548	-	-	1
Exporting loans	2,566,109	-	128,967	117,125
Importing loans	-	-	-	20
Loans to the financial sectors	3,502,146	-	376	-
Overseas loans	32,982	-	-	-
Consumer loans	10,878,506	-	554,037	127,530
Credit cards	1,249,569	-	88,972	9,224
Precious metal loans	-	-	-	-
Others	20,735,304	-	942,745	333,632
Specialization loans	52,207	-	-	-
Other receivables	-	-	-	-
Total	39,018,371	-	1,715,097	587,532

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	249,047	10,669,970	10,919,017
Housing Loans	4,767	5,076,496	5,081,263
Automobile Loans	3,906	161,827	165,733
General Purpose Loans	96,640	3,452,908	3,549,548
Other	143,734	1,978,739	2,122,473
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	1,289,570	2,575	1,292,145
With Installment	442,326	2,575	444,901
Without Installment	847,244	-	847,244
Retail Credit Cards – FC	824	-	824
With Installment	-	-	-
Without Installment	824	-	824
Personnel Loans – TL	464	23,459	23,923
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	464	23,459	23,923
Other	-	-	-
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	21,340	-	21,340
With Installment	7,482	-	7,482
Without Installment	13,858	-	13,858
Personnel Credit Cards – FC	34	-	34
With Installment	-	-	-
Without Installment	34	-	34
Overdraft Checking Accounts – TL (Real persons)	617,133	-	617,133
Overdraft Checking Accounts – FC (Real persons)	-	-	-
Total	2,178,412	10,696,004	12,874,416

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	219,575	4,898,340	5,117,915
Real Estate Loans	565	91,037	91,602
Automobile Loans	14,057	306,613	320,670
General Purpose Loans	204,953	4,500,690	4,705,643
Other	-	-	-
Installment-based Commercial Loans – FC indexed	240	126,004	126,244
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	240	126,004	126,244
Other	-	-	-
Installment-based Commercial Loans – FC	67	169,731	169,798
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	67	169,731	169,798
Corporate Credit Cards – TL	33,266	106	33,372
With Installment	4,409	106	4,515
Without Installment	28,857	-	28,857
Corporate Credit Cards – FC	50	-	50
With Installment	-	-	-
Without Installment	50	-	50
Overdraft Checking Accounts – TL (Corporate)	143,244	-	143,244
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	396,442	5,194,181	5,590,623

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	41,285,568	34,387,759
Overseas Loans	35,432	50,978
Total	41,321,000	34,438,737

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	1,132,934	579,792
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	1,132,934	579,792

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	78,985	82,483
Loans and Receivables with Doubtful Collectibility	367,744	338,637
Uncollectible Loans and Receivables	1,762,042	1,563,929
Total	2,208,771	1,985,049

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	27,853	46,692	123,542
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	27,853	46,692	123,542
Prior period	7,438	46,766	115,357
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	7,438	46,766	115,357

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	216,401	338,637	1,563,929
Additions (+)	652,631	13,911	22,105
Transfers from other categories of loans under follow-up (+)		859,813	379,697
Transfers to other categories of loans under follow-up (-)	611,860	716,463	
Collections (-)	82,891	128,154	203,689
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	-
Differences from corrections according to exchange rates	-	-	-
Balance at the end of the period	174,281	367,744	1,762,042
Specific provision (-)	78,985	367,744	1,762,042
Balance, net	95,296	-	-

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

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	9,756	18,107	282,234
Specific provision (-)	1,951	18,107	282,234
Net balance on balance sheet	7,805	-	-
Prior Period			
Balance at the end of the period	10,693	11,933	273,605
Specific provision (-)	2,139	11,933	273,605
Net balance on balance sheet	8,554	-	-

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)			
Consumer and Commercial Loans (Gross)	173,234	364,772	1,729,537
Specific Provision (-)	78,776	364,772	1,729,537
Consumer and Commercial Loans (Net)	94,458	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,047	2,972	30,954
Specific Provision (-)	209	2,972	30,954
Other Loans and Receivables (Net)	838	-	-
Prior Period (Net)			
Consumer and Commercial Loans (Gross)	214,619	336,847	1,535,060
Specific Provision (-)	82,127	336,847	1,535,060
Consumer and Commercial Loans (Net)	132,492	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,782	1,790	27,318
Specific Provision (-)	356	1,790	27,318
Other Loans and Receivables (Net)	1,426	-	-

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	3,053,626	-	2,075,831	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	1,267,525	-	1,386,876
Total	3,053,626	1,267,525	2,075,831	1,386,876

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	4,395,055	3,521,096
Quoted at Stock Exchanges	4,347,194	3,485,330
Unquoted at Stock Exchanges	47,861	35,766
Impairment Losses (-)	26,043	22,623
Total	4,369,012	3,498,473

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	3,498,473	3,471,338
Foreign currency differences on monetary assets	(46,520)	(19,550)
Purchases during the period	1,779,378	1,474,427
Disposals through sales/redemptions	(856,712)	(1,372,734)
Impairment losses	(14,006)	(20,419)
Change in amortized costs of the securities (*)	8,399	(34,589)
Balances at the end of the period	4,369,012	3,498,473

(*) 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 1,805,476 to its held-to-maturity investment securities portfolio at their fair values of TL 1,704,319 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 value increases of such securities amounting to TL 159 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 675,000 to its held-to-maturity investment securities portfolio at their fair values of TL 610,161 as at their reclassification dates, in 2009. These reclassifications are presented in “purchases during the period” line in the movement table of held-to-maturity investment securities. The value increases of such securities amounting to TL 1,118 are recorded under equity and will be amortized through the statement of income until their maturities.

Information on held-to-maturity investments

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period				
Collateralized/blocked investment securities	878,909	47,850	895,867	47,861
Investments subject to repurchase agreements	1,420,689	941,946	1,465,430	949,913
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	651,387	319,606	692,329	317,612
Total	2,950,985	1,309,402	3,053,626	1,315,386

	Cost		Carrying Value	
	TL	FC	TL	FC
Prior Period				
Collateralized/blocked investment securities	668,259	35,760	694,386	35,766
Investments subject to repurchase agreements	645,938	1,001,983	685,565	1,017,238
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	680,170	362,717	695,880	369,638
Total	1,994,367	1,400,460	2,075,831	1,422,642

(*) 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.	Lefkosa/NCTR	15.00	15.00
2	Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ	İstanbul/Turkey	11.75	21.77
3	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	27.63	29.47
4	Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/Turkey	10.00	10.00
5	Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38	8.38
6	Bankalararası Kart Merkezi AŞ ^(*)	İstanbul/Turkey	9.70	9.70
7	Kredi Kayıt Bürosu AŞ	İstanbul/Turkey	9.09	9.09
8	Güçbirliği Holding AŞ ^(*)	İzmir/Turkey	0.07	0.07
9	İzmir Enternasyonel Otelcilik AŞ	İstanbul/Turkey	5.00	5.00
10	İMKB Takas ve Saklama Bankası AŞ ^(*)	İstanbul/Turkey	4.86	5.28
11	World Vakıf UBB Ltd.	Lefkoşa/KKTC	82.00	85.24
12	Kredi Garanti Fonu AŞ	Ankara/Turkey	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	639,923	47,618	7,831	44,944	8,247	11,136	10,679	-
2	16,038	15,139	32	261	1,479	819	2,275	18,783
3	81,801	81,435	36,336	688	1,786	3,742	5,647	73,138
4	912,654	182,928	255,482	9,300	-	23,036	(2,277)	-
5	7,586,780	1,350,653	27,310	166,731	180,990	182,805	143,796	1,693,496
6	18,840	15,414	5,971	428	-	1,014	(91)	-
7	36,506	33,125	2,137	1,820	-	9,899	6,802	-
8	112,653	21,692	168	117	-	(4,707)	(3,052)	-
9	106,754	50,108	101,432	-	-	755	82	-
10	1,648,890	287,517	10,878	16,249	4,403	17,870	25,446	-
11	2,894	(21,898)	-	8	-	(1,755)	(1,660)	-
12	138,091	133,547	2,235	4,510	-	5,437	7,394	-

^(*) The financial statements as at and for the six-month period ended 30 June 2010 are presented.

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	142,008	56,780
Movements during the period	50,245	85,228
Transfers	-	9,181
Acquisitions and capital increases	-	2,000
Bonus shares received	10,477	9,691
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	39,768	64,356
Impairment losses	-	-
Balance at the end of the period	192,253	142,008
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”.

In accordance with the directives of BRSA, the shares of IMKB Takas ve Saklama Bankası AŞ, previously presented as “Equity securities” under “Available for sale financial assets” with carrying value of TL 9,181 were reclassified as “Investments in associates” in 2009.

The Bank reclassified İşkur İşçi İşadamı Kimya Kuruluşları AŞ shares as “Uncollectible Loans and Receivables”, which were previously presented as “Investment in associates” with carrying value of TL 0.

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	157,216	103,627
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	27,443	30,787
Total	184,659	134,414

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	164,330	116,183
Quoted at international stock exchanges	-	-
Total	164,330	116,183

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, increased its paid-in capital from TL 600,000 to TL 700,000 in the current period. 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.

As per the 11 June 2009 dated resolution of the Board of Directors of the Bank, it was decided to invest in Kredi Garanti Fonu AŞ (“the Company”) which was established in order to provide guarantee and ease credit conditions for Small and Medium size entities. Based on this resolution, the Bank purchased one share of Kredi Garanti Fonu AŞ at a nominal value of TL 50 (full TL) from Turkish Union of Chambers and Commodity Exchanges on 9 September 2009. As per the 9 September 2009 dated resolution of the Extraordinary General Assembly of Kredi Garanti Fonu AŞ, it was decided to increase share capital of Kredi Garanti Fonu AŞ from TL 60,000 to TL 240,000 by TL 180,000 through TL 19,110 from internal sources and TL 160,890 by cash injection of the shareholders. Accordingly, the Bank made a commitment of TL 4,000 of which TL 2,000 was paid on 15 October 2009. The remaining balance TL 2,000 is followed under “Share capital commitments to associates and subsidiaries” in the off-balance sheet commitments and contingencies, to be paid upon the request of Board of Directors of the Company within three years.

In 2009, Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, increased its paid-in capital from TL 500,000 to TL 600,000. The share of the Bank amounting to TL 8,377 is presented in the movement table of investments in associates as bonus shares received.

In 2009, Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, increased its paid-in capital from TL 20,000 to TL 26,000. The share of the Bank amounting to TL 900 is presented in the movement table of investments in associates as bonus shares received.

In 2009, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, from TL 19,300 to TL 20,800, by the General Assembly of the Company, the share of the Bank amounting to TL 414 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	631,411	178,159	73,042	5,496	-	(40,535)	23	310,044
2	1,080,085	107,282	24,997	8,454	16,000	7,230	8,473	194,500
3	8,921	8,803	1,062	163	-	73	(658)	12,500
4	215,094	213,058	85,935	4,594	4	371	(300)	212,968
5	1,051,238	71,794	501	52,066	-	9,846	10,010	70,000
6	563,591	84,000	3,554	25,211	27	15,315	15,516	106,554
7	51,030	6,281	205	3,463	-	1,615	3,825	0
8	99,460	61,656	399	5,338	130	4,836	4,340	55,298
9	14,361	8,562	427	594	30	1,599	2,126	12,000
10	15,370	10,371	289	604	36	3,616	3,008	32,000
11	977,010	148,347	1,623	23,231	5,868	6,454	(9,422)	119,661
12	5,642	5,478	10	409	-	1,055	1,125	19,621

(*) The financial statements as at and for the six-month period ended 30 June 2010 are presented.

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	546,249	482,589
Movements during the period	134,446	63,660
Transfers	-	-
Acquisitions and capital increases	42,320	-
Bonus shares received	-	4,436
Dividends from current year profit	-	-
Sales and liquidations	-	(2,701)
Fair value changes	105,661	61,925
Impairment losses	(13,535)	-
Balance at the end of the period	680,695	546,249
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	-	133,021
Measured at fair value	680,695	413,228
Equity method of accounting	-	-
Total	680,695	546,249

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	150,015	100,158
Insurance companies	209,218	188,268
Factoring companies	50,368	33,708
Leasing companies	62,558	39,058
Finance companies	-	-
Other financial subsidiaries	67,996	40,335
Total	540,155	401,527

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	175,259	154,103
Quoted at international stock exchanges	-	-
Total	175,259	154,103

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.

The shares of Ataköy Mağazacılık Ticaret AŞ, previously presented as “Investment in subsidiaries”, that is in liquidation process and had a carrying value of TL 0, were written off as at 30 April 2009.

As per the 4 September 2009 dated resolution of the Board of Directors, it was decided to sale the shares of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ owned by the Bank, comprising 31.0% of the company's share capital to Rhea Gayrimenkul Proje Geliştirme İnşaat Sanayi ve Ticaret AŞ in accordance with sales agreement signed on 25 August 2009. The application to Capital Market Board ("CMB") dated 7 September 2009 regarding the sale of the shares was approved and stated at the CMB Bulletin dated 13 November 2009 and numbered 2009/49. In order for the Bank and the counter party to obtain economic benefits expected from the transfer of the shares it was decided to apply to the CMB for the permission for operations of the Company as a venture-capital trust to be extended for one-year starting from 31 December 2009. Following the approval of the sale of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ by CMB, the shares were transferred on 10 December 2009 and the Bank's portion from the sales amounting to TL 2,140 was received in cash. As a result of this sales transaction, the Bank recorded gain on sale of subsidiaries amounting to TL 1,592.

Investments in subsidiaries acquired during the period

In the current period, 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.

In 2009, Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, increased its paid-in capital from TL 20,000 to TL 25,000. The share of the Bank amounting to TL 2,936 is presented in the movement table of investments in subsidiaries as bonus shares received.

In 2009, Vakıf Portföy Yönetimi AŞ, a subsidiary of the Bank, increased its paid-in capital from TL 1,500 to TL 3,000. The share of the Bank amounting to TL 1,500 is presented in the movement table of investments in subsidiaries as bonus shares received.

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 September 2010 and 31 December 2009, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
<i>Deferred tax assets:</i>	117,616	108,678
Provision for employee termination benefits and unused vacations	39,329	36,406
Other provisions	23,474	15,234
Valuation difference for associates and subsidiaries	23,456	20,749
BRSA - Tax Code depreciation differences	18,126	18,176
Valuation differences of financial assets and liabilities	11,697	16,353
Others	1,534	1,760
<i>Deferred tax liabilities:</i>	(40,783)	(28,779)
Valuation differences of financial assets and liabilities	(24,249)	(17,665)
Valuation difference for associates and subsidiaries	(16,534)	(11,114)
Deferred tax assets, net	76,833	79,899

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

None.

15. Information on other assets

As at 30 September 2010 and 31 December 2009 other assets are as follows:

	Current period	Prior Period
Prepaid expenses	317,868	255,027
Receivables from credit card payments	177,414	113,010
Receivables from term sale of assets	93,703	125,323
Receivables from lawsuit expenses	46,398	41,426
Receivables from derivative financial instruments	42,368	56,006
Others	53,173	47,391
Total	730,924	638,183

The Bank recorded specific provision amounting to TL 44,128 (31 December 2009: TL 39,203) for lawsuit and court expenses amounting to TL 46,398 (31 December 2010: TL 41,426) that was undertaken due to non-performing loans and receivables.

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	1,348,108	-	1,373,829	8,018,324	214,283	20,379	41,481	-	11,016,404
Foreign Currency Deposits	1,181,539	-	3,044,624	6,211,012	751,362	111,948	724,181	-	12,024,666
Residents in Turkey	1,155,913	-	3,008,723	6,180,013	746,847	106,996	713,466	-	11,911,958
Residents in Abroad	25,626	-	35,901	30,999	4,515	4,952	10,715	-	112,708
Public Sector Deposits	1,899,741	-	1,241,140	3,031,307	213,144	680	6,759	-	6,392,771
Commercial Deposits	895,843	-	2,298,549	6,882,076	322,374	818	1,592	-	10,401,252
Others	1,468,940	-	607,477	2,517,145	210,362	2,814	10,898	-	4,817,636
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	8,687	-	1,756,414	1,077,775	4,169	4	-	-	2,847,049
Central Bank	486	-	-	-	-	-	-	-	486
Domestic Banks	1,272	-	1,673,670	262,600	-	4	-	-	1,937,546
Foreign Banks	2,884	-	82,744	815,175	4,169	-	-	-	904,972
Participation Banks	4,041	-	-	-	-	-	-	-	4,041
Others	4	-	-	-	-	-	-	-	4
Total	6,802,858	-	10,322,033	27,737,639	1,715,694	136,643	784,911	-	47,499,778

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	1,044,253	-	799,491	6,689,074	177,812	21,785	32,249	-	8,764,664
Foreign Currency Deposits	1,042,653	-	2,289,739	7,583,717	619,453	133,408	786,158	-	12,455,128
Residents in Turkey	1,011,051	-	2,231,727	7,477,890	617,095	133,113	784,674	-	12,255,550
Residents in Abroad	31,602	-	58,012	105,827	2,358	295	1,484	-	199,578
Public Sector Deposits	1,431,736	-	1,238,093	2,915,113	123,913	249	3,217	-	5,712,321
Commercial Deposits	960,333	-	2,029,203	6,703,428	646,249	227	1,315	-	10,340,755
Others	1,439,926	-	800,573	2,696,795	238,527	2,171	11,620	-	5,189,612
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	9,711	-	872,100	1,037,591	194,955	56,144	18,742	-	2,189,243
Central Bank	49	-	-	-	-	-	-	-	49
Domestic Banks	869	-	758,934	497,421	82,411	4	-	-	1,339,639
Foreign Banks	5,336	-	113,166	540,170	112,544	56,140	18,742	-	846,098
Participation Banks	3,457	-	-	-	-	-	-	-	3,457
Others	-	-	-	-	-	-	-	-	-
Total	5,928,612	-	8,029,199	27,625,718	2,000,909	213,984	853,301	-	44,651,723

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	5,377,379	4,726,338	5,639,025	4,038,326
Foreign Currency Saving Deposits	1,382,535	1,397,224	2,476,188	3,006,765
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	6,759,914	6,123,562	8,115,213	7,045,091

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	5,570	1,715
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	3,942	3,852
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	276	285	424	882
Swap Transactions	3,953	96,174	8,868	28,628
Futures	-	-	-	-
Options	589	3,394	257	749
Others	-	-	-	-
Total	4,818	99,853	9,549	30,259

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	46,389	365,551	43,875	294,290
Foreign Banks, Institutions and Funds	-	5,110,052	-	4,027,945
Total	46,389	5,475,603	43,875	4,322,235

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	38,253	2,735,263	43,362	1,399,956
Medium and Long term (*)	8,136	2,740,340	513	2,922,279
Total	46,389	5,475,603	43,875	4,322,235

(*) 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 8.64% (31 December 2009: 7.6%) 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.

On 19 August 2009, the Bank obtained a syndication loan with one -year maturity at the amount of US Dollar 203.5 million and Euro 372.5 million with interest rates of US Libor + 2.5% and Euribor + 2.5% respectively, with the participation of 29 banks. On 24 August 2010, the loan was repayed and renewed on 7 September 2010 with a syndication loan with two tranches, first tranche is at the amount of US Dollar 135 million and Euro 408 million with the interest rates of US Libor + 1.3% and Euribor + 1.3% and the second tranche at the amount of US Dollar 10 million and Euro 45 million with the interest rates of US Libor + 1.75% and Euribor + 1.75% respectively.

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 differences related to the derivative financial liabilities held for risk management purpose

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	312,027	238,772
Provisions for loans and receivables in Group II	42,363	56,869
Provisions for non-cash loans	31,691	27,151
Others	1,029	197
Total	387,110	322,989

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	12,463	209

The Bank recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 12,463 (31 December 2009: TL 209) 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 collectability	462	1,215
Non-cash loans with doubtful collectability	14,096	7,646
Uncollectible non-cash loans	84,489	93,868
Total	99,047	102,729

Information on other provisions

The Bank does not have general reserves for possible losses.

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Specific provisions for non-cash loans	99,047	102,729
Provision for loans under follow-up	67,695	-
Provision for cheques	26,858	12,000
Provision for World Vakıf UBB Ltd with regard to its negative equity	17,957	17,037
Provisions for lawsuits against the Bank	14,673	15,171
Provisions for credit card promotions	7,668	8,246
Other provisions	5,200	46,551
Total	239,098	189,734

8. Taxation

Current taxes

Tax provision

As at 30 September 2010, corporate taxes payable is amounted to TL 65,156 (31 December 2009: TL 83,161).

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	65,156	83,161
Taxation on securities	51,009	44,532
Capital gains tax on property	1,031	704
Banking and insurance transaction tax (BITT)	18,839	20,661
Taxes on foreign exchange transactions	-	-
Value added tax payable	907	905
Others	17,273	13,166
Total	154,215	163,129

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	425	312
Unemployment insurance- employer share	850	625
Others	2	5
Total	1,277	942

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	312,781	56,311	179,931	56,131
Fair value differences of available-for-sale securities	141,376	219,758	230,925	98,487
Foreign exchange differences	6,980	-	-	-
Total	461,137	276,069	410,856	154,618

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	4,530,772	4,043,910
Loan granting commitments	3,406,880	2,839,123
Asset purchase sale commitments	940,729	298,677
Commitments for cheque payments	658,401	735,839
Share capital commitments to associates and subsidiaries	2,000	2,000
Total	9,538,782	7,919,549

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 99,047 (31 December 2009: TL 102,729) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 100,894 (31 December 2009: TL 106,264).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional letters of guarantee	394,547	187,197
Final letters of guarantee	3,005,344	3,210,233
Letters of guarantee for advances	1,001,069	1,186,749
Letters of guarantee given to custom offices	217,011	161,158
Other letters of guarantee	2,467,425	1,360,240
Total	7,085,396	6,105,577

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	272,143	541,145
With original maturity of 1 year or less	135,107	367,311
With original maturity of more than 1 year	137,036	173,834
Other non-cash loans	9,474,391	8,553,087
Total	9,746,534	9,094,232

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	22,711	0.41	150,063	3.57	30,798	0.71	100,974	2.10
Farming and Cattle	20,541	0.37	137,680	3.27	25,451	0.59	87,111	1.81
Forestry	1,709	0.03	-	-	3,995	0.09	-	-
Fishing	461	0.01	12,383	0.30	1,352	0.03	13,863	0.29
Manufacturing	2,541,133	45.88	2,310,847	54.92	1,944,249	45.28	2,190,049	45.63
Mining	44,077	0.80	129,553	3.08	35,457	0.83	129,519	2.70
Production	1,741,685	31.44	1,518,037	36.08	1,614,210	37.59	1,537,794	32.04
Electric, gas and water	755,371	13.64	663,257	15.76	294,582	6.86	522,736	10.89
Construction	765,765	13.82	708,472	16.84	570,644	13.29	851,475	17.74
Services	1,757,587	31.73	367,770	8.74	1,537,852	35.81	910,564	18.97
Wholesale and retail trade	645,908	11.67	124,200	2.95	618,790	14.41	457,975	9.54
Hotel, food and beverage services	44,584	0.80	6,715	0.16	43,000	1.00	10,486	0.22
Transportation and telecommunication	207,912	3.75	213,552	5.08	229,508	5.34	399,311	8.32
Financial institutions	822,130	14.84	9,782	0.23	612,300	14.26	28,339	0.59
Real estate and renting services	1,798	0.03	-	-	2,101	0.05	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	4,996	0.09	-	-	2,398	0.06	-	-
Health and social services	30,259	0.55	13,521	0.32	29,755	0.69	14,453	0.30
Others	451,992	8.16	670,194	15.93	210,964	4.91	746,663	15.56
Total	5,539,188	100.00	4,207,346	100.00	4,294,507	100.00	4,799,725	100.00

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

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	5,436,070	1,478,381	71,153	2,941
Confirmed Bills of Exchange and Acceptances	825	157,086	-	1693
Letters of Credit	85	2,487,415	-	1,115
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	8,876	-	-
Non-Cash Loans	5,436,980	4,131,758	71,153	5,749

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	958,140	111,833	1,220,291	208,790
Medium and Long-Term Loans	1,641,142	267,266	1,673,778	258,791
Loans Under Follow-Up	68,604	-	50,283	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2,667,886	379,099	2,944,352	468,581

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,465	965	1,950	237
Foreign Banks	263	1,960	1,044	5,386
Foreign Head Office and Branches	-	-	-	-
Total	1,728	2,925	2,994	5,623

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	41,129	10,187

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2,767	58,314	8,919	113,554
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,767	1,368	8,919	2,624
Foreign Banks	-	56,946	-	110,930
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	2,765	90	1
Total	2,767	61,079	9,009	113,555

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	30,200	16,563

Interest expense on securities issued

None.

3. Information on trading income/losses

	Current Period	Prior Period
Income	860,082	1,268,941
Income from capital market transactions	201,733	85,820
Income from derivative financial instruments	107,242	57,161
Foreign exchange gains	551,107	1,125,960
Losses	(700,236)	(1,120,559)
Losses from capital market transactions	(366)	(3,573)
Losses from derivative financial instruments	(157,078)	(43,141)
Foreign exchange losses	(542,792)	(1,073,845)
Trading income/losses, net	159,846	148,382

Net loss arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments was amounted to TL 54,669 as at and for the nine-month period ended 30 September 2010 (30 September 2009: net loss of TL 3,741).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses	262,162	57,863
Communication income	55,873	62,824
Gain on sale of assets	13,946	35,626
Lease income	3,653	3,054
Other income	61,950	12,395
Total	397,584	171,762

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	470,731	510,658
<i>Loans and receivables in Group III</i>	51,523	41,145
<i>Loans and receivables in Group IV</i>	214,501	171,426
<i>Loans and receivables in Group V</i>	204,707	298,087
Non-performing commissions and other receivables	-	-
General provision expenses	64,393	46,253
Provision for possible losses	-	-
Impairment losses on securities:	26,019	18,260
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	26,019	18,260
Other impairment losses:	27,541	21,408
<i>Associates</i>	-	-
<i>Subsidiaries</i>	13,535	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	14,006	21,408
Others ^(*)	151,756	139,038
Total	740,440	735,617

^(*) Other provision expenses amounting to TL 151,756 (30 September 2009: TL 139,038) is comprised of provision expenses for loans under follow-up amounting to TL 67,695 (30 September 2009: Nil), provision expenses for dividends to personnel amounting to TL 56,308 (30 September 2009: TL 60,001), provision for cheques and for non-cash loans that are not indemnified or not converted into cash amounting to TL 26,329 (30 September 2009: TL 16,659), and other provision expenses amounting to TL 1,424 (30 September 2009: TL 62,378).

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	505,390	473,360
Reserve for Employee Termination Benefits	14,613	23,429
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	73,183	70,325
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	5,728	3,906
Impairment Losses on Assets to be Disposed	2,438	-
Depreciation Expenses on Assets to be Disposed	7,842	6,530
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	499,365	428,081
<i>Operational lease expenses</i>	63,876	53,219
<i>Repair and maintenance expenses</i>	10,325	10,110
<i>Advertisement expenses</i>	30,093	20,756
<i>Other expenses</i>	395,071	343,996
Loss on sale of assets	997	578
Others	112,328	118,969
Total	1,221,884	1,125,178

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 200,141 (30 September 2009: TL 229,705) 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	9,821	42,465
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(7,994)	(14,328)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	1,827	28,137

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

	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
Current Period						
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	1,132,934	286,149	-	542	9,296	2,371
Interest and commission income	41,129	231	-	-	426	69

	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
Prior Period						
Loans and other receivables:						
Balance at the beginning of the period	126,461	207,216	-	668	8,437	5,881
Balance at the end of the period	579,792	402,370	-	549	9,587	4,122
Interest and commission income	10,187	607	-	-	606	121

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	623,235	263,719	917,223	977,811	56,210	208,027
Balance at the end of the period	557,204	623,235	773,029	917,223	6,950	56,210
Interest on deposits	30,200	16,563	41,325	72,414	348	512

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	29,800	-	-	-	-	-
Sales balance at the beginning of the period	29,790	-	-	-	-	-
Purchase balance at the end of the period	29,000	29,800	-	-	-	-
Sales balance at the end of the period	29,706	29,790	-	-	-	-
Total Profit/ (Loss)	12	5	-	-	-	-

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 2.76% (31 December 2009: 1.70%) and 2.97% (31 December 2009: 4.48%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	1,142,230	2.76
Non-cash loans	289,062	2.97
Deposits	1,337,183	2.82
Forward and option agreements	58,706	0.93

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	589,379	1.70
Non-cash loans	407,041	4.48
Deposits	1,596,668	3.58
Forward and option agreements	59,590	2.01

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.

"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 which is still in process at the State Council as at the report date. 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.

- As per the 28 May 2010 dated resolution of Board of Directors, it is decided to assess the opportunities of establishing a bank or opening a branch or a representative office in Iraq Republic and where appropriate to receive relevant approvals to execute opening procedures.
- As per the resolution of 56th Annual General Assembly held on 19 March 2010, it is decided to distribute the net profit of year 2009 as follows, and the distribution is completed in the current period.

Profit Distribution Table of Year 2009	
Bank's unconsolidated profit in its statutory financial statements	1,251,206
Deferred tax income	(20,160)
Net profit of the year subject to distribution	1,231,046
Legal reserves	123,104
<i>First Legal Reserves</i>	<i>61,552</i>
<i>Reserves allocated according to banking law and articles of association.</i>	<i>61,552</i>
Net profit of the year subject to distribution	1,107,942
Gain on sale of immovables and shares of associates and subsidiaries	3,895
Extraordinary reserves	983,282
Dividends to the shareholders	120,765

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
Foreign Currency Deposit 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

December 2009 (*)	Fitch Rating
Long Term Foreign Currency	BB+
Short Term Foreign Currency	B
Foreign Currency Outlook	Stable
Long Term Local Currency	BB+
Short Term Local Currency	B
Local Currency Outlook	Stable
National Long Term	AA+ (tur)
National Outlook	Stable
Individual	C/D
Support	3
Base Support Rating	BB+

February 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 “Press release related to reserve requirement” of CBT dated 23 September 2010 and numbered 2010-51, foreign currency reserve requirement rate is increased by 1 point from 10% to 11%, Turkish Lira reserve requirement rate is increased by half point from 5% to 5.5%, no interest payment for Turkish Lira reserve requirements will be given on and after 1 October 2010.
- In the Extraordinary General Assembly dated 22 October 2010, in order to diminish the maturity mismatch in financial statements resulting from the increase in demand for long term loans in banking sector and particular importance of use of funds other than deposits, it has been decided to issue, if needed, bonds or other debt instruments upto TL 3,000,000 TL (or equivalent foreign currency equivalent to this amount) within 3 years following General Assembly in accordance with the frame of regulations imposed by BRSA and CMB, limitations, form and scope conditions in Turkish Commercial Law and other relevant legislation.

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 nine-month period ended 30 September 2010 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 10 November 2010 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.