

(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 2011
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
2 November 2011

This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes" comprising 63 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 2011 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 2011, 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,
2 November 2011

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Özkan Genç
Partner

Additional paragraph for convenience translation to English:

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

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

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

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

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

2 November 2011

Ahmet CANDAN Deputy Chairman of Board of Directors	Serdar TUNÇBİLEK Board Member and Audit Committee Member	Halim KANATCI Board Member and Audit Committee Member	Süleyman KALKAN General Manager and Board Member
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Metin Recep ZAFER
Assistant General Manager

Murat KOYGUN
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 2011

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

SECTION ONE

General Information

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

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

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

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

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

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

Shareholders	Number of Shares	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Foundations represented by the General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Appendant foundations (Group B)	386.224.785	386,225	15.45
Other appendant foundations (Group B)	3.162.359	3,162	0.13
Other registered foundations (Group B)	1.448.543	1,448	0.06
Other real persons and legal entities (Group C)	1.562.105	1,562	0.06
Publicly traded (Group D)	629.990.902	629,991	25.20
Total	2.500.000.000	2,500,000	100.00

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ahmet CANDAN	Deputy Chairman	19 March 2010	University	24 years
Süleyman KALKAN	Member – General Manager	19 March 2010	University	28 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	28 years
Dr. Adnan ERTEM	Member	27 October 2010	PHD	23 years
İsmail ALPTEKİN	Member	6 April 2009	University	13 years
Ramazan GÜNDÜZ	Member	6 April 2009	University	33 years
Halim KANATÇI	Member	28 April 2009	University	38 years
Selahattin TORAMAN	Member	19 March 2010	University	34 years
<u>Audit Committee</u>				
Halim KANATÇI	Member	5 November 2010	University	38 years
Serdar TUNÇBİLEK	Member	1 April 2010	University	28 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	34 years
Yunus ARINCI	Auditor	19 March 2010	Master	14 years
<u>Assistant Managers</u>				
Mehmet CANTEKİN (Senior Assistant Manager)	Loans Follow-up, Directorates of the Regions	28 December 2007	Master	19 years
Şahin UĞUR	Support Services	9 August 2004	University	25 years
Feyzi ÖZCAN	Retail Banking, Retail Loans, Corporate Salary Payments and Credit Cards, Member Store Operations	20 September 2005	University	22 years
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	15 years
Birgül DENLİ	International Relations and Investor Relations	15 June 2006	Master	17 years
Ömer ELMAS	Legal Services	5 January 2009	Master	9 years
İbrahim BİLGİÇ	Corporate Banking, Corporate Centers, Corporate Loans, Intelligence	7 May 2010	University	19 years
Hasan ECESÖY	Treasury, Investment Banking	18 June 2010	PHD	17 years
Serdar SATOĞLU	Private Banking, Associations	17 June 2010	PHD	15 years
Ali Engin EROĞLU	Software Development, Systems Management, IT Businesses and Support, IT Services Planning, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate	18 August 2010	Master	15 years
Osman DEMREN	Commercial Banking, Cash Management Affairs, SME Banking, Commercial Loans	6 April 2011	University	20 years
Mitat ŞAHİN	Human Resources, Planning and Performance	11 April 2011	Master	21 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as at and
For the Nine-Month Period Ended 30 September 2011

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

As per the 23 March 2011 dated resolution of the Board of Directors, Osman Demren has been appointed as Asistant General Manager and has come into office on 6 April 2011.

As per the 23 March 2011 dated resolution of the Board of Directors, Mitat Şahin has been appointed as Asistant General Manager and has come into office on 11 April 2011.

As per the 21 September 2011 dated resolution of the Board of Directors, Remzi Altınok Assistant General Manager who was in charge of commercial loans and information resigned his position and has been appointed as the General Manager of Taksim Otelcilik AŞ.

İsmail Alptekin, Member of the Board, holds a Group C non-publicly traded share of the Bank amounting of TL 59 and Assistant General Manager Mitat Şahin holds a Group C traded share of the bank amounting 24 TL. 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 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 2011, the Bank has 675 domestic, 3 foreign, in total 678 branches (31 December 2010: 634 domestic, 2 foreign, in total 636 branches). As at 30 September 2011, the Bank has 12,315 employees (31 December 2010: 11,077 employees).

SECTION TWO – FINANCIAL STATEMENTS

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

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

ASSETS	Notes	Reviewed Current Period 30 September 2011			Audited Prior Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	5,533,034	3,401,966	8,935,000	2,609,343	2,037,537	4,646,880
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	6,678	103,392	110,070	1,343	22,705	24,048
2.1 Financial assets held for trading purpose		6,678	103,392	110,070	1,343	22,705	24,048
2.1.1 Debt securities issued by the governments		-	-	-	-	-	-
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading purpose	V-I-2	6,678	103,392	110,070	1,343	22,705	24,048
2.1.4 Other securities		-	-	-	-	-	-
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	94,148	2,468,665	2,562,813	73,080	1,198,593	1,271,673
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		300,054	-	300,054	2,101,584	-	2,101,584
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		300,054	-	300,054	2,101,584	-	2,101,584
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	10,231,487	2,679,383	12,910,870	11,258,009	2,506,822	13,764,831
5.1 Equity securities		-	10,750	10,750	-	10,750	10,750
5.2 Debt securities issued by the governments		10,231,487	2,603,769	12,835,256	11,258,009	2,421,794	13,679,803
5.3 Other securities		-	64,864	64,864	-	74,278	74,278
VI. LOANS AND RECEIVABLES	V-I-5	36,419,389	18,557,042	54,976,431	31,568,514	13,292,505	44,861,019
6.1 Performing loans and receivables		36,361,686	18,557,042	54,918,728	31,543,889	13,292,505	44,836,394
6.1.1 Loans provided to risk group	V-V-1	175,798	211,197	386,995	713,256	210,472	923,728
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		36,185,888	18,345,845	54,531,733	30,830,633	13,082,033	43,912,666
6.2 Loans under follow-up		2,069,586	-	2,069,586	2,265,716	-	2,265,716
6.3 Specific provisions (-)		2,011,883	-	2,011,883	2,241,091	-	2,241,091
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	4,324,264	1,594,641	5,918,905	2,911,012	1,395,684	4,306,696
8.1 Debt securities issued by the governments		4,324,264	1,540,956	5,865,220	2,911,012	1,358,592	4,269,604
8.2 Other securities		-	53,685	53,685	-	37,092	37,092
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	179,658	-	179,658	206,682	-	206,682
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		179,658	-	179,658	206,682	-	206,682
9.2.1 Financial associates		172,064	-	172,064	199,088	-	199,088
9.2.2 Non-Financial associates		7,594	-	7,594	7,594	-	7,594
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	489,912	150,015	639,927	538,486	150,015	688,501
10.1 Unconsolidated financial subsidiaries		349,577	150,015	499,592	397,946	150,015	547,961
10.2 Unconsolidated non-financial subsidiaries		140,335	-	140,335	140,540	-	140,540
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		1,101,132	3,019	1,104,151	1,112,028	1,764	1,113,792
XV. INTANGIBLE ASSETS (Net)		59,073	-	59,073	52,892	-	52,892
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		59,073	-	59,073	52,892	-	52,892
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII. TAX ASSETS		152,713	-	152,713	87,234	-	87,234
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets		152,713	-	152,713	87,234	-	87,234
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	1,303,251	101,941	1,405,192	723,442	112,413	835,855
TOTAL ASSETS		60,194,793	29,060,064	89,254,857	53,243,649	20,718,038	73,961,687

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

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

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

LIABILITIES AND EQUITY	Notes	Reviewed Current Period 30 September 2011			Audited Prior Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	39,744,283	15,815,982	55,560,265	35,265,782	12,435,493	47,701,275
1.1 Deposits of the risk group	V-V-1	1,221,359	408,487	1,629,846	1,218,893	149,166	1,368,059
1.2 Other deposits		38,522,924	15,407,495	53,930,419	34,046,889	12,286,327	46,333,216
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	7,157	418,229	425,386	21,237	82,130	103,367
III. FUNDS BORROWED	V-II-3	62,540	8,406,498	8,469,038	51,292	6,276,102	6,327,394
IV. INTERBANK MONEY MARKET		8,015,378	2,856,007	10,871,385	6,113,726	2,014,588	8,128,314
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		8,015,378	2,856,007	10,871,385	6,113,726	2,014,588	8,128,314
V. SECURITIES ISSUED (Net)		483,056	-	483,056	-	-	-
5.1 Bills		483,056	-	483,056	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		44,784	-	44,784	61,203	-	61,203
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Others		44,784	-	44,784	61,203	-	61,203
VII. MISCELLANEOUS PAYABLES		2,178,289	24,169	2,202,458	1,352,381	44,587	1,396,968
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	203,579	402,786	606,365	132,520	370,787	503,307
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	4	4
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	-	-	-	4	4
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	V-II-7	1,138,315	28,572	1,166,887	966,708	23,182	989,890
12.1 General provisions	V-II-7	611,403	2,837	614,240	424,374	3,502	427,876
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		337,896	-	337,896	341,687	-	341,687
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions	V-II-7	189,016	25,735	214,751	200,647	19,680	220,327
XIII. TAX LIABILITIES	V-II-8	272,415	5,196	277,611	187,525	3,941	191,466
13.1 Current tax liabilities		272,415	5,196	277,611	187,525	3,941	191,466
13.2 Deferred tax liabilities	V-I-13	-	-	-	-	-	-
XIV. PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS	V-II-9	-	-	-	-	-	-
14.1 Payables related to the assets held for sale		-	-	-	-	-	-
14.2 Payables related to the discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	V-II-10	-	-	-	-	-	-
XVI. EQUITY		8,993,720	153,902	9,147,622	8,317,385	241,118	8,558,503
16.1 Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital reserves		1,009,069	153,902	1,162,971	1,261,024	241,118	1,502,142
16.2.1 Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Valuation differences of the marketable securities	V-II-11	210,829	153,902	364,731	465,543	241,118	706,661
16.2.4 Revaluation surplus on tangible assets		7,564	-	7,564	5,033	-	5,033
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		66,758	-	66,758	66,530	-	66,530
16.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		-	-	-	-	-	-
16.3 Profit reserves		4,519,516	-	4,519,516	3,399,221	-	3,399,221
16.3.1 Legal reserves		590,498	-	590,498	476,116	-	476,116
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3. Extraordinary reserves		3,689,113	-	3,689,113	2,696,515	-	2,696,515
16.3.4. Other profit reserves		239,905	-	239,905	226,590	-	226,590
16.4 Profit or loss		965,135	-	965,135	1,157,140	-	1,157,140
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current period's profit/loss		965,135	-	965,135	1,157,140	-	1,157,140
TOTAL LIABILITIES AND EQUITY		61,143,516	28,111,341	89,254,857	52,469,759	21,491,928	73,961,687

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Off-Balance Sheet

As at 30 September 2011

(Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

	Notes	Reviewed Current Period 30 September 2011			Audited Prior Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		24,282,510	13,663,054	37,945,564	19,612,172	9,048,213	28,660,385
I. GUARANTEES AND SURETIES	V-III-2	7,874,684	6,558,267	14,432,951	6,466,338	4,878,322	11,344,660
1.1 Letters of guarantee	V-III-1	7,849,559	2,209,655	10,059,214	6,454,001	1,775,159	8,229,160
1.1.1 Guarantees subject to State Tender Law		1,173,383	686,534	1,859,917	1,001,341	407,089	1,408,430
1.1.2 Guarantees given for foreign trade operations		297,749	-	297,749	215,578	-	215,578
1.1.3 Other letters of guarantee		6,378,427	1,523,121	7,901,548	5,237,082	1,368,070	6,605,152
1.2 Bank acceptances		21,919	213,480	235,399	8,587	188,036	196,623
1.2.1 Import letter of acceptance		-	48,213	48,213	-	27,800	27,800
1.2.2 Other bank acceptances		21,919	165,267	187,186	8,587	160,236	168,823
1.3 Letters of credit		3,206	4,126,931	4,130,137	3,750	2,907,531	2,911,281
1.3.1 Documentary letters of credit		3,206	4,126,931	4,130,137	3,750	2,907,531	2,911,281
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	6,831	6,831	-	6,823	6,823
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,221	1,221	-	773	773
1.9 Other sureties		-	149	149	-	-	-
II. COMMITMENTS		12,234,400	403,219	12,637,619	9,844,083	503,975	10,348,058
2.1 Irrevocable commitments		11,111,965	403,219	11,515,184	9,843,938	503,975	10,347,913
2.1.1 Asset purchase commitments	V-III-1	263,826	372,295	636,121	412,537	492,288	904,825
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	1,000	-	1,000	2,000	-	2,000
2.1.4 Loan granting commitments	V-III-1	4,876,656	-	4,876,656	3,679,208	-	3,679,208
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments	V-III-1	803,307	-	803,307	655,194	-	655,194
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	4,903,729	-	4,903,729	4,880,798	-	4,880,798
2.1.10 Commitments for credit card and banking operations promotions		244,803	-	244,803	201,107	-	201,107
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		18,644	30,924	49,568	13,094	11,687	24,781
2.2 Revocable commitments		1,122,435	-	1,122,435	145	-	145
2.2.1 Revocable loan granting commitments		1,122,435	-	1,122,435	145	-	145
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		4,173,426	6,701,568	10,874,994	3,301,751	3,665,916	6,967,667
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		4,173,426	6,701,568	10,874,994	3,301,751	3,665,916	6,967,667
3.2.1 Forward foreign currency purchases/sales		259,004	697,949	956,953	39,955	64,916	104,871
3.2.1.1 Forward foreign currency purchases		129,538	348,983	478,521	19,983	32,459	52,442
3.2.2.2 Forward foreign currency sales		129,466	348,966	478,432	19,972	32,457	52,429
3.2.2 Currency and interest rate swaps		3,891,022	5,968,721	9,859,743	3,135,142	3,471,963	6,607,105
3.2.2.1 Currency swaps-purchases		3,138,386	1,075,882	4,214,268	1,319,674	1,729,042	3,048,716
3.2.2.2 Currency swaps-sales		752,636	3,553,757	4,306,393	1,575,468	1,447,017	3,022,485
3.2.2.3 Interest rate swaps-purchases		-	675,353	675,353	120,000	154,367	274,367
3.2.2.4 Interest rate swaps-sales		-	663,729	663,729	120,000	141,537	261,537
3.2.3 Currency, interest rate and security options		23,400	34,898	58,298	126,654	129,037	255,691
3.2.3.1 Currency call options		11,700	17,449	29,149	63,327	64,519	127,845
3.2.3.2 Currency put options		11,700	17,449	29,149	63,327	64,519	127,846
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		247,302,599	69,883,377	317,185,976	88,652,364	26,426,105	115,078,469
IV. ITEMS HELD IN CUSTODY		122,618,522	1,791,291	124,409,813	20,489,343	691,971	21,181,314
4.1 Customers' securities held		-	17,995	17,995	-	15,028	15,028
4.2 Investment securities held in custody		119,105,208	8,085	119,113,293	18,033,907	6,752	18,040,659
4.3 Checks received for collection		2,612,124	399,749	3,011,873	1,591,885	245,019	1,836,904
4.4 Commercial notes received for collection		596,296	166,654	762,950	388,999	119,465	508,464
4.5 Other assets received for collection		2,152	74	2,226	2,152	62	2,214
4.6 Assets received through public offering		-	5,482	5,482	-	4,860	4,860
4.7 Other items under custody		2,159	861,387	863,546	237,108	125,066	362,174
4.8 Custodians		300,583	331,865	632,448	235,292	175,719	411,011
V. PLEDGED ITEMS		80,674,187	40,965,678	121,639,865	68,163,021	25,734,134	93,897,155
5.1 Securities		954,474	57,567	1,012,041	837,239	61,103	898,342
5.2 Guarantee notes		305,827	129,849	435,676	266,716	110,761	377,477
5.3 Commodities		11,796,177	633,602	12,429,779	10,550,064	105,548	10,655,612
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		62,089,849	31,362,136	93,451,985	51,514,221	21,778,197	73,292,418
5.6 Other pledged items		4,828,719	8,524,123	13,352,842	4,233,678	3,497,190	7,730,868
5.7 Pledged items-depository		699,141	258,401	957,542	761,103	181,335	942,438
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		44,009,890	27,126,408	71,136,298	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		271,585,109	83,546,431	355,131,540	108,264,536	35,474,318	143,738,854

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Income
For the Nine-Month Period Ended 30 September 2011
(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 1 January 2011- 30 September 2011	Reviewed Prior Period 1 January 2010- 30 September 2010	Reviewed Current Period 1 July 2011- 30 September 2011	Reviewed Prior Period 1 July 2010- 30 September 2010
	Notes				
I. INTEREST INCOME		4,658,148	4,416,655	1,709,746	1,427,202
1.1 Interest income from loans	V-IV-1	3,539,872	3,046,985	1,326,440	1,020,888
1.2 Interest income from reserve deposits		-	65,085	-	21,865
1.3 Interest income from banks	V-IV-1	6,733	4,653	2,509	1,595
1.4 Interest income from money market transactions		3,594	58,579	54	7,558
1.5 Interest income from securities portfolio		1,067,328	1,211,077	376,176	373,996
1.5.1 Trading financial assets		-	903	-	209
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		748,200	939,227	254,761	275,988
1.5.4 Held-to-maturity investments		319,128	270,947	121,415	97,799
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		40,621	30,276	4,567	1,300
II. INTEREST EXPENSE		2,572,474	2,392,772	986,718	787,901
2.1 Interest expense on deposits		2,084,518	1,998,429	805,543	674,714
2.2 Interest expense on funds borrowed	V-IV-2	96,100	63,846	35,983	22,771
2.3 Interest expense on money market transactions		356,004	283,378	136,453	81,321
2.4 Interest expense on securities issued		6,066	-	6,066	-
2.5 Other interest expenses		29,786	47,119	2,673	9,095
III. NET INTEREST INCOME (I – II)		2,085,674	2,023,883	723,028	639,301
IV. NET FEES AND COMMISSIONS INCOME		412,693	308,744	141,762	94,709
4.1 Fees and commissions received		546,884	395,415	189,921	128,859
4.1.1 Non-cash loans		47,285	46,914	16,564	15,398
4.1.2 Others		499,599	348,501	173,357	113,461
4.2 Fees and commissions paid		134,191	86,671	48,159	34,150
4.2.1 Non-cash loans		103	12	33	7
4.2.2 Others		134,088	86,659	48,126	34,143
V. DIVIDEND INCOME		44,495	35,125	16	23
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	15,625	159,846	(26,220)	28,665
6.1 Trading account income/losses	V-IV-3	70,567	201,367	41,025	46,069
6.2 Income/losses from derivative financial instruments	V-IV-3	(6,943)	(49,836)	(28,893)	(34,491)
6.3 Foreign exchange gains/losses	V-IV-3	(47,999)	8,315	(38,352)	17,087
VII. OTHER OPERATING INCOME	V-IV-4	707,904	397,584	263,936	142,326
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3,266,391	2,925,182	1,102,522	905,024
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	608,832	740,440	204,576	192,926
X. OTHER OPERATING EXPENSES (-)	V-IV-6	1,422,536	1,221,884	486,406	424,736
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,235,023	962,858	411,540	287,362
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)		1,235,023	962,858	411,540	287,362
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(269,888)	(198,314)	(95,447)	(62,505)
16.1 Current tax charges	V-IV-7	(326,294)	(200,141)	(149,399)	(68,787)
16.2 Deferred tax credits	V-IV-7	56,406	1,827	53,952	6,282
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	965,135	764,544	316,093	224,857
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	965,135	764,544	316,093	224,857
Earnings per share (full TL)		0.3861	0.3058	0.1264	0.0899

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 2011

(Thousands of Turkish Lira (TL))

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

	Reviewed Current Period 1 January 2011- 30 September 2011	Reviewed Prior Period 1 January 2010- 30 September 2010	Reviewed Current Period 1 July 2011- 30 September 2011	Reviewed Prior Period 1 July 2010- 30 September 2010	
GAINS AND LOSSES RECOGNIZED IN EQUITY					
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(288,470)	13,753	(99,717)	161,347
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	(100,531)	145,432	(95,840)	51,980
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	47,299	12,547	13,621	(18,883)
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(341,702)	171,732	(181,936)	194,444
XI.	CURRENT PERIOD'S PROFIT/(LOSS)	965,135	764,544	316,093	224,857
11.1	Change in fair value of securities (transfers to the statement of income)	138,553	104,734	51,268	5,547
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	826,582	659,810	264,825	219,310
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	623,433	936,276	134,157	419,301

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 2011
(Thousands of Turkish Lira (TL))

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

CHANGES IN EQUITY	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discoun. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 30 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	-	-	-	-	-	-	-	-	(120,765)	-	-	-	-	-	-	(120,765)	-	(120,765)
18.2	Transferred to reserves	-	-	-	-	123,104	-	983,282	20,160	(1,130,441)	-	-	3,895	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	476,116	-	2,696,515	226,590	764,544	-	737,206	5,033	66,530	-	-	8,196,452	-	8,196,452
CURRENT PERIOD – 30 September 2011																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	476,116	-	2,696,515	226,590	1,157,140	-	706,661	5,033	66,530	-	-	8,558,503	-	8,558,503
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(341,930)	-	-	-	-	(341,930)	-	(341,930)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	228	-	-	228	-	228
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	965,135	-	-	-	-	-	-	965,135	-	965,135
XVIII.	Profit distribution	-	-	-	-	114,382	-	992,598	13,315	(1,157,140)	-	-	2,531	-	-	-	(34,314)	-	(34,314)
18.1	Dividends	-	-	-	-	-	-	-	-	(34,314)	-	-	-	-	-	-	(34,314)	-	(34,314)
18.2	Transferred to reserves	-	-	-	-	114,382	-	992,598	13,315	(1,122,826)	-	-	2,531	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	590,498	-	3,689,113	239,905	965,135	-	364,731	7,564	66,758	-	-	9,147,622	-	9,147,622

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

	Reviewed Current Period 30 September 2011	Reviewed Prior Period 30 September 2010
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	987,212	1,943,742
1.1.1 Interests received	4,476,452	4,521,767
1.1.2 Interests paid	(2,499,712)	(2,474,409)
1.1.3 Dividends received	19,360	11,306
1.1.4 Fee and commissions received	412,693	308,744
1.1.5 Other income	126,927	129,540
1.1.6 Collections from previously written-off loans and other receivables	448,402	414,734
1.1.7 Payments to personnel and service suppliers	(1,387,295)	(1,207,546)
1.1.8 Taxes paid	(235,163)	(200,261)
1.1.9 Others	(374,452)	439,867
1.2 Changes in operating assets and liabilities	1,396,062	(1,607,865)
1.2.1 Net (increase) decrease in financial assets held for trading purpose	-	(20,011)
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	(1,470,916)	(299,160)
1.2.4 Net (increase) decrease in loans	(10,150,764)	(7,618,091)
1.2.5 Net (increase) decrease in other assets	(568,138)	(79,399)
1.2.6 Net increase (decrease) in bank deposits	2,288,787	862,642
1.2.7 Net increase (decrease) in other deposits	5,504,039	1,956,502
1.2.8 Net increase (decrease) in funds borrowed	2,131,281	1,158,587
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	3,661,773	2,431,065
I. Net cash flow from banking operations	2,383,274	335,877
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(517,440)	(897,660)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(1,000)	(42,320)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	(76,582)	(49,892)
2.4 Proceeds from disposal of tangible assets	162,933	39,323
2.5 Cash paid for purchase of available-for-sale financial assets	(3,443,970)	(7,006,330)
2.6 Proceeds from disposal of available-for-sale financial assets	2,557,097	5,394,561
2.7 Cash paid for purchase of held-to-maturity investments	(1,283,359)	(75,502)
2.8 Proceeds from disposal of held-to-maturity investments	1,580,176	856,712
2.9 Others	(12,735)	(14,212)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	442,705	(120,765)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	477,019	-
3.4 Dividends paid	(34,314)	(120,765)
3.5 Repayments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	2,771	12,212
V. Net change in cash and cash equivalents	2,311,310	(670,336)
VI. Cash and cash equivalents at the beginning of the period	6,387,454	8,191,635
VII. Cash and cash equivalents at the end of the period	8,698,764	7,521,299

SECTION THREE

Accounting Policies

I. Basis of presentation

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

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

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

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

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

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

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

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

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

Information on foreign currency transactions

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

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

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

III. Information on forwards, options and other derivative transactions

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

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

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

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

IV. Information on interest income and expenses

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

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

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

V. Information on fees and commissions

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

VI. Information on financial assets

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

Associates and subsidiaries

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

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

VII. Information on impairment of financial assets

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

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

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

VIII. Information on offsetting of financial instruments

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

IX. Information on sales and repurchase agreements and securities lending

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

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

X. Information on assets held for sale and discontinued operations

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

XI. Information on goodwill and other intangible assets

The Bank's intangible assets consist of software.

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

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

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

XII. Information on tangible assets

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

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

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

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

Depreciation rates and estimated useful lives are:

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

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

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

XIII. Information on leasing activities

Finance leases

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

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

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

Operational leases

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

XIV. Information on provisions and contingent liabilities

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

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

XV. Information on obligations of the Bank concerning employee rights

Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 30 September 2011 is TL 2,732 (full TL) (31 December 2010: TL 2,517 (full TL)).

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

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

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

Other benefits to employees

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

Pension fund

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

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

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

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

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

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

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

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

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

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

XVI. Information on taxation

Corporate tax

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

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

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

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

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

Deferred taxes

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

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

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

Transfer pricing

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

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

XVII. Additional information on borrowings

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

On 8 August 2011, the Bank has issued discount bonds with a nominal value of TL 500,000 and 176 days maturity. As at 30 September 2011 Althe related bonds are measured at amortized cost using effective interest method.

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 2011 and 31 December 2010, the Bank does not have any government incentives.

XXI. Information on segment reporting

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

XXII. Other disclosures

Earnings per shares

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

As at and for the nine-month period ended 30 September 2011, earning per share is TL 0.3861 (30 September 2010: TL 0.3058).

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 13.41% (31 December 2010: 14.35%).

Risk measurement methods in calculation of capital adequacy ratio

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

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

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

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

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

Information on unconsolidated capital adequacy ratio

	30 September 2011						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Balance sheet items (Net)	16,232,131	-	1,784,706	17,673,352	38,305,321	537,273	1,445,375
Cash and cash equivalents	747,559	-	2	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	5,562,334	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	708,386	-	1,425,300	-	428,945	-	-
Interbank money market placements	-	-	-	-	-	-	-
Receivables from reverse repurchase agreements	300,000	-	-	-	-	-	-
Reserve deposits at CBT	2,625,105	-	-	-	-	-	-
Loans	257,796	-	261,976	17,461,283	34,319,298	537,273	1,445,375
Loans under follow-up (Net)	-	-	-	-	57,703	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Held-to-maturity investment securities	5,784,180	-	53,650	-	-	-	-
Receivables from term sale of assets	-	-	-	-	105,687	-	-
Miscellaneous receivables	2,611	-	27,853	-	816,171	-	-
Interest and other income accruals	84,275	-	15,925	212,069	420,762	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	819,585	-	-
Tangible assets (Net)	-	-	-	-	892,671	-	-
Other assets	159,885	-	-	-	444,499	-	-
Off-balance sheet items	101,716	-	864,493	538,750	9,409,608	-	-
Non-cash loans and commitments	101,716	-	568,493	538,750	9,402,534	-	-
Derivative financial instruments	-	-	296,000	-	7,074	-	-
Non-risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	16,333,847	-	2,649,199	18,212,102	47,714,929	537,273	1,445,375

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Value at credit risk (VaCR)	61,047,479	48,608,735
Value at market risk (VaMR)	2,133,288	1,781,375
Value at operational risk (VaOR) (*)	6,531,375	5,795,900
Equity	9,347,431	8,065,195
Equity/ (VaCR+VaMR+VaOR)*100	%13.41	%14.35

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

Components of equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	590,498	476,116
I. Legal Reserve (Turkish Commercial Code 466/1)	295,249	238,058
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	295,249	238,058
Status Reserves	-	-
Extraordinary Reserves	3,929,018	2,923,105
Reserve allocated as per the Decision held by the General Assembly	3,689,113	2,696,515
Retained Earnings	239,905	226,590
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	965,135	1,157,140
Current Period's Profit	965,135	1,157,140
Prior Years' Profit	-	-
Provision for Possible Losses (up to 25% of Core Capital)	57,259	65,428
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	7,564	5,033
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	72,978	73,009
Prepaid Expenses (-)	-	323,581
Intangible Assets (-)	59,073	52,892
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	8,641,341	7,401,258
SUPPLEMENTARY CAPITAL		
General Provisions	614,240	427,876
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	66,758	66,530
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	164,129	317,997
Associates and Subsidiaries	135,014	178,791
Available for Sale Investment Securities	29,115	139,206
Other Profit Reserves	-	-
Total Supplementary Capital	845,127	812,403
TIER III CAPITAL	-	-
CAPITAL	9,486,468	8,213,661
DEDUCTIONS FROM CAPITAL	139,037	148,466
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	138,502	148,466
Others	535	-
TOTAL EQUITY	9,347,431	8,065,195

II. Market risk

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

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

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

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

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

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	127,057
(II) Capital Obligation against Specific Risks - Standard Method	6,049
(III) Capital Obligation against Currency Risk - Standard Method	37,517
(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	40
(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)	170,663
(IX) Value-At-Market Risk (12.5xVIII) or (12.5xVII)	2,133,288

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 2011	30 September 2010
		Equity	Equity
ISE – 100 (IMKB - 100)	10%	30,856	34,140

III. Operational risk

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

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

IV. Foreign currency exchange risk

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

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

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

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

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

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank's foreign currency purchase rate at the balance sheet date	1.8500	2.4846
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	1.8200	2.4781
Day 2	1.8000	2.4406
Day 3	1.8000	2.4394
Day 4	1.8100	2.4408
Day 5	1.8000	2.4282
<hr/>		
	US Dollar	Euro
Last 30-days arithmetical average rate	1.7453	2.4304

Information on currency risk

Current Period	Euro	US Dollar	Japanese Yen	Other FCs	Total
Assets:					
Cash and balances with the Central Bank of Turkey	68,784	3,325,061	177	7,944	3,401,966
Banks	1,066,073	1,336,022	1,522	65,048	2,468,665
Financial assets at fair value through profit or loss ⁽¹⁾	7	94,781	-	-	94,788
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	674,809	2,004,574	-	-	2,679,383
Loans and receivables ⁽²⁾	7,521,496	11,997,099	-	50,979	19,569,574
Associates, subsidiaries and joint-ventures	150,015	-	-	-	150,015
Held-to-maturity investments	171,834	1,422,807	-	-	1,594,641
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	3,019	-	-	3,019
Intangible assets	-	-	-	-	-
Other assets ⁽³⁾	1,077	79,084	1	-	80,162
Total assets	9,654,095	20,262,447	1,700	123,971	30,042,213
Liabilities:					
Bank deposits	182,667	1,978,419	-	70	2,161,156
Foreign currency deposits	4,923,482	8,664,229	716	66,399	13,654,826
Interbank money market takings	557,055	2,298,952	-	-	2,856,007
Other funding	3,988,208	4,378,553	-	39,737	8,406,498
Securities issued	-	-	-	-	-
Miscellaneous payables	1,346	22,737	-	86	24,169
Derivative financial liabilities held for risk Management purpose	-	-	-	-	-
Other liabilities ^{(1) (4)}	63,429	405,818	24	23,767	493,038
Total liabilities	9,716,187	17,748,708	740	130,059	27,595,694
Net 'on balance sheet' position	(62,092)	2,513,739	960	(6,088)	2,446,519
Net 'off-balance sheet' position	(82,525)	(2,470,073)	126	2,921	(2,549,551)
Derivative assets ⁽⁶⁾	258,455	1,975,203	430	28,068	2,262,156
Derivative liabilities ⁽⁶⁾	340,980	4,445,276	304	25,147	4,811,707
Non-cash loans ⁽⁵⁾	1,732,904	4,586,773	53,451	185,139	6,558,267
Prior Period					
	Euro	US Dollar	Japanese Yen	Other FCs	Total
Total assets	7,349,331	13,700,671	4,582	115,237	21,169,821
Total liabilities	7,275,165	13,844,722	5,055	106,839	21,231,781
Net 'on balance sheet' position	74,166	(144,051)	(473)	8,398	(61,960)
Net 'off-balance sheet' position	16,284	231,189	453	(4,218)	243,708
Derivative assets ⁽⁶⁾	294,745	1,894,659	551	11,001	2,200,956
Derivative liabilities ⁽⁶⁾	278,461	1,663,470	98	15,219	1,957,248
Non-cash loans ⁽⁵⁾	1,506,177	3,152,750	90,106	129,289	4,878,322

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

⁽²⁾ Foreign currency indexed loans amounting to TL 1,012,532 (31 December 2010: TL 479,180) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 21,779 (31 December 2010: TL 14,064) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 22,139 (31 December 2010: TL 17,267) are not included.

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

⁽⁶⁾ Asset purchase commitments amounting to TL 144,489 (31 December 2010: TL 220,570) and asset sales commitments amounting to TL 227,806 (31 December 2010: 271,718) are included.

Exposure to currency risk

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

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

	30 September 2011		30 September 2010	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(6,777)	2,990	19,906	39,720
EUR	(29,455)	(29,463)	(11,148)	(8,986)
Other currencies	(208)	(208)	297	297
Total, net	(36,440)	(26,681)	9,055	31,031

(*) 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 as at 30 September 2011 and 2010 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	30 September 2011		30 September 2010	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	9,570	(197)	(15,949)	(35,763)
Euro	29,455	29,463	11,151	8,990
Other currencies	1,095	1,095	456	456
Total, net	40,120	30,361	(4,342)	(26,317)

(*) 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	-	-	-	-	-	8,935,000	8,935,000
Banks	1,792,864	99,756	4,127	-	-	666,066	2,562,813
Financial assets at fair value through profit/loss	10,430	91,548	8,092	-	-	-	110,070
Interbank money market placements	300,054	-	-	-	-	-	300,054
Available-for-sale financial assets	3,490,547	1,598,066	2,795,354	2,781,984	2,234,169	10,750	12,910,870
Loans and receivables	15,845,572	8,099,374	13,717,989	11,479,841	5,775,952	57,703	54,976,431
Held-to-maturity investments	1,053,755	705,706	112,795	1,528,531	2,518,118	-	5,918,905
Other assets (*)	5,288	97	95,195	32,161	799	3,407,174	3,540,714
Total assets	22,498,510	10,594,547	16,733,552	15,822,517	10,529,038	13,076,693	89,254,857
Liabilities:							
Bank deposits	3,222,420	855,010	84,839	-	-	21,563	4,183,832
Other deposits	29,261,159	11,280,295	2,390,601	16,922	-	8,427,456	51,376,433
Interbank money market takings	9,339,412	886,475	645,498	-	-	-	10,871,385
Miscellaneous payables	-	16,230	-	-	-	2,186,228	2,202,458
Securities issued	-	-	483,056	-	-	-	483,056
Funds borrowed	702,074	4,384,835	3,337,678	22,163	22,288	-	8,469,038
Other liabilities (**)	54,913	93,906	218,198	28,943	60,113	11,212,582	11,668,655
Total liabilities	42,579,978	17,516,751	7,159,870	68,028	82,401	21,847,829	89,254,857
On balance sheet long position	-	-	9,573,682	15,754,489	10,446,637	-	35,774,808
On balance sheet short position	(20,081,468)	(6,922,204)	-	-	-	(8,771,136)	(35,774,808)
Off-balance sheet long position	92,500	1,369,000	66,610	-	-	-	1,528,110
Off-balance sheet short position	-	(16,230)	(184,320)	(670,988)	(508,750)	-	(1,380,288)
Position, Net	(19,988,968)	(5,569,434)	9,455,972	15,083,501	9,937,887	(8,771,136)	147,822

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

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

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

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

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

Average interest rates applied to monetary financial instruments

Current Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.95	0.20	-	8.52
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	6.59
Available-for-sale financial assets	5.64	6.98	-	8.38
Loans and receivables	4.86	4.67	-	14.32
Held-to-maturity investments	5.58	7.33	-	9.76
Liabilities:				
Bank deposits	3.54	1.28	-	8.55
Other deposits	3.52	3.54	-	8.12
Interbank money market takings	2.07	1.28	-	5.75
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	8.70
Funds borrowed	2.05	1.76	-	7.33
Prior Period				
	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.90	1.27	-	7.23
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	6.97
Available-for-sale financial assets	5.69	7.00	-	9.24
Loans and receivables	4.36	4.18	3.49	14.18
Held-to-maturity investments	6.61	7.38	-	9.72
Liabilities:				
Bank deposits	2.26	0.99	-	8.36
Other deposits	2.71	2.73	-	8.08
Interbank money market takings	1.36	1.28	-	7.01
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	1.71	1.43	0.49	7.36

Interest sensitivity

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

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

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

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

Current Period	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	51,156	(67,555)	51,156	(67,555)
Available-for-sale financial assets	24,848	(24,974)	(211,442)	225,300
Floating rate financial assets	245,929	(245,929)	245,929	(245,929)
Floating rate financial liabilities	(68,066)	68,066	(68,066)	68,066
Total, net	253,867	(270,392)	17,577	(20,118)

Prior Period	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
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

(*) 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	8,935,000	-	-	-	-	-	-	8,935,000
Banks	1,374,452	1,084,478	99,756	4,127	-	-	-	2,562,813
Financial assets at fair value through profit/loss	-	6,390	6,413	35,353	61,914	-	-	110,070
Interbank money market placements	-	300,054	-	-	-	-	-	300,054
Available-for-sale financial assets	-	9,945	14,767	567,762	6,739,021	5,568,625	10,750	12,910,870
Loans and receivables	-	5,761,638	3,067,469	11,611,617	26,918,780	7,559,224	57,703	54,976,431
Held-to-maturity investments	-	35,173	18,512	51,442	3,261,440	2,552,338	-	5,918,905
Other assets	-	818,473	97	96,394	184,874	799	2,440,077	3,540,714
Total assets	10,309,452	8,016,151	3,207,014	12,366,695	37,166,029	15,680,986	2,508,530	89,254,857
Liabilities:								
Bank deposits	21,563	2,106,526	855,010	84,839	-	-	1,115,894	4,183,832
Other deposits	8,427,456	29,261,159	11,280,295	2,390,601	16,922	-	-	51,376,433
Funds borrowed	-	291,679	313,908	4,184,023	2,058,636	1,620,792	-	8,469,038
Interbank money market takings	-	9,291,268	830,368	749,749	-	-	-	10,871,385
Securities issued	-	-	-	483,056	-	-	-	483,056
Miscellaneous payables	-	2,092,228	31,221	16,230	-	-	62,779	2,202,458
Other liabilities	-	300,789	262,246	222,196	44,422	60,113	10,778,889	11,668,655
Total liabilities	8,449,019	43,343,649	13,573,048	8,130,694	2,119,980	1,680,905	11,957,562	89,254,857
Liquidity gap	1,860,433	(35,327,498)	(10,366,034)	4,236,001	35,046,049	14,000,081	(9,449,032)	-
Prior Period								
Total assets	5,546,854	11,444,770	2,895,358	11,524,278	28,066,663	11,971,319	2,512,445	73,961,687
Total liabilities	7,276,876	34,067,607	13,332,387	5,916,454	2,214,721	1,097,732	10,055,910	73,961,687
Liquidity gap	(1,730,022)	(22,622,837)	(10,437,029)	5,607,824	25,851,942	10,873,587	(7,543,465)	-

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

Residual contractual maturities of the financial liabilities

30 September 2011	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,183,832	4,203,408	21,563	3,226,147	868,737	86,961	-	-
Other deposits	51,376,433	51,559,973	8,427,456	29,293,372	11,356,277	2,465,035	17,833	-
Funds borrowed	8,469,038	9,175,863	-	291,955	315,286	4,263,343	2,389,417	1,915,862
Money market takings	10,871,385	10,883,331	-	9,297,035	831,831	754,465	-	-
Issued Securities (Net)	483,056	518,099	-	-	-	518,099	-	-
Miscellaneous payables	2,202,458	2,202,458	62,779	2,092,228	31,221	16,230	-	-
Other liabilities	1,007,565	1,007,565	395,410	188,895	96,529	222,196	44,422	60,113
Total	78,593,767	79,550,697	8,907,208	44,389,632	13,499,881	8,326,329	2,451,672	1,975,975
Non-Cash Loans	14,432,951	14,432,951	6,571,297	587,102	1,589,910	3,344,458	1,621,185	718,999

31 December 2010	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	2,014,735	2,032,965	10,200	1,442,042	144,416	436,307	-	-
Other deposits	45,686,540	45,957,158	7,266,676	25,687,798	10,435,115	2,436,602	130,967	-
Funds borrowed	6,327,394	6,626,850	-	7,486	1,659,231	1,845,539	1,877,279	1,237,315
Money market takings	8,128,314	11,326,118	-	8,320,365	1,600,372	1,235,014	170,367	-
Miscellaneous payables	1,396,968	1,396,968	63,757	1,278,014	30,264	4,601	20,332	-
Other liabilities	600,095	600,095	375,978	76,901	1,328	21,618	106,344	17,926
Total	64,154,046	67,940,154	7,716,611	36,812,606	13,870,726	5,979,681	2,305,289	1,255,241
Non-Cash Loans	11,344,660	11,344,660	6,978,154	598,232	820,728	1,699,003	1,168,428	80,115

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

VII. Segment reporting

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

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

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

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

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	983,222	585,255	582,757	748,525	2,899,759
Undistributed expenses	-	-	-	(1,709,231)	(1,709,231)
Operating profit	983,222	585,255	582,757	(960,706)	1,190,528
Income from associates	-	-	-	-	44,495
Income before taxes	-	-	-	-	1,235,023
Provision for taxes	-	-	-	-	(269,888)
Net profit	-	-	-	-	965,135
Segment assets	20,374,749	34,601,682	30,126,302	-	85,102,733
Investments in associates and subsidiaries	-	-	819,585	-	819,585
Undistributed assets	-	-	-	3,332,539	3,332,539
Total assets	20,374,749	34,601,682	30,945,887	3,332,539	89,254,857
Segment liabilities	19,084,800	36,475,465	20,309,879	-	75,870,144
Equity	-	-	-	9,147,622	9,147,622
Undistributed liabilities	-	-	-	4,237,091	4,237,091
Total Liabilities and Equity	19,084,800	36,475,465	20,309,879	13,384,713	89,254,857

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	637,070	109,555	571,538	83,801
Central Bank of Turkey ^(*)	4,895,964	3,291,475	2,037,805	1,953,075
Others	-	936	-	661
Total	5,533,034	3,401,966	2,609,343	2,037,537

^(*) TL 2,625,105 (31 December 2010: TL 1,423,140) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 16% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2010: for all maturity ranges 6%). For foreign currency liabilities, all banks shall provide a reserve rate of 11% in US Dollar or Euro for demand and upto 1 year maturity deposits and rates decrease to 9% as maturities get longer (31 December 2010: for all maturity ranges 11%).

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	4,895,964	666,370	2,034,444	529,935
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	2,625,105	3,361	1,423,140
Total	4,895,964	3,291,475	2,037,805	1,953,075

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

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

None.

Trading securities subject to repurchase agreements

None.

Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	6,589	2,466	907	99
Swap Transactions	10	100,879	356	21,248
Futures	-	-	-	-
Options	79	47	80	1,358
Others	-	-	-	-
Total	6,678	103,392	1,343	22,705

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	94,148	2,468,665	73,080	1,198,593
Domestic	94,148	310,585	33,064	78,946
Foreign	-	2,158,080	40,016	1,119,647
Foreign Head Offices and Branches	-	-	-	-
Total	94,148	2,468,665	73,080	1,198,593

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	2,337,089	169,376	1,660,529	68,530
Others	-	-	-	-
Total	2,337,089	169,376	1,660,529	68,530

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	4,435,859	-	5,074,766	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	1,561,950	-	1,451,246
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	4,435,859	1,561,950	5,074,766	1,451,246

Information on available-for-sale financial assets

	Current Period	Prior Period
Debt securities	12,994,850	13,765,091
Quoted	12,994,850	13,765,091
Unquoted	-	-
Equity securities	10,750	10,750
Quoted	-	-
Unquoted	10,750	10,750
Provision for impairment on available-for-sale financial assets (-)	94,730	11,010
Total	12,910,870	13,764,831

5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	27,160	-	563
Legal entities	-	27,160	-	563
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	53,514	-	45,654	-
Total	53,514	27,160	45,654	563

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

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash Loans				
Loans	52,903,762	-	1,426,671	557,608
Discounted bills	30,696	-	27	-
Exporting loans	4,467,000	-	81,115	57,034
Importing loans	-	-	-	-
Loans to the financial sectors	1,649,500	-	17	85
Overseas loans	93,370	-	-	-
Consumer loans	18,054,655	-	450,377	136,782
Credit cards	1,743,585	-	69,379	7,870
Precious metal loans	-	-	-	-
Others	26,864,956	-	825,756	355,837
Specialization loans	30,687	-	-	-
Other receivables	-	-	-	-
Total	52,934,449	-	1,426,671	557,608

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

<i>Performing Loans and Other Receivables (*)</i>						
Number of Restructuring	Number of Loans	Up to 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
1	14	39,933	-	-	-	39,933
1	27	-	3,441	-	-	3,441
1	20	-	-	3,335	-	3,335
	61	39,933	3,441	3,335	-	46,709

<i>Loans under Follow-up and Other Receivables (*)</i>						
Number of Restructuring	Number of Loans	Up to 1 Year	1-3 Years	3-5 Years	More Than 5 Years	Total
1	115	450	-	-	-	450
1	440	-	4,588	-	-	4,588
1	303	-	-	46,143	-	46,143
1	1	-	-	-	12	12
	859	450	4,588	46,143	12	51,193

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

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	269,338	17,642,976	17,912,314
Housing Loans	4,620	8,534,032	8,538,652
Automobile Loans	3,271	312,552	315,823
General Purpose Loans	127,183	4,563,678	4,690,861
Other	134,264	4,232,714	4,366,978
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	1,668,328	1,948	1,670,276
With Installment	637,785	1,948	639,733
Without Installment	1,030,543	-	1,030,543
Retail Credit Cards – FC	1,363	-	1,363
With Installment	-	-	-
Without Installment	1,363	-	1,363
Personnel Loans – TL	1,147	25,446	26,593
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	1,107	25,446	26,553
Other	40	-	40
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	26,849	-	26,849
With Installment	10,575	-	10,575
Without Installment	16,274	-	16,274
Personnel Credit Cards – FC	72	-	72
With Installment	-	-	-
Without Installment	72	-	72
Overdraft Checking Accounts – TL (Real persons)	702,907	-	702,907
Overdraft Checking Accounts – FC (Real persons)	-	-	-
Total	2,670,004	17,670,370	20,340,374

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	410,132	6,585,051	6,995,183
Real Estate Loans	920	115,791	116,711
Automobile Loans	19,415	605,581	624,996
General Purpose Loans	389,797	5,863,679	6,253,476
Other	-	-	-
Installment-based Commercial Loans – FC indexed	14,065	349,960	364,025
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	14,065	349,960	364,025
Other	-	-	-
Installment-based Commercial Loans – FC	197	724,159	724,356
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	197	724,159	724,356
Corporate Credit Cards – TL	121,985	53	122,038
With Installment	23,763	53	23,816
Without Installment	98,222	-	98,222
Corporate Credit Cards – FC	236	-	236
With Installment	-	-	-
Without Installment	236	-	236
Overdraft Checking Accounts – TL (Corporate)	358,066	-	358,066
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	904,681	7,659,223	8,563,904

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	54,823,432	44,769,519
Overseas Loans	95,296	66,875
Total	54,918,728	44,836,394

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	379,492	914,750
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	379,492	914,750

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	14,425	66,757
Loans and Receivables with Doubtful Collectibility	178,744	218,622
Uncollectible Loans and Receivables	1,818,714	1,955,712
Total	2,011,883	2,241,091

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	8,191	27,289	103,792
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	8,191	27,289	103,792
Prior period	12,885	56,475	159,362
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	12,885	56,475	159,362

Movements in non-performing loan groups:

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the period	91,382	218,622	1,955,712
Additions (+)	232,822	67,560	49,817
Transfers from other categories of loans under follow-up (+) ^(*)	-	217,299	239,127
Transfers to other categories of loans under follow-up (-) ^(*)	217,187	272,516	64,650
Collections (-)	34,889	52,221	361,292
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Others	-	-	-
Differences from corrections according to exchange rates	-	-	-
Balance at the end of the period	72,128	178,744	1,818,714
Specific provision (-)	14,425	178,744	1,818,714
Balance, net	57,703	-	-

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
Balance at the end of the period	93	661	277,760
Specific provision (-)	19	661	277,760
Net balance on balance sheet	74	-	-
Prior Period			
Balance at the end of the period	2,687	9,173	299,365
Specific provision (-)	537	9,173	299,365
Net balance on balance sheet	2,150	-	-

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

Loan customer concentration of non-performing loans:

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)			
57,703			
Consumer and Commercial Loans (Gross)	71,915	177,223	1,782,165
Specific Provision (-)	14,383	177,223	1,782,165
Consumer and Commercial Loans (Net)	57,532	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	213	1,521	34,998
Specific Provision (-)	42	1,521	34,998
Other Loans and Receivables (Net)	171	-	-
Prior Period (Net)			
24,625			
Consumer and Commercial Loans (Gross)	91,167	214,723	1,920,998
Specific Provision (-)	66,714	214,723	1,920,998
Consumer and Commercial Loans (Net)	24,453	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	215	3,899	33,163
Specific Provision (-)	43	3,899	33,163
Other Loans and Receivables (Net)	172	-	-

6. Information on held-to-maturity investments

Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	4,324,264	-	2,911,012	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	1,540,956	-	1,358,592
Total	4,324,264	1,540,956	2,911,012	1,358,592

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	5,955,336	4,336,674
Quoted at Stock Exchanges	5,901,651	4,299,582
Unquoted at Stock Exchanges	53,685	37,092
Impairment Losses (-)	36,431	29,978
Total	5,918,905	4,306,696

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	4,306,696	3,498,473
Foreign currency differences on monetary assets	214,179	43,968
Purchases during the period	3,047,705	2,276,240
Disposals through sales/redemptions	(1,580,176)	(1,515,414)
Impairment losses	(6,453)	(17,166)
Change in amortized costs of the securities (*)	(63,046)	20,595
Balances at the end of the period	5,918,905	4,306,696

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

In the current period, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 1,690,000 to its held-to-maturity investment securities portfolio at their fair values of TL 1,764,346 as at their reclassification dates. These reclassifications are presented in “purchases during the period” line in the movement table of held-to-maturity investment securities. The valuation differences of such securities amounting to TL (2,497) are recorded under equity and will be amortized through the statement of income until their maturities.

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

Information on held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	-	53,650	-	53,685
Investments subject to repurchase agreements	4,224,361	1,107,890	4,262,614	1,126,343
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	62,341	426,019	61,650	414,613
Total	4,286,702	1,587,559	4,324,264	1,594,641

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

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

7. Information on investments in associates

Information on investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	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 Enternasyonal 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.	Lefkosa/NCTR	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	690,965	56,605	7,682	40,335	7,149	1,448	11,136	-
2	14,518	14,281	94	231	(388)	(1,226)	819	12,443
3	158,205	108,920	140,723	1,376	343	26,267	2,437	56,174
4	1,230,929	199,661	179,336	9,718	-	5,410	23,036	-
5	9,002,184	1,451,563	19,547	154,388	97,301	119,271	124,362	1,586,814
6	21,526	17,174	6,364	430	-	1,309	1,014	-
7	28,935	24,419	3,069	1,301	-	8,719	5,914	-
8	120,448	21,734	201	119	-	(3,144)	(4,707)	-
9	104,983	35,114	101,465	-	-	(11,618)	755	-
10	1,734,538	288,509	10,099	15,202	1,806	15,837	17,870	-
11	2,444	(31,386)	-	4,045	-	(2,347)	(1,755)	-
12	207,899	201,048	2,904	3,979	-	7,672	5,439	-

(*) The financial statements as at and for the six-month period ended 30 June 2011 are presented.

(**) Obtained from financial statements that are reviewed and disclosed on Istanbul Stock Exchange.

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	206,682	142,008
Movements during the period	(27,024)	64,674
Transfers	-	-
Acquisitions and capital increases	1,000	-
Bonus shares received	9,486	10,477
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	(37,510)	54,197
Impairment losses	-	-
Balance at the end of the period	179,658	206,682
Capital commitments	1,000	2,000
Share percentage at the end of the period (%)	-	-

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

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

Sectoral distribution of investments in associates

	Current Period	Prior Period
Banks	148,275	172,051
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	23,789	27,037
Total	172,064	199,088

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	149,958	178,758
Quoted at international stock exchanges	-	-
Total	149,958	178,758

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

As per the 19 August 2011 dated resolution of the Board of Directors of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, it has been decided to increase the paid in capital by TL 78,000 from TL 22,000 to TL 100,000. As per the 20 October 2011 dated resolution of the Board of Directors of the Bank, it has been decided to fully exercise the preemptive right of the Bank's shares.

In the current period, the Bank has paid TL 1,000 of its capital commitment to Kredi Garanti Fonu AŞ. The paid amount is presented as acquisitions in movement table of investments in associates.

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

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

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

In 2010, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”), an associate of the Bank, from TL 600,000 to TL 700,000, by the General Assembly of TSKB, 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 2010, Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank subject to consolidation, increased its paid-in capital from TL 26,000 to TL 40,000 in the current period. The share of the Bank amounting to TL 2,100 is presented in the movement table of investments in associates as bonus shares received.

8. Information on investments in subsidiaries

Information on investments in subsidiaries

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	727,824	264,591	163,157	9,558	-	11,501	(11,418)	272,394
2	1,296,886	113,499	24,443	15,817	18,824	9,591	7,230	194,500
3	8,884	8,782	1,062	134	1,827	387	(90)	12,500
4	224,691	219,987	84,258	6,618	2	8,176	371	212,968
5	653,681	80,785	385	43,084	-	9,266	9,846	70,000
6	515,943	94,553	3,485	14,033	57	8,488	11,801	82,981
7	31,397	10,524	238	1,772	-	2,535	1,643	-
8	121,531	54,644	319	3,760	141	2,336	4,183	55,298
9	16,490	9,852	473	717	51	2,176	1,599	12,000
10	23,596	18,325	657	998	87	6,546	3,616	32,000
11	1,316,632	183,923	1,689	19,823	4,002	7,508	3,739	166,683
12	7,182	5,738	6	386	49	1,139	1,055	19,621

(*) The financial statements as at and for the six-month period ended 30 June 2011 are presented.

(**) Obtained from financial statements that are reviewed and disclosed on Istanbul Stock Exchange.

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	688,501	546,249
Movements during the period	(48,574)	142,252
Transfers	-	-
Acquisitions and capital increases	-	42,320
Bonus shares received	14,678	-
Dividends from current year profit	(13,243)	-
Sales and liquidations	-	-
Fair value changes	(50,009)	113,467
Impairment losses	-	(13,535)
Balance at the end of the period	639,927	688,501
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

As per the 8 September 2011 dated resolution of the Bank, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with article 451 of Turkish Commercial Code.

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	639,927	688,501
Equity method of accounting	-	-
Total	639,927	688,501

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	150,015	150,015
Insurance companies	193,595	214,617
Factoring companies	50,368	50,368
Leasing companies	48,718	64,965
Finance companies	-	-
Other financial subsidiaries	56,896	67,996
Total	499,592	547,961

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	147,733	183,064
Quoted at international stock exchanges	-	-
Total	147,733	183,064

Investments in subsidiaries disposed during the period

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

Investments in subsidiaries acquired during the period

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

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

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

None.

13. Information on deferred tax assets

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

	Current period	Prior Period
<i>Deferred tax assets:</i>	181,508	122,478
Valuation difference for associates and subsidiaries	70,563	13,582
Provision for employee termination benefits and unused vacations	45,434	43,307
Other provisions	23,490	23,572
Valuation differences of financial assets and liabilities	23,456	23,456
BRSA - Tax Code depreciation differences	16,923	16,986
Others	1,642	1,575
<i>Deferred tax liabilities:</i>	(28,795)	(35,244)
Valuation differences of financial assets and liabilities	(14,745)	(17,719)
Valuation difference for associates and subsidiaries	(14,050)	(17,525)
Deferred tax assets, net	152,713	87,234

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

None.

15. Information on other assets

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

	Current period	Prior Period
Receivables from credit card payments	810,175	292,504
Prepaid expenses	415,825	323,581
Receivables from term sale of assets	105,687	87,974
Receivables from derivative financial instruments	30,464	37,763
Receivables from lawsuit expenses	15	52,062
Others	43,026	41,971
Total	1,405,192	835,855

In 2010, the Bank has recorded specific provisions amounting to TL 48,480 for lawsuit and court expenses receivables amounting to TL 52,062. This amount is representing the amount undertaken by the Bank due to loans and advances under follow-up.

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	1,750,508	-	485,952	10,206,539	1,093,300	260,138	76,748	-	13,873,185
Foreign Currency Deposits	1,287,567	-	1,760,034	7,108,156	1,249,442	447,974	1,801,653	-	13,654,826
Residents in Turkey	1,233,985	-	1,758,084	7,046,014	1,234,165	437,729	1,715,111	-	13,425,088
Residents in Abroad	53,582	-	1,950	62,142	15,277	10,245	86,542	-	229,738
Public Sector Deposits	2,679,220	-	1,795,494	4,356,052	619,052	132,217	11,332	-	9,593,367
Commercial Deposits	1,029,770	-	2,166,238	4,351,332	658,445	226,685	1,390	-	8,433,860
Others	1,680,391	-	470,609	2,553,714	744,220	361,702	10,559	-	5,821,195
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	21,563	-	803,429	1,496,911	1,857,877	2,024	2,028	-	4,183,832
Central Bank	114	-	-	-	-	-	-	-	114
Domestic Banks	1,275	-	671,771	1,375,685	827,171	2,024	2,028	-	2,879,954
Foreign Banks	3,589	-	131,658	121,226	1,030,706	-	-	-	1,287,179
Participation Banks	16,584	-	-	-	-	-	-	-	16,584
Others	1	-	-	-	-	-	-	-	1
Total	8,449,019	-	7,481,756	30,072,704	6,222,336	1,430,740	1,903,710	-	55,560,265

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

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	6,191,240	5,664,532	7,681,945	6,749,362
Foreign Currency Saving Deposits	1,451,176	1,378,766	3,760,439	2,759,321
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	7,642,416	7,043,298	11,442,384	9,508,683

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	9,876	6,604
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	1,705	3,486
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	7,078	2,281	845	94
Swap Transactions	-	415,902	20,297	80,716
Futures	-	-	-	-
Options	79	46	95	1,320
Others	-	-	-	-
Total	7,157	418,229	21,237	82,130

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	62,540	254,043	51,292	213,965
Foreign Banks, Institutions and Funds	-	8,152,455	-	6,062,137
Total	62,540	8,406,498	51,292	6,276,102

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	51,947	3,171,060	38,861	3,375,423
Medium and Long term (*)	10,593	5,235,438	12,431	2,900,679
Total	62,540	8,406,498	51,292	6,276,102

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 10.6% (31 December 2010: 9.7%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 1 September 2010, the Bank obtained a syndication loan at the amount of US Dollar 135 million and Euro 408 million with interest rates of Libor + 0.75% and Euribor + 0.75% at 1 year maturity and syndication loan at the amount of US Dollar 10 million and Euro 45 million with interest rates of Libor + 1.15% and Euribor + 1.15% at 2 years maturity with the participation of 32 banks under the coordination of West LB AG, and the Bank has repaid the part of the loan with one year maturity on 6 September 2011.

This loan has been renewed with a syndication loan at the amount of US Dollar 145 million and Euro 433 million with interest rates of US Libor+ % 1.00 and Euribor + % 1.00 at a maturity of one year, with the participation of 26 banks under the coordination of ING Bank N.V.

Information on securities issued

On 8 August 2011, the Bank has issued bonds with a nominal value of TL 500,000 and 176 days maturity. As at 30 September 2011, the Bank has purchased its bonds with a nominal of TL 3,010 and netted from its bonds payable. The carrying value of these bonds amounts to TL 483,056 as at 30 September 2011 (31 December 2011: None).

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

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

5. Information on lease payables (net)

Obligations under finance leases

None.

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

Negative fair values of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	522,983	350,017
Provisions for loans and receivables in Group II	42,537	40,852
Provisions for non-cash loans	46,159	35,922
Others	2,561	1,085
Total	614,240	427,876

Provision for currency exchange loss on foreign currency indexed loans

	Current Period	Prior period
Provision for currency exchange gain/loss on foreign currency indexed loans	572	835

The Bank recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 572 (31 December 2010: TL 835) and reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans.

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

	Current Period	Prior Period
Non-cash loans with limited collectibility	206	233
Non-cash loans with doubtful collectibility	8,597	3,636
Uncollectible non-cash loans	78,265	88,379
Total	87,068	92,248

Information on other provisions

As at 30 September 2011 the Bank recorded 5% provision (31 December 2010:5%) for the loans under follow-up. A portion of this provision is recognized as general provision, remaining portion amounting to TL 57,259 is (31 December 2010: TL 65,428) presented as “provision for possible losses” under other provisions caption in the accompanying financial statements.

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Specific provisions for non-cash loans	87,068	92,248
Provision for loans under follow-up	57,259	65,428
Provision for cheques	16,606	15,226
Provision for World Vakıf UBB Ltd with regard to its negative equity	25,735	19,680
Provisions for lawsuits against the Bank	14,673	14,673
Provisions for credit card promotions	8,210	7,873
Other provisions	5,200	5,199
Total	214,751	220,327

8. Taxation

Current taxes

Tax provision

As at 30 September 2011, the tax provision is amounting to TL 285,968 (31 December 2010: TL 296,978). As at 30 September 2011, corporate tax liabilities of the Bank is amounting to TL 165,717 (31 December 2010: TL 112,811), after deducting prepaid taxes amounted to TL 120,251 (31 December 2010: TL 184,167).

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	165,717	112,811
Taxation on securities	69,184	38,770
Capital gains tax on property	1,307	1,031
Banking and insurance transaction tax (BITT)	23,269	22,201
Taxes on foreign exchange transactions	-	-
Value added tax payable	818	1,160
Others	15,997	14,391
Total	276,292	190,364

Information on premiums payable

	Current Period	Prior Period
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	440	367
Unemployment insurance- employer share	879	735
Others	-	-
Total	1,319	1,102

Information on deferred tax liabilities

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

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

None.

10. Information on subordinated loans

None.

11. Information on equity

Paid-in capital

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

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

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

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

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

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

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	236,739	56,310	334,023	56,310
Fair value differences of available-for-sale securities	(32,890)	97,592	124,540	184,808
Foreign exchange differences	6,980	-	6,980	-
Total	210,829	153,902	465,543	241,118

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Commitments for credit card limits	4,903,729	4,880,798
Loan granting commitments	4,876,656	3,679,208
Asset purchase commitments	636,121	904,825
Commitments for cheque payments	803,307	655,194
Share capital commitments to associates and subsidiaries	1,000	2,000
Total	11,220,813	10,122,025

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

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

The Bank provided specific provision amounting to TL 87,068 (31 December 2010: TL 92,248) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 87,891 (31 December 2010: TL 93,180).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional letters of guarantee	518,663	627,236
Final letters of guarantee	4,148,714	3,480,369
Letters of guarantee for advances	1,628,678	1,215,050
Letters of guarantee given to custom offices	297,749	215,578
Other letters of guarantee	3,465,410	2,690,927
Total	10,059,214	8,229,160

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	301,482	309,128
With original maturity of 1 year or less	111,410	197,708
With original maturity of more than 1 year	190,072	111,420
Other non-cash loans	14,131,469	11,035,532
Total	14,432,951	11,344,660

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	43,408	0.55	230,437	3.51	34,489	0.54	168,629	3.46
Farming and Cattle	39,742	0.50	215,891	3.29	30,764	0.48	154,865	3.17
Forestry	2,671	0.04	8,848	0.13	3,252	0.05	3,250	0.07
Fishing	995	0.01	5,698	0.09	473	0.01	10,514	0.22
Manufacturing	3,412,303	43.33	3,187,908	48.61	2,913,650	45.06	2,585,483	52.99
Mining	47,756	0.61	113,974	1.74	37,315	0.58	177,128	3.63
Production	2,357,771	29.94	2,607,502	39.76	1,974,922	30.54	1,762,739	36.13
Electric, gas and water	1,006,776	12.78	466,432	7.11	901,413	13.94	645,616	13.23
Construction	1,254,028	15.92	1,137,638	17.35	1,082,641	16.74	730,552	14.98
Services	2,654,103	33.70	1,175,194	17.92	1,893,805	29.29	404,005	8.28
Wholesale and retail trade	922,324	11.71	227,372	3.47	721,816	11.16	179,191	3.67
Hotel, food and beverage	54,746	0.70	2,406	0.04	42,105	0.65	7,510	0.15
Transportation and	269,618	3.42	842,587	12.85	204,053	3.16	185,871	3.81
Financial institutions	1,193,794	15.16	55,883	0.85	888,134	13.73	17,834	0.37
Real estate and renting	147,414	1.87	31,980	0.49	2,008	0.03	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	9,360	0.12	1,532	0.02	4,925	0.08	-	-
Health and social services	56,847	0.72	13,434	0.20	30,764	0.48	13,599	0.28
Others	510,842	6.50	827,090	12.61	541,753	8.37	989,653	20.29
Total	7,874,684	100.00	6,558,267	100.00	6,466,338	100.00	4,878,322	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	7,759,000	2,156,854	56,097	935
Confirmed Bills of Exchange and Acceptances	21,919	213,388	-	-
Letters of Credit	3,206	4,126,740	-	191
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	6,730	-	-
Non-Cash Loans	7,784,125	6,503,712	56,097	1,126

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

5. Contingent assets and liabilities

None.

6. Services rendered on behalf of third parties

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

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

IV. Information on disclosures related to the statement of income

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term Loans	935,466	112,377	958,140	111,833
Medium and Long-Term Loans	1,968,301	412,240	1,641,142	267,266
Loans Under Follow-Up	111,488	-	68,604	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	3,015,255	524,617	2,667,886	379,099

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,384	927	1,465	965
Foreign Banks	43	4,379	263	1,960
Foreign Head Office and Branches	-	-	-	-
Total	1,427	5,306	1,728	2,925

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	17,623	41,129

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3,486	88,289	2,767	58,314
Central Bank of Turkey	-	-	-	-
Domestic Banks	3,486	1,460	2,767	1,368
Foreign Banks	-	86,829	-	56,946
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	4,325	-	2,765
Total	3,486	92,614	2,767	61,079

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	25,118	30,200

Interest expense on securities issued

For the nine-month period ended 30 September 2011, interest expense on bonds issued is amounting to TL 6,066 (30 September 2010: None).

3. Information on trading income/losses

	Current Period	Prior Period
Income	1,291,291	860,082
Income from capital market transactions	75,596	201,733
Income from derivative financial instruments	646,747	107,242
Foreign exchange gains	568,948	551,107
Losses	(1,275,666)	(700,236)
Losses from capital market transactions	(5,029)	(366)
Losses from derivative financial instruments	(653,690)	(157,078)
Foreign exchange losses	(616,947)	(542,792)
Trading income/losses, net	15,625	159,846

Net gains arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments amounts to TL 61,773 as at and for the nine-month period ended 30 September 2011 (30 September 2010: net loss of TL 54,669).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses	532,722	262,162
Communication income	60,096	55,873
Gain on sale of assets	64,081	13,946
Rent income	1,877	3,653
Other income	49,128	61,950
Total	707,904	397,584

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	275,143	470,731
<i>Loans and receivables in Group III</i>	51,794	51,523
<i>Loans and receivables in Group IV</i>	172,908	214,501
<i>Loans and receivables in Group V</i>	50,441	204,707
Non-performing commissions and other receivables	-	-
General provision expenses	187,029	64,393
Provision for possible losses	-	-
Impairment losses on securities:	33,222	26,019
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	33,222	26,019
Other impairment losses:	17,184	27,541
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	13,535
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	17,184	14,006
Others ^(*)	96,254	151,756
Total	608,832	740,440

^(*) Other provision expenses amounting to TL 96,254 (30 September 2010: TL 151,756) are comprised of provision expenses for dividends to personnel amounting to TL 69,879 (30 September 2010: TL 56,308), provision for cheques and for non-cash loans that are not indemnified or not converted into cash amounting to TL 24,427 (30 September 2010: TL 26,329), and other provision expenses amounting to TL 1,948 (30 September 2010: TL 1,424).

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	621,378	505,390
Reserve for Employee Termination Benefits	10,634	14,613
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	74,923	73,183
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	6,555	5,728
Impairment Losses on Assets to be Disposed	2,263	2,438
Depreciation Expenses on Assets to be Disposed	8,248	7,842
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	569,537	499,365
<i>Operational lease expenses</i>	81,944	63,876
<i>Repair and maintenance expenses</i>	9,980	10,325
<i>Advertisement expenses</i>	16,667	30,093
<i>Other expenses</i>	460,946	395,071
Loss on sale of assets	350	997
Others	128,648	112,328
Total	1,422,536	1,221,884

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 326,294 (30 September 2010: TL 200,141) 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	58,105	9,821
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(1,699)	(7,994)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	56,406	1,827

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	914,750	340,525	-	563	8,978	2,371
Balance at the end of the period	379,492	409,803	-	27,160	7,503	322
Interest and commission income	17,623	465	-	27	292	45

	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	579,792	402,370	-	549	9,587	4,122
Balance at the end of the period	914,750	340,525	-	563	8,978	2,371
Interest and commission income	41,129	231	-	-	426	69

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits:						
Balance at the beginning of the period	731,751	623,235	581,885	917,223	54,423	56,210
Balance at the end of the period	863,022	731,751	691,331	581,885	75,493	54,423
Interest on deposits	25,118	30,200	30,756	41,325	355	348

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

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions held for trading purpose:						
Purchase balance at the beginning of the period	30,900	29,800	-	-	-	-
Sales balance at the beginning of the period	31,694	29,790	-	-	-	-
Purchase balance at the end of the period	-	30,900	-	-	-	-
Sales balance at the end of the period	-	31,694	-	-	-	-
Total Profit/ (Loss)	6	12	-	-	-	-

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

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

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

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

Pricing policy and other conditions of transactions with the risk group of the Bank, are determined and applied on arm's length basis. The ratio of cash and non-cash loans given to the Bank's risk group to total cash and non-cash loans are 0.70% (31 December 2010: 2.06%) and 3.03% (31 December 2010: 3.03%) respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	386,995	0.70
Non-cash loans	437,285	3.03
Deposits	1,629,846	2.93
Forward and option agreements	-	-

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

SECTION SIX

Other Disclosures and Footnotes

I. Other disclosures on the Bank's activity

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

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

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

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

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

- The Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Bank. Subsequent to the decision, CBT required the Bank to provide reserve requirement for loans obtained by foreign branches, the Bank filed a claim in Ankara 15th Administrative Court for the suspension of execution and cancellation of the decision. As at 15 June 2011, the court decided on refusal of the claim with the right to appeal on State Council. CBT requested the Bank to provide additional reserves amounting to USD 384 million in average for 3.5 years period with the 4 May 2011 dated communique. In this context, the Bank has begun to provide additional reserve requirements at 27 May 2011.
- Small and Medium Industry Development Organization (“KOSGEB”) claimed that the Bank had subscription fee liabilities for the years 2004, 2005 and 2006 based on the clause c of 14th article of the KOSGEB Law No: 3624 which states that the organization’s budget comprise the subscription fees from banks whose equities are held by state institutions and organizations by more than 50%, amounting to %2 of their annual profits subject to corporate tax. First stage of the court decided the Bank to pay TL 50,252 thousands. Following the notice of the court decision the Bank appealed for correction in the scope of 97th and 98th articles of the Law No: 6111 which became effective as at 25 February 2011. With respect to 97th article of Law No: 6111 the subscription fee liability is abrogated in favor of Bank and 98th article states that this practice will be effective starting from 1 January 2004. Therefore, subscription fee liability and compensation decided by the court lost their basis. Main opposition party applied to the Constitutional Court for the cancellation of 98th article of Law No: 6111. Since 97th and 98th articles of Law No: 6111 are currently effective and are in favour of the Bank, the Bank has not booked provision for the related lawsuit in the accompanying financial statements.
- As a result of the investigation conducted on 8 banks including the Bank, pursuant to the Law on Protection of Competition No. 4054, the Competition Board has announced that the Bank has been charged a penalty of TL 8,226,296 with the clause that the Bank has the right to appeal to Supreme Court. On 22 September 2011, the Bank has benefited from cash payment discount and paid TL 6,169,722 to Major Taxpayer Tax Office for TL 8,226,296 administrative penalty charged with 7 March 2011 dated and 11-13/243-78 numbered decision of Competition Board due to breach of the Law on Protection of Competition No. 4054 provided that rights to appeal are preserved.
- The public offering of the Bank’s bond with TL 500,000,000 nominal value and 176 days maturity in accordance with the communiqué approved by CMB on 22 July 2011, has been published on Official Gazette dated 22 July 2011. The bond has started to be traded on Istanbul Stock Exchange with the ISIN code “TRQVKFB11218” on 10 August 2011.

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

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

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

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

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

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

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

In accordance with the 2011/62 numbered "Press Release on Reserve Requirements" announced by Central Bank and published on 5 October 2011, notice foreign deposit accounts reserve requirements ratio for one year decreased from 11.5% to 11% and more than one year dated foreign currency deposit accounts and cumulative foreign currency deposit accounts decreased from 9.5% to 9%, for foreign currency other liabilities with maturity up to one year decreased from 11.5% to 11%, for foreign currency other liabilities with maturity from one to three years (three-years included) decreased from 9.5% to 9%, and for foreign currency other liabilities with maturity more than three years the ratio decreased from 8.5% to 6%. Announced rates has been effective beginning from the liability schedule dated 30 September 2011 and the reserve requirements calculated at the new rates has been set starting from 14 October 2011.

In accordance with the 2011/70 numbered "Press Release on Reserve Requirements" announced by Central Bank and published on 27 October 2011, reserve requirement ratio for FC demand deposits, notice deposits and FC private current accounts, deposits/participation accounts up to one month decreased from %16 to %11, for deposits/participation accounts with maturity up to three months (including three months) decreased from 12% to 11.5% and deposits/participation accounts with maturity up to six months (including six months) decreased by one point from 9% to 8%. Remaining rates has been maintained. Announced rates has been effective beginning from the liability schedule dated 28 October 2011 and the reserve requirements calculated at the new rates will be maintained starting from 11 November 2011.

In accordance with the same press release, the 20% upper limit for the portion of TL reserve requirements allowed to be deposited in FC is increased to 40%.

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 2011 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International, a Swiss cooperative). It was noted in their review report dated 2 November 2011 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as at and for the nine-month period ended 30 September 2011