

(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 Three-Month Period Ended
31 March 2011

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
10 May 2011

This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes" comprising 66 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 31 March 2011 and the related unconsolidated statement of income, changes in shareholders' equity and cash flows for the three-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 31 March 2011, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Istanbul,
10 May 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 THREE-MONTH PERIOD ENDED 31 MARCH 2011

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The unconsolidated interim financial report as at and for the three-month period ended 31 March 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.

10 May 2011

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

Metin Recep ZAFER
Assistant General Manager

Murat KOYGUN
Director of Accounting and Financial Affairs

The authorized contact person for questions on this financial report:

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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as at and

For the Three-Month Period Ended 31 March 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 31 March 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 31 March 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)	3.174.979	3,175	0.13
Other registered foundations (Group B)	1.448.543	1,448	0.06
Other real persons and legal entities (Group C)	1.797.832	1,798	0.07
Publicly traded (Group D)	629.742.555	629,742	25.19
Total	2.500.000.000	2,500,000	100.00

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
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	18 years
Şahin UĞUR	Support Services	9 August 2004	University	25 years
Feyzi ÖZCAN	Retail Banking, Retail Loans, Corporate Salary Payments and Credit Cards	20 September 2005	University	21 years
Metin Recep ZAFER	Accounting and Financial Affairs, Planning and Performance, Subsidiaries, Treasury and Foreign Operations, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	15 years
Birgül DENLİ	Private Banking, International Relations and Investor Relations	15 June 2006	Master	17 years
Ömer ELMAS	Legal Services	5 January 2009	Master	9 years
Remzi ALTINOK	Commercial Loans, Corporate Loans, Intelligence	7 May 2010	University	19 years
İbrahim BİLGİÇ	Commercial Banking, Corporate Banking, Corporate Centers, Liquid Management	7 May 2010	University	19 years
Hasan ECESoy	Treasury, Investment Banking	18 June 2010	PHD	17 years
Serdar SATOĞLU	Human resources	17 June 2010	PHD	15 years
Ali Engin EROĞLU	Software Development, Systems Management, Information Technologies Businesses and Support, Information Services Planning	18 August 2010	Master	15 years

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

As per the 23 March 2011 dated resolution of the Board of Directors, Osman Demren appointed as Asistant General Manager responsible for Commercial Banking and Cash Management Operations, started working on 6 April 2011.

As per the 23 March 2011 dated resolution of the Board of Directors, Mitat Şahin, appointed Asistant General Manager responsible for Human Resources, Planning and Performance, started working on 11 April 2011.

IV. Information on the Bank’s qualified shareholders

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

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

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

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

As at 31 March 2011, the Bank has 648 domestic, 3 foreign, in total 651 branches (31 December 2010: 634 domestic, 2 foreign, in total 636 branches). As at 31 March 2011, the Bank has 11,021 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 31 March 2011
(Thousands of Turkish Lira (TL))

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

			Reviewed Current Period 31 March 2011			Audited Prior Period 31 December 2010		
ASSETS		Notes	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	4,408,180	2,019,189	6,427,369	2,609,343	2,037,537	4,646,880
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	37,935	13,206	51,141	1,343	22,705	24,048
2.1	Financial assets held for trading purpose		37,935	13,206	51,141	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	37,935	13,206	51,141	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	85,017	2,333,359	2,418,376	73,080	1,198,593	1,271,673
IV.	RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	2,101,584	-	2,101,584
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	2,101,584	-	2,101,584
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	10,064,524	2,380,770	12,445,294	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		10,064,524	2,297,642	12,362,166	11,258,009	2,421,794	13,679,803
5.3	Other securities		-	72,378	72,378	-	74,278	74,278
VI.	LOANS AND RECEIVABLES	V-I-5	32,618,623	14,343,009	46,961,632	31,568,514	13,292,505	44,861,019
6.1	Performing loans and receivables		32,595,200	14,343,009	46,938,209	31,543,889	13,292,505	44,836,394
6.1.1	Loans provided to risk group	V-V-1	193,477	213,256	406,733	713,256	210,472	923,728
6.1.2	Debt securities issued by the governments		-	-	-	-	-	-
6.1.3	Others		32,401,723	14,129,753	46,531,476	30,830,633	13,082,033	43,912,666
6.2	Loans under follow-up		2,191,426	-	2,191,426	2,265,716	-	2,265,716
6.3	Specific provisions (-)		2,168,003	-	2,168,003	2,241,091	-	2,241,091
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	3,498,500	1,323,450	4,821,950	2,911,012	1,395,684	4,306,696
8.1	Debt securities issued by the governments		3,498,500	1,294,149	4,792,649	2,911,012	1,358,592	4,269,604
8.2	Other securities		-	29,301	29,301	-	37,092	37,092
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	206,566	-	206,566	206,682	-	206,682
9.1	Associates, consolidated per equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		206,566	-	206,566	206,682	-	206,682
9.2.1	Financial associates		198,972	-	198,972	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	529,203	150,015	679,218	538,486	150,015	688,501
10.1	Unconsolidated financial subsidiaries		388,758	150,015	538,773	397,946	150,015	547,961
10.2	Unconsolidated non-financial subsidiaries		140,445	-	140,445	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)		1,097,118	2,270	1,099,388	1,112,028	1,764	1,113,792
XV.	INTANGIBLE ASSETS (Net)		54,185	-	54,185	52,892	-	52,892
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		54,185	-	54,185	52,892	-	52,892
XVI.	INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII.	TAX ASSETS		82,876	-	82,876	87,234	-	87,234
17.1	Current tax assets		-	-	-	-	-	-
17.2	Deferred tax assets		82,876	-	82,876	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 V-I-1	933,365	109,358	1,042,723	723,442	112,413	835,855
TOTAL ASSETS		V-I-2	53,616,092	22,674,626	76,290,718	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 31 March 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 31 March 2011			Audited Prior Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	36,235,776	12,415,876	48,651,652	35,265,782	12,435,493	47,701,275
1.1 Deposits of the risk group	V-V-1	1,165,519	81,512	1,247,031	1,218,893	149,166	1,368,059
1.2 Other deposits		35,070,257	12,334,364	47,404,621	34,046,889	12,286,327	46,333,216
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	13,978	33,370	47,348	21,237	82,130	103,367
III. FUNDS BORROWED	V-II-3	57,200	6,557,487	6,614,687	51,292	6,276,102	6,327,394
IV. INTERBANK MONEY MARKET		6,473,100	2,370,873	8,843,973	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		6,473,100	2,370,873	8,843,973	6,113,726	2,014,588	8,128,314
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		57,928	-	57,928	61,203	-	61,203
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Others		57,928	-	57,928	61,203	-	61,203
VII. MISCELLANEOUS PAYABLES		1,545,384	28,989	1,574,373	1,352,381	44,587	1,396,968
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	144,639	411,563	556,202	132,520	370,787	503,307
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1 Finance lease payables		-	4	4	-	4	4
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	4	4	-	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	932,616	24,359	956,975	966,708	23,182	989,890
12.1 General provisions	V-II-7	453,205	4,084	457,289	424,374	3,502	427,876
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		276,425	-	276,425	341,687	-	341,687
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions	V-II-7	202,986	20,275	223,261	200,647	19,680	220,327
XIII. TAX LIABILITIES	V-II-8	205,045	4,198	209,243	187,525	3,941	191,466
13.1 Current tax liabilities		205,045	4,198	209,243	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		8,595,572	182,765	8,778,337	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		1,166,865	182,765	1,349,630	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	368,625	182,765	551,390	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		409,191	-	409,191	1,157,140	-	1,157,140
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current period's profit/loss		409,191	-	409,191	1,157,140	-	1,157,140
TOTAL LIABILITIES AND EQUITY		54,261,238	22,029,480	76,290,718	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 Statement of Income
For the Three-Month Period Ended 31 March 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*

	Notes	Reviewed Current Period 31 March 2011			Audited Prior Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		21,604,558	11,634,447	33,239,005	19,612,172	9,048,213	28,660,385
I. GUARANTEES AND SURETIES		6,823,246	4,929,288	11,752,534	6,466,338	4,878,322	11,344,660
1.1 Letters of guarantee	V-III-2	6,803,024	1,697,593	8,500,617	6,454,001	1,775,159	8,229,160
1.1.1 Guarantees subject to State Tender Law	V-III-1	1,107,827	403,144	1,510,971	1,001,341	407,089	1,408,430
1.1.2 Guarantees given for foreign trade operations		219,318	-	219,318	215,578	-	215,578
1.1.3 Other letters of guarantee		5,475,879	1,294,449	6,770,328	5,237,082	1,368,070	6,605,152
1.2 Bank acceptances		12,562	169,438	182,000	8,587	188,036	196,623
1.2.1 Import letter of acceptance		-	38,790	38,790	-	27,800	27,800
1.2.2 Other bank acceptances		12,562	130,648	143,210	8,587	160,236	168,823
1.3 Letters of credit		7,660	3,055,801	3,063,461	3,750	2,907,531	2,911,281
1.3.1 Documentary letters of credit		7,660	3,055,801	3,063,461	3,750	2,907,531	2,911,281
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	5,686	5,686	-	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		-	770	770	-	773	773
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		10,281,818	1,238,535	11,520,353	9,844,083	503,975	10,348,058
2.1 Irrevocable commitments		10,281,673	1,238,535	11,520,208	9,843,938	503,975	10,347,913
2.1.1 Asset purchase commitments	V-III-1	521,417	1,218,963	1,740,380	412,537	492,288	904,825
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	2,000	-	2,000	2,000	-	2,000
2.1.4 Loan granting commitments	V-III-1	3,616,464	-	3,616,464	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	667,723	-	667,723	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	5,197,339	-	5,197,339	4,880,798	-	4,880,798
2.1.10 Commitments for credit card and banking operations promotions		263,636	-	263,636	201,107	-	201,107
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		13,094	19,572	32,666	13,094	11,687	24,781
2.2 Revocable commitments		145	-	145	145	-	145
2.2.1 Revocable loan granting commitments		145	-	145	145	-	145
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		4,499,494	5,466,624	9,966,118	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		4,499,494	5,466,624	9,966,118	3,301,751	3,665,916	6,967,667
3.2.1 Forward foreign currency purchases/sales		55,534	126,385	181,919	39,955	64,916	104,871
3.2.1.1 Forward foreign currency purchases		27,774	63,196	90,970	19,983	32,459	52,442
3.2.2.2 Forward foreign currency sales		27,760	63,189	90,949	19,972	32,457	52,429
3.2.2 Currency and interest rate swaps		3,957,867	4,204,138	8,162,005	3,135,142	3,471,963	6,607,105
3.2.2.1 Currency swaps-purchases		2,498,700	1,376,305	3,875,005	1,319,674	1,729,042	3,048,716
3.2.2.2 Currency swaps-sales		1,219,167	2,538,218	3,757,385	1,575,468	1,447,017	3,022,485
3.2.2.3 Interest rate swaps-purchases		120,000	151,424	271,424	120,000	154,367	274,367
3.2.2.4 Interest rate swaps-sales		120,000	138,191	258,191	120,000	141,537	261,537
3.2.3 Currency, interest rate and security options		486,093	597,101	1,083,194	126,654	129,037	255,691
3.2.3.1 Currency call options		259,301	285,093	544,394	63,327	64,518	127,845
3.2.3.2 Currency put options		226,792	312,008	538,800	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		-	539,000	539,000	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		194,040,822	29,015,697	223,056,519	88,652,364	26,426,105	115,078,469
IV. ITEMS HELD IN CUSTODY		121,403,965	792,594	122,196,559	20,489,343	691,971	21,181,314
4.1 Customers' securities held		-	14,980	14,980	-	15,028	15,028
4.2 Investment securities held in custody		118,649,223	6,730	118,655,953	18,033,907	6,752	18,040,659
4.3 Checks received for collection		1,825,007	271,762	2,096,769	1,591,885	245,019	1,836,904
4.4 Commercial notes received for collection		435,716	91,038	526,754	388,999	119,465	508,464
4.5 Other assets received for collection		2,152	62	2,214	2,152	62	2,214
4.6 Assets received through public offering		-	4,566	4,566	-	4,860	4,860
4.7 Other items under custody		237,108	204,785	441,893	237,108	125,066	362,174
4.8 Custodians		254,759	198,671	453,430	235,292	175,719	411,011
V. PLEDGED ITEMS		72,636,857	28,223,103	100,859,960	68,163,021	25,734,134	93,897,155
5.1 Securities		937,891	62,700	1,000,591	837,239	61,103	898,342
5.2 Guarantee notes		289,757	89,331	379,088	266,716	110,761	377,477
5.3 Commodities		11,137,552	161,545	11,299,097	10,550,064	105,548	10,655,612
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		55,146,255	23,360,934	78,507,189	51,514,221	21,778,197	73,292,418
5.6 Other pledged items		4,318,347	4,361,933	8,680,280	4,233,678	3,497,190	7,730,868
5.7 Pledged items-depository		807,055	186,660	993,715	761,103	181,335	942,438
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		215,645,380	40,650,144	256,295,524	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 Three-Month Period Ended 31 March 2011
(Thousands of Turkish Lira (TL))

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

	Notes	Reviewed Current Period 31 March 2011	Reviewed Current Period 31.March 2010
I. INTEREST INCOME		1,427,820	1,504,756
1.1 Interest income from loans	V-IV-1	1,052,973	1,013,799
1.2 Interest income from reserve deposits		-	20,478
1.3 Interest income from banks	V-IV-1	1,845	1,581
1.4 Interest income from money market transactions		2,079	33,197
1.5 Interest income from securities portfolio		341,511	413,226
1.5.1 Trading financial assets		-	313
1.5.2 Financial assets designated at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets		247,121	332,382
1.5.4 Held-to-maturity investments		94,390	80,531
1.6 Finance lease income		-	-
1.7 Other interest income		29,412	22,475
II. INTEREST EXPENSE		727,356	797,628
2.1 Interest expense on deposits		584,145	649,314
2.2 Interest expense on funds borrowed	V-IV-2	27,411	18,333
2.3 Interest expense on money market transactions		92,606	99,712
2.4 Interest expense on securities issued		-	-
2.5 Other interest expenses		23,194	30,269
III. NET INTEREST INCOME (I – II)		700,464	707,128
IV. NET FEES AND COMMISSIONS INCOME		117,931	102,792
4.1 Fees and commissions received		153,696	125,226
4.1.1 Non-cash loans		15,230	16,023
4.1.2 Others		138,466	109,203
4.2 Fees and commissions paid		35,765	22,434
4.2.1 Non-cash loans		37	2
4.2.2 Others		35,728	22,432
V. DIVIDEND INCOME		44,329	13,669
VI. TRADING INCOME/LOSSES (Net)		37,954	49,517
6.1 Trading account income/losses	V-IV-3	23,570	37,111
6.2 Income/losses from derivative financial instruments	V-IV-3	10,898	2,882
6.3 Foreign exchange gains/losses	V-IV-3	3,486	9,524
VII. OTHER OPERATING INCOME		235,795	106,448
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1,136,473	979,554
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)		182,073	207,371
X. OTHER OPERATING EXPENSES (-)		452,105	390,954
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		502,295	381,229
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)		502,295	381,229
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES		(93,104)	(76,117)
16.1 Current tax charges	V-IV-7	(78,942)	(78,065)
16.2 Deferred tax credits	V-IV-7	(14,162)	1,948
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)		409,191	305,112
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	409,191	305,112
Earnings per share (full TL)		0.1637	0.1220

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 Three-Month Period Ended 31 March 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 31 March 2011	Reviewed Current Period 31.March 2010
GAINS AND LOSSES RECOGNIZED IN EQUITY			
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN		
	VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(145,971)	30,973
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	(33,339)	75,442
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	24,267	(11,497)
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(155,043)	94,918
XI.	CURRENT PERIOD'S PROFIT/(LOSS)	409,191	305,112
11.1	Change in fair value of securities (transfers to the statement of income)	61,751	30,887
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	347,440	274,225
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	254,148	400,030

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 Three-Month Period Ended 31 March 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 Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 31 March 2009																			
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	-	-	-	-	-	-	-	-	-	-	94,918	-	-	-	-	94,918	-	94,918
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	-	-	-	-	-	-	-	-	305,112	-	-	-	-	-	-	305,112	-	305,112
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	305,112	-	660,392	5,033	66,530	-	-	7,660,206	-	7,660,206
CURRENT PERIOD – 31 March 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	-	-	-	-	-	-	-	-	-	-	(155,271)	-	-	-	-	(155,271)	-	(155,271)
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	-	-	-	-	-	-	-	-	409,191	-	-	-	-	-	-	409,191	-	409,191
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	409,191	-	551,390	7,564	66,758	-	-	8,778,337	-	8,778,337

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Cash Flows
For the Three-Month Period Ended 31 March 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 31 March 2011	Reviewed Prior Period 31 March 2010
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	133,108	567,865
1.1.1 Interests received	1,494,846	1,461,673
1.1.2 Interests paid	(713,690)	(703,495)
1.1.3 Dividends received	2,257	1,851
1.1.4 Fee and commissions received	117,931	102,792
1.1.5 Other income	43,616	37,476
1.1.6 Collections from previously written-off loans and other receivables	(122,150)	114,008
1.1.7 Payments to personnel and service suppliers	(499,548)	(432,776)
1.1.8 Taxes paid	(112,911)	(82,626)
1.1.9 Others	(77,243)	68,962
1.2 Changes in operating assets and liabilities	102,605	2,045,187
1.2.1 Net (increase) decrease in financial assets held for trading purpose	-	-
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(3,007)	(74,143)
1.2.4 Net (increase) decrease in loans	(1,895,554)	(2,182,679)
1.2.5 Net (increase) decrease in other assets	(188,732)	(19,134)
1.2.6 Net increase (decrease) in bank deposits	1,877,821	751,107
1.2.7 Net increase (decrease) in other deposits	(942,607)	2,946,473
1.2.8 Net increase (decrease) in funds borrowed	284,275	1,344,761
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	970,409	(721,198)
I. Net cash flow from banking operations	235,713	2,613,052
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	585,392	(3,378,701)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	-	-
2.3 Purchases of tangible assets	(32,238)	(11,064)
2.4 Proceeds from disposal of tangible assets	78,977	8,837
2.5 Cash paid for purchase of available-for-sale financial assets	(1,368,499)	(5,712,067)
2.6 Proceeds from disposal of available-for-sale financial assets	992,741	2,191,784
2.7 Cash paid for purchase of held-to-maturity investments	(29,560)	(35,910)
2.8 Proceeds from disposal of held-to-maturity investments	947,517	183,134
2.9 Others	(3,546)	(3,415)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	-	-
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	-	-
3.5 Repayments for finance leases	-	-
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	4,997	7,270
V. Net increase in cash and cash equivalents	826,102	(758,379)
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	7,213,556	7,433,256

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

SECTION THREE

Accounting Policies

I. Basis of presentation

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

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

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

Strategy for the use of financial instruments

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

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

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

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

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

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

Information on foreign currency transactions

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

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

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

III. Information on forwards, options and other derivative transactions

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

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

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

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

IV. Information on interest income and expenses

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

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

The accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

V. Information on fees and commissions

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

VI. Information on financial assets

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

After the first record purchases of investments held to maturity are recorded at cost amortized using effective interest method by deducting provisions for 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.

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 31 March 2011 is TL 2,623 (full TL) (31 December 2010: TL 2,517 (full TL)).

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

As at 31 March 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.

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

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

The technical financial statements of the Fund are audited by the certified actuary according to the the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2010 which is prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

XVI. Information on taxation

Corporate tax

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

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

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

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

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

Deferred taxes

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

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

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

Transfer pricing

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

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

XVII. Additional information on borrowings

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

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

XVIII. Information on issuance of equity securities

The shares of the Bank having nominal value of TL 322,000,000 (full TL) 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 31 March 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 three-month period ended 31 March 2011, earning per share is TL 0.1637 (31 March 2010: TL 0.1220).

Related parties

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

Cash and cash equivalents

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

SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 14.64% (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

	31 March 2011						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Balance sheet items (Net)	12,058,716	-	1,999,194	13,941,614	35,494,563	61,785	2,397
Cash and cash equivalents	570,157	-	1	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	4,454,271	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	587,102	-	1,631,360	-	198,683	-	-
Interbank money market placements	-	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-
Reserve deposits at CBT	1,402,940	-	-	-	-	-	-
Loans	154,673	-	261,365	13,828,567	32,249,339	61,785	2,397
Loans under follow-up (Net)	-	-	-	-	23,423	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Held-to-maturity investment securities	4,679,307	-	29,260	-	-	-	-
Receivables from term sale of assets	-	-	-	-	93,619	-	-
Miscellaneous receivables	2,200	-	35,924	-	475,207	-	-
Interest and other income accruals	114,906	-	41,284	113,047	283,521	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	885,784	-	-
Tangible assets (Net)	-	-	-	-	877,633	-	-
Other assets	93,160	-	-	-	407,354	-	-
Off-balance sheet items	236,607	-	533,007	431,679	7,611,378	-	-
Non-cash loans and commitments	236,607	-	358,388	431,679	7,607,165	-	-
Derivative financial instruments	-	-	174,619	-	4,213	-	-
Non-risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	12,295,323	-	2,532,201	14,373,293	43,105,941	61,785	2,397

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Value at credit risk (VaCR)	50,896,499	48,608,735
Value at market risk (VaMR)	2,163,013	1,781,375
Value at operational risk (VaOR) (*)	6,531,375	5,795,900
Equity	8,724,670	8,065,195
Equity/ (VaCR+VaMR+VaOR)*100	%14.64	%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	409,191	1,157,140
Current Period's Profit	409,191	1,157,140
Prior Years' Profit	-	-
Provision for Possible Losses (up to 25% of Core Capital)	68,555	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 (-)	75,683	73,009
Prepaid Expenses (-)	-	323,581
Intangible Assets (-)	54,185	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	8,098,876	7,401,258
SUPPLEMENTARY CAPITAL		
General Provisions	457,289	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	248,126	317,997
Associates and Subsidiaries	164,294	178,791
Available for Sale Investment Securities	83,832	139,206
Other Profit Reserves	-	-
Total Supplementary Capital	772,173	812,403
TIER III CAPITAL	-	-
CAPITAL	8,871,049	8,213,661
DEDUCTIONS FROM CAPITAL	146,379	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	146,072	148,466
Others	307	-
TOTAL EQUITY	8,724,670	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	114,752
(II) Capital Obligation against Specific Risks - Standard Method	38,256
(III) Capital Obligation against Currency Risk - Standard Method	19,317
(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	716
(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)	173,041
(IX) Value-At-Market Risk (12.5xVIII) or (12.5xVII)	2,163,013

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	31 March 2011	31 March 2010
		Equity	Equity
ISE – 100 (IMKB - 100)	10%	37,800	26,250

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 31 March 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 2010, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to TL 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 31 March 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	1.5400	2.1836
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	1.5200	2.1426
Day 2	1.5200	2.1453
Day 3	1.5100	2.1216
Day 4	1.5100	2.1397
Day 5	1.5300	2.1552
	US Dollar	Euro
Last 30-days arithmetical average rate	1.5507	2.1600

Information on currency risk

Current Period	Euro	US Dollar	Japanese Yen	Other FCs	Total
Assets:					
Cash and balances with the Central Bank of Turkey	51,139	1,959,903	146	8,001	2,019,189
Banks	1,000,468	1,294,868	688	37,335	2,333,359
Financial assets at fair value through profit or loss ⁽¹⁾	575	10,748	-	-	11,323
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	597,393	1,783,377	-	-	2,380,770
Loans and receivables ⁽²⁾	5,882,327	9,013,183	1,306	55,848	14,952,664
Associates, subsidiaries and joint-ventures	150,015	-	-	-	150,015
Held-to-maturity investments	151,776	1,171,674	-	-	1,323,450
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	2,270	-	-	2,270
Intangible assets	-	-	-	-	-
Other assets ⁽³⁾	7,364	83,720	-	247	91,331
Total assets	7,841,057	15,319,743	2,140	101,431	23,264,371
Liabilities:					
Bank deposits	191,251	1,486,474	-	39	1,677,764
Foreign currency deposits	3,808,258	6,889,323	924	39,607	10,738,112
Interbank money market takings	499,039	1,871,834	-	-	2,370,873
Other funding	3,289,007	3,228,953	1,305	38,222	6,557,487
Securities issued	-	-	-	-	-
Miscellaneous payables	3,583	25,329	-	77	28,989
Derivative financial liabilities held for risk Management purpose	-	-	-	-	-
Other liabilities ^{(1) (4)}	74,208	354,885	-	22,274	451,367
Total liabilities	7,865,346	13,856,798	2,229	100,219	21,824,592
Net 'on balance sheet' position	(24,289)	1,462,945	(89)	1,212	1,439,779
Net 'off-balance sheet' position	(150,665)	(1,051,626)	943	3,991	(1,197,357)
Derivative assets ⁽⁶⁾	468,529	2,253,440	943	21,203	2,744,115
Derivative liabilities ⁽⁶⁾	619,194	3,305,066	-	17,212	3,941,472
Non-cash loans ⁽⁵⁾	1,604,743	3,157,178	44,642	122,725	4,929,288
Prior Period					
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	294,745	1,894,659	551	11,001	2,200,956
Derivative liabilities	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 609,655 (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 18,027 (31 December 2010: TL 14,064) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 17,778 (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 598,597 (31 December 2010: TL 220,570) and asset sales commitments amounting to TL 620,366 (31 December 2010: TL 271,718) are included.

Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the three-month period ended 31 March 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.

	31 March 2011		31 March 2010	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	28,331	39,830	(20,606)	(11,708)
EUR	(33,644)	(32,497)	(187)	1,149
Other currencies	606	606	(244)	(244)
Total, net	(4,707)	7,939	(21,037)	(10,803)

(*) 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 three-month period ended 31 March 2011 and 2010 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 March 2011		31 March 2010	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(24,457)	(35,956)	25,002	16,104
Euro	33,644	32,497	254	(1,082)
Other currencies	164	164	1,007	1,007
Total, net	9,351	(3,295)	26,263	16,029

(*) 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	-	-	-	-	-	6,427,369	6,427,369
Banks	1,734,620	79,052	47,358	-	-	557,346	2,418,376
Financial assets at fair value through profit/loss	8,469	6,528	30,350	5,794	-	-	51,141
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	4,186,170	1,670,849	3,198,826	1,404,174	1,974,525	10,750	12,445,294
Loans and receivables	15,217,917	9,847,131	7,883,704	9,751,948	4,237,509	23,423	46,961,632
Held-to-maturity investments	872,719	549,505	87,531	1,002,096	2,310,099	-	4,821,950
Other assets (*)	5,079	22	6,982	117,065	394	3,035,414	3,164,956
Total assets	22,024,974	12,153,087	11,254,751	12,281,077	8,522,527	10,054,302	76,290,718
Liabilities:							
Bank deposits	1,760,521	1,433,488	561,964	-	-	19,946	3,775,919
Other deposits	25,405,532	9,317,318	2,731,036	7,247	-	7,414,600	44,875,733
Interbank money market takings	6,496,648	1,267,358	1,079,967	-	-	-	8,843,973
Miscellaneous payables	-	20,265	2,426	-	-	1,551,682	1,574,373
Securities issued	-	-	-	-	-	-	-
Funds borrowed	447,960	3,117,179	3,012,280	18,715	18,553	-	6,614,687
Other liabilities (**)	7,105	5,208	20,855	41,036	16,420	10,515,409	10,606,033
Total liabilities	34,117,766	15,160,816	7,408,528	66,998	34,973	19,501,637	76,290,718
On balance sheet long position	-	-	3,846,223	12,214,079	8,487,554	-	24,547,856
On balance sheet short position	(12,092,792)	(3,007,729)	-	-	-	(9,447,335)	(24,547,856)
Off-balance sheet long position	158,500	754,600	50,107	30,125	-	-	993,332
Off-balance sheet short position	-	(20,265)	(251,270)	(585,068)	(115,500)	-	(972,103)
Position, Net	(11,934,292)	(2,273,394)	3,645,060	11,659,136	8,372,054	(9,447,335)	21,229

(*) 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	0.80	0.93	-	7.09
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.63	6.98	-	8.30
Loans and receivables	4.20	3.90	3.49	13.53
Held-to-maturity investments	5.58	7.43	-	9.73
Liabilities:				
Bank deposits	2.62	1.49	-	7.68
Other deposits	2.72	2.47	-	7.19
Interbank money market takings	1.37	1.33	-	6.63
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	1.74	1.40	0.49	7.16
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 31 March 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 31 March 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 31 March 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	18,755	(17,181)	18,755	(17,181)
Available-for-sale financial assets	28,627	(28,747)	(184,840)	198,817
Floating rate financial assets	66,397	(66,397)	66,397	(66,397)
Floating rate financial liabilities	(16,828)	16,828	(16,828)	16,828
Total, net	96,951	(95,497)	(116,516)	132,067

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	(6,982)	7,712	(6,982)	7,712
Available-for-sale financial assets	28,184	(28,373)	(211,174)	223,409
Floating rate financial assets	57,919	(57,919)	57,919	(57,919)
Floating rate financial liabilities	(16,928)	16,928	(16,928)	16,928
Total, net	62,193	(61,652)	(177,165)	190,130

(*) 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	6,427,369	-	-	-	-	-	-	6,427,369
Banks	1,144,448	1,147,518	79,052	47,358	-	-	-	2,418,376
Financial assets at fair value through profit/loss	-	7,799	2,294	30,350	10,698	-	-	51,141
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	3,413	23,143	1,179,843	6,060,543	5,167,602	10,750	12,445,294
Loans and receivables	-	6,802,684	2,772,774	8,852,478	22,076,401	6,433,872	23,423	46,961,632
Held-to-maturity investments	-	496,698	141,277	26,079	1,847,796	2,310,100	-	4,821,950
Other assets	-	426,495	12,591	8,182	199,941	394	2,517,353	3,164,956
Total assets	7,571,817	8,884,607	3,031,131	10,144,290	30,195,379	13,911,968	2,551,526	76,290,718
Liabilities:								
Bank deposits	19,946	1,760,521	1,433,488	561,964	-	-	-	3,775,919
Other deposits	7,414,600	25,405,532	9,317,318	2,731,036	7,247	-	-	44,875,733
Funds borrowed	-	74,084	227,899	3,532,978	1,639,197	1,140,529	-	6,614,687
Interbank money market takings	-	6,456,572	1,220,646	1,120,043	46,712	-	-	8,843,973
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,440,623	30,661	2,426	20,265	-	80,398	1,574,373
Other liabilities	-	233,538	69,266	22,349	48,666	16,420	10,215,794	10,606,033
Total liabilities	7,434,546	35,370,870	12,299,278	7,970,796	1,762,087	1,156,949	10,296,192	76,290,718
Liquidity gap	137,271	(26,486,263)	(9,268,147)	2,173,494	28,433,292	12,755,019	(7,744,666)	-
Prior Period								
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed^(*)	Total
Total assets	5,546,854	11,444,770	2,895,358	11,524,278	28,066,663	11,971,319	2,512,445	73,961,687
Total liabilities	7,276,876	34,067,607	13,332,387	5,916,454	2,214,721	1,097,732	10,055,910	73,961,687
Liquidity gap	(1,730,022)	(22,622,837)	(10,437,029)	5,607,824	25,851,942	10,873,587	(7,543,465)	-

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

Residual contractual maturities of the financial liabilities

31 March 2011	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	3,775,919	3,799,519	19,946	1,761,538	1,442,919	575,116	-	-
Other deposits	44,875,733	45,081,553	7,414,600	25,545,115	9,368,510	2,746,041	7,287	-
Funds borrowed	6,614,687	7,033,782	-	74,130	228,876	3,585,975	1,824,935	1,319,866
Money market takings	8,843,973	8,868,973	-	6,465,545	1,226,272	1,127,925	49,231	-
Miscellaneous payables	1,574,373	1,574,373	80,398	1,440,623	30,661	2,426	20,265	-
Other liabilities	594,476	594,476	413,480	88,677	4,884	22,349	48,666	16,420
Total	66,279,161	66,952,676	7,928,424	35,375,628	12,302,122	8,059,832	1,950,384	1,336,286

Non-Cash Loans	11,752,534	11,752,534	7,196,047	599,761	840,766	1,993,384	1,106,821	15,755
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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
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This table shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the financial statements.

VI. Segment reporting

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

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

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

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

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	299,138	189,042	233,288	265,207	986,675
Undistributed expenses	-	-	-	(528,709)	(528,709)
Operating profit	299,138	189,042	233,288	(263,502)	457,966
Income from associates	-	-	-	-	44,329
Income before taxes	-	-	-	-	502,295
Provision for taxes	-	-	-	-	(93,104)
Net profit	-	-	-	-	409,191
Segment assets	16,364,422	30,597,210	25,725,715	-	72,687,347
Investments in associates and subsidiaries	-	-	885,784	-	885,784
Undistributed assets	-	-	-	2,717,587	2,717,587
Total assets	16,364,422	30,597,210	26,611,499	2,717,587	76,290,718
Segment liabilities	17,313,576	31,338,076	15,586,627	-	64,238,279
Equity	-	-	-	8,778,337	8,778,337
Undistributed liabilities	-	-	-	3,274,102	3,274,102
Total Liabilities and Equity	17,313,576	31,338,076	15,586,627	12,052,439	76,290,718

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	480,050	89,110	571,538	83,801
Central Bank of Turkey (*)	3,928,130	1,929,081	2,037,805	1,953,075
Others	-	998	-	661
Total	4,408,180	2,019,189	2,609,343	2,037,537

(*) TL 1,402,940 (31 December 2010: TL 1,423,140) of the foreign currency deposit at Central Bank consist of foreign currency reserve requirements.

According to the no. 2005/1 announcement of the CBT, "Announcement on Reserve Deposits", all banks operating in Turkey should provide a reserve amounting to 12% for demand deposits, but the amounts decrease down to %5 as maturities get longer (31 December 2010: for all maturity ranges 6%). Foreign currency liabilities denominated in foreign currencies including the U.S. Dollar or Euro 11% (31 December 2010: 11%) required reserve ratio are established.

As at 31 March 2011 and 31 December 2010, Central Bank doesn't operate interest over TL and FX required reserves.

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	3,928,130	526,141	2,034,444	529,935
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	1,402,940	3,361	1,423,140
Total	3,928,130	1,929,081	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	626	623	907	99
Swap Transactions	36,739	12,519	356	21,248
Futures	-	-	-	-
Options	570	64	80	1,358
Others	-	-	-	-
Total	37,935	13,206	1,343	22,705

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	85,017	2,333,359	73,080	1,198,593
Domestic	85,017	246,394	33,064	78,946
Foreign	-	2,086,965	40,016	1,119,647
Foreign Head Offices and Branches	-	-	-	-
Total	85,017	2,333,359	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	1,032,055	69,023	1,660,529	68,530
Others	-	-	-	-
Total	1,032,055	69,023	1,660,529	68,530

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	4,571,459	-	5,074,766	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	1,617,665	-	1,451,246
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	4,571,459	1,617,665	5,074,766	1,451,246

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		12,480,432		13,765,091
Quoted		12,480,432		13,765,091
Unquoted		-		-
Equity securities		10,750		10,750
Quoted		-		-
Unquoted		10,750		10,750
Provision for impairment on available-for-sale financial assets (-)		45,888		11,010
Total		12,445,294		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	-	26,879	-	563
Legal entities	-	26,879	-	563
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	49,439	-	45,654	-
Total	49,439	26,879	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	44,604,695	-	1,739,709	550,530
Discounted bills	6,011	-	-	1
Exporting loans	3,516,652	-	133,221	72,966
Importing loans	-	-	-	6
Loans to the financial sectors	2,600,314	-	1,023	85
Overseas loans	66,821	-	-	-
Consumer loans	14,317,537	-	490,009	120,415
Credit cards	1,402,891	-	73,489	7,731
Precious metal loans	-	-	-	-
Others	22,694,469	-	1,041,967	349,326
Specialization loans	43,275	-	-	-
Other receivables	-	-	-	-
Total	44,647,970	-	1,739,709	550,530

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	231,234	14,081,847	14,313,081
Housing Loans	5,470	6,674,101	6,679,571
Automobile Loans	3,394	229,113	232,507
General Purpose Loans	58,234	3,245,197	3,303,431
Other	164,136	3,933,436	4,097,572
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	1,392,962	2,293	1,395,255
With Installment	490,075	2,293	492,368
Without Installment	902,887	-	902,887
Retail Credit Cards – FC	1,367	-	1,367
With Installment	-	-	-
Without Installment	1,367	-	1,367
Personnel Loans – TL	779	26,330	27,109
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	735	26,330	27,065
Other	44	-	44
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	22,284	-	22,284
With Installment	8,515	-	8,515
Without Installment	13,769	-	13,769
Personnel Credit Cards – FC	46	-	46
With Installment	-	-	-
Without Installment	46	-	46
Overdraft Checking Accounts – TL (Real persons)	587,771	-	587,771
Overdraft Checking Accounts – FC (Real persons)	-	-	-
Total	2,236,443	14,110,470	16,346,913

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	224,745	5,628,538	5,853,283
Real Estate Loans	314	102,003	102,317
Automobile Loans	18,264	409,673	427,937
General Purpose Loans	206,167	5,116,862	5,323,029
Other	-	-	-
Installment-based Commercial Loans – FC indexed	10,700	240,755	251,455
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	10,700	240,755	251,455
Other	-	-	-
Installment-based Commercial Loans – FC	45	327,794	327,839
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	45	327,794	327,839
Corporate Credit Cards – TL	64,995	104	65,099
With Installment	11,529	104	11,633
Without Installment	53,466	-	53,466
Corporate Credit Cards – FC	60	-	60
With Installment	-	-	-
Without Installment	60	-	60
Overdraft Checking Accounts – TL (Corporate)	253,936	-	253,936
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	554,481	6,197,191	6,751,672

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	46,868,744	44,769,519
Overseas Loans	69,465	66,875
Total	46,938,209	44,836,394

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	398,373	914,750
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	398,373	914,750

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	70,777	66,757
Loans and Receivables with Doubtful Collectibility	184,711	218,622
Uncollectible Loans and Receivables	1,912,515	1,955,712
Total	2,168,003	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	9,029	55,445	107,514
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	9,029	55,445	107,514
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 (+)	82,913	1,024	20,388
Transfers from other categories of loans under follow-up (+)	-	65,169	58,305
Transfers to other categories of loans under follow-up (-)	65,176	79,078	35,685
Collections (-)	14,919	21,026	86,205
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	-
Differences from corrections according to exchange rates	-	-	-
Balance at the end of the period	94,200	184,711	1,912,515
Specific provision (-)	70,777	184,711	1,912,515
Balance, net	23,423	-	-

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

Loans 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	424	12,986	299,946
Specific provision (-)	85	12,986	299,946
Net balance on balance sheet	339	-	-
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)			
Consumer and Commercial Loans (Gross)	94,076	183,323	1,877,323
Specific Provision (-)	70,752	183,323	1,877,323
Consumer and Commercial Loans (Net)	23,324	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	124	1,388	33,641
Specific Provision (-)	25	1,388	33,641
Other Loans and Receivables (Net)	99	-	-
Prior Period (Net)			
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	3,498,500	-	2,911,012	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	1,294,149	-	1,358,592
Total	3,498,500	1,294,149	2,911,012	1,358,592

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	4,847,222	4,336,674
Quoted at Stock Exchanges	4,817,921	4,299,582
Unquoted at Stock Exchanges	29,301	37,092
Impairment Losses (-)	25,272	29,978
Total	4,821,950	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	1,094	43,968
Purchases during the period	1,487,709	2,276,240
Disposals through sales/redemptions	(947,517)	(1,515,414)
Impairment losses	4,706	(17,166)
Change in amortized costs of the securities (*)	(30,738)	20,595
Balances at the end of the period	4,821,950	4,306,696

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

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

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 2,205,476 to its held-to-maturity investment securities portfolio at their fair values of TL 2,166,451 as at their reclassification dates, in 2010. These reclassifications are presented in “purchases during the period” line in the movement table of held-to-maturity investment securities. The value increases 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	200,065	29,260	200,994	29,301
Investments subject to repurchase agreements	2,352,570	955,692	2,421,113	971,592
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	867,478	328,774	876,393	322,557
Total	3,420,113	1,313,726	3,498,500	1,323,450

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
2	Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ	İstanbul/Turkey	11.75
3	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	27.63
4	Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/Turkey	10.00
5	Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38
6	Bankalararası Kart Merkezi AŞ ^(*)	İstanbul/Turkey	9.70
7	Kredi Kayıt Bürosu AŞ	İstanbul/Turkey	9.09
8	Güçbirliği Holding AŞ ^(*)	İzmir/Turkey	0.07
9	İzmir Enternasyonel Otelcilik AŞ	İstanbul/Turkey	5.00
10	İMKB Takas ve Saklama Bankası AŞ ^(*)	İstanbul/Turkey	4.86
11	World Vakıf UBB Ltd.	Lefkoşa/KKTC	82.00
12	Kredi Garanti Fonu AŞ	Ankara/Turkey	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	652,219	56,923	8,070	12,946	2,233	1,766	2,204	-
2	16,370	15,354	105	87	108	(152)	297	16,579
3	87,074	83,434	76,541	85	243	781	1,228	67,456
4	1,057,634	201,550	167,191	16,033	-	41,658	14,153	-
5	8,362,560	1,398,521	26,758	230,193	232,036	227,755	260,898	1,868,838
6	21,011	15,865	6,737	912	-	1,465	1,067	-
7	45,045	19,875	2,517	778	-	4,175	2,638	-
8	116,426	24,879	146	294	-	(9,203)	(8,289)	-
9	106,501	46,382	100,443	-	-	(351)	(806)	-
10	1,504,735	297,695	10,750	31,641	7,624	28,048	37,528	-
11	2,453	(24,727)	-	-	-	(829)	(480)	-
12	140,922	135,790	3,090	900	-	2,685	2,120	-

^(*) The financial statements as at and for the year ended 31 December 2010 are presented.

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	206,682	142,008
Movements during the period	(116)	64,674
Transfers	-	-
Acquisitions and capital increases	-	-
Bonus shares received	9,486	10,477
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	(9,602)	54,197
Impairment losses	-	-
Balance at the end of the period	206,566	206,682
Capital commitments	2,000	2,000
Share percentage at the end of the period (%)	-	-

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

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

Sectoral distribution of investments in associates

	Current Period	Prior Period
Banks	172,578	172,051
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	26,394	27,037
Total	198,972	199,088

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	177,866	178,758
Quoted at international stock exchanges	-	-
Total	177,866	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

At the current period, Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, increased its paid-in capital from TL 700,000 to TL 800,000 in the current period. The share of the Bank amounting to TL 8,378 is presented in the movement table of investments in associates as bonus shares received.

At the current period, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, increased its paid-in capital from TL 600,000 to TL 22,000 in the current period. The share of the Bank amounting to TL 332 is presented in the movement table of investments in associates as bonus shares received.

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

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

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

8. Information on investments in subsidiaries

Information on investments in subsidiaries

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	1,091,652	170,263	53,823	11,513	-	(65,520)	(34,640)	312,591
2	1,190,918	107,994	24,319	19,941	31,177	7,483	17,690	194,500
3	8,806	8,679	1,062	317	1	(51)	(351)	12,500
4	210,771	205,294	90,755	7,904	(17)	(2,441)	(1,916)	212,968
5	569,352	77,268	468	11,209	-	2,656	3,697	70,000
6	575,589	86,127	3,512	36,242	56	17,442	30,395	124,829
7	46,219	9,184	204	718	-	1,001	564	-
8	98,007	53,937	352	1,657	105	1,630	1,330	55,298
9	14,686	7,826	421	867	38	862	869	12,000
10	16,079	11,902	410	788	65	5,147	3,884	32,000
11	1,093,660	156,884	1,515	31,075	8,133	9,301	(10,491)	166,683
12	6,309	4,922	9	89	7	322	376	19,621

(*) The financial statements as at and for the year ended 31 December 2010 are presented.

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	688,501	546,249
Movements during the period	(9,283)	142,252
Transfers	-	-
Acquisitions and capital increases	-	42,320
Bonus shares received	14,678	-
Dividends from current year profit	-	-
Sales and liquidations	-	-
Fair value changes	(23,961)	113,467
Impairment losses	-	(13,535)
Balance at the end of the period	679,218	688,501
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	679,218	688,501
Equity method of accounting	-	-
Total	679,218	688,501

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	150,015	150,015
Insurance companies	208,207	214,617
Factoring companies	50,368	50,368
Leasing companies	73,287	64,965
Finance companies	-	-
Other financial subsidiaries	56,896	67,996
Total	538,773	547,961

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	186,914	183,064
Quoted at international stock exchanges	-	-
Total	186,914	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, Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, increased its paid-in capital from TL 25,000 to TL 50,000. 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 31 March 2011 and 31 December 2010, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
<i>Deferred tax assets:</i>	114,916	122,478
Provision for employee termination benefits and unused vacations	43,789	43,307
Other provisions	24,537	23,572
Valuation difference for associates and subsidiaries	23,456	23,456
BRSA - Tax Code depreciation differences	17,312	16,986
Valuation differences of financial assets and liabilities	4,155	13,582
Others	1,667	1,575
<i>Deferred tax liabilities:</i>	(32,040)	(35,244)
Valuation differences of financial assets and liabilities	(16,181)	(17,525)
Valuation difference for associates and subsidiaries	(15,859)	(17,719)
Deferred tax assets, net	82,876	87,234

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

None.

15. Information on other assets

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

	Current period	Prior Period
Prepaid expenses	412,849	292,504
Receivables from credit card payments	375,310	323,581
Receivables from term sale of assets	93,619	87,974
Receivables from lawsuit expenses	56,500	37,763
Receivables from derivative financial instruments	38,124	52,062
Others	66,321	41,971
Total	1,042,723	835,855

The bank has recorded specific provisions amounting to TL 51,937 (31 December 2010: TL 48,480) for TL 52,548 (31 December 2010: TL 48,926) lawsuit and court expenses undertaken due to loans and advances under follow-up loans of total TL 56,500 lawsuit and court expenses.

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	1,582,321	-	715,478	10,280,144	366,058	19,508	46,136	-	13,009,645
Foreign Currency Deposits	1,047,507	-	1,892,275	5,778,762	496,675	231,036	1,291,857	-	10,738,112
Residents in Turkey	997,213	-	1,847,193	5,689,456	493,944	227,069	1,276,426	-	10,531,301
Residents in Abroad	50,294	-	45,082	89,306	2,731	3,967	15,431	-	206,811
Public Sector Deposits	2,315,646	-	1,189,445	4,242,633	615,498	11,804	8,572	-	8,383,598
Commercial Deposits	939,062	-	2,427,671	4,821,988	425,766	2,143	1,504	-	8,618,134
Others	1,530,064	-	410,227	1,434,489	721,801	9,467	20,196	-	4,126,244
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	19,946	-	1,482,402	1,267,734	123,504	882,333	-	-	3,775,919
Central Bank	94	-	-	-	-	-	-	-	94
Domestic Banks	4,569	-	1,433,073	915,395	107,313	153,065	-	-	2,613,415
Foreign Banks	6,657	-	49,329	352,339	16,191	729,268	-	-	1,153,784
Participation Banks	8,620	-	-	-	-	-	-	-	8,620
Others	6	-	-	-	-	-	-	-	6
Total	7,434,546	-	8,117,498	27,825,750	2,749,302	1,156,291	1,368,265	-	48,651,652

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	9	-	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	5,920,534	5,664,532	7,089,111	6,749,362
Foreign Currency Saving Deposits	1,346,634	1,378,766	2,951,052	2,759,321
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	7,267,168	7,043,298	10,040,163	9,508,683

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	3,952	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	2,293	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	521	602	845	94
Swap Transactions	12,859	31,038	20,297	80,716
Futures	-	-	-	-
Options	598	1,730	95	1,320
Others	-	-	-	-
Total	13,978	33,370	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	57,200	228,017	51,292	213,965
Foreign Banks, Institutions and Funds	-	6,329,470	-	6,062,137
Total	57,200	6,557,487	51,292	6,276,102

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	54,860	3,723,306	38,861	3,375,423
Medium and Long term (*)	2,340	2,834,181	12,431	2,900,679
Total	57,200	6,557,487	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 9.8% (31 December 2010: 9.7%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

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

This loan renovated with a new syndicated loan at the amount of US Dollar 192,5 million and Euro 573,5 million with interest rates of US Libor+ % 1.10 and Euribor + %1.10 with one year maturity which obtained from the consortium of the 34 bank under the coordination of West LB AG and agency of ING Bank N.V.

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

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

5. Information on lease payables (net)

Obligations under finance leases

None.

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

Negative fair values of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	376,616	350,017
Provisions for loans and receivables in Group II	40,158	40,852
Provisions for non-cash loans	39,146	35,922
Others	1,369	1,085
Total	457,289	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	4,054	835

The Bank recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 4,054 (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 collectability	509	233
Non-cash loans with doubtful collectability	1,018	3,636
Uncollectible non-cash loans	87,759	88,379
Total	89,286	92,248

Information on other provisions

As at 31.12.2011, Bank has recognized provision for loans under follow-up amounting to 3% (31 December 2010: 3%) and the related amount TL 68,555(31 December 2010:TL 65,428 TL) is accounted provision account for various risk under other provisions enclosed financial statements.

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Specific provisions for non-cash loans	89,286	92,248
Provision for loans under follow-up	68,555	65,428
Provision for cheques	16,937	15,226
Provision for World Vakıf UBB Ltd with regard to its negative equity	20,276	19,680
Provisions for lawsuits against the Bank	14,673	14,673
Provisions for credit card promotions	8,335	7,873
Other provisions	5,199	5,199
Total	223,261	220,327

8. Taxation

Current taxes

Tax provision

As at 31 March 2011, corporate taxes payable is amounted to TL 361,460 (31 December 2010: TL 296,978) and the corporate tax liability remains after deduction of taxes paid in advance is amounted to TL 64,382 (31 December 2010: TL 112,811)

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	64,382	112,811
Taxation on securities	92,056	38,770
Capital gains tax on property	1,172	1,031
Banking and insurance transaction tax (BITT)	19,372	22,201
Taxes on foreign exchange transactions	-	-
Value added tax payable	1,067	1,160
Others	29,542	14,391
Total	207,591	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	551	367
Unemployment insurance- employer share	1,101	735
Others	-	-
Total	1,652	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	301,805	56,311	334,023	56,310
Fair value differences of available-for-sale securities	59,840	126,454	124,540	184,808
Foreign exchange differences	6,980	-	6,980	-
Total	368,625	182,765	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	5,197,339	4,880,798
Loan granting commitments	3,616,464	3,679,208
Asset purchase sale commitments	1,740,380	904,825
Commitments for cheque payments	667,723	655,194
Share capital commitments to associates and subsidiaries	2,000	2,000
Total	11,223,906	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 91,321 (31 December 2010: TL 93,180) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 89,286 (31 December 2010: TL 92,248).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional letters of guarantee	521,863	627,236
Final letters of guarantee	3,569,263	3,480,369
Letters of guarantee for advances	1,288,745	1,215,050
Letters of guarantee given to custom offices	219,318	215,578
Other letters of guarantee	2,901,428	2,690,927
Total	8,500,617	8,229,160

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	237,860	309,128
With original maturity of 1 year or less	119,067	197,708
With original maturity of more than 1 year	118,793	111,420
Other non-cash loans	11,514,674	11,035,532
Total	11,752,534	11,344,660

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	36,890	0.54	181,608	3.68	34,489	0.54	168,629	3.46
Farming and Cattle	32,920	0.48	176,790	3.59	30,764	0.48	154,865	3.17
Forestry	3,191	0.05	-	-	3,252	0.05	3,250	0.07
Fishing	779	0.01	4,818	0.09	473	0.01	10,514	0.22
Manufacturing	2,982,868	43.71	2,501,057	50.74	2,913,650	45.06	2,585,483	52.99
Mining	36,878	0.54	153,679	3.12	37,315	0.58	177,128	3.63
Production	2,015,055	29.53	1,840,448	37.34	1,974,922	30.54	1,762,739	36.13
Electric, gas and water	930,935	13.64	506,930	10.28	901,413	13.94	645,616	13.23
Construction	1,010,331	14.81	833,810	16.92	1,082,641	16.74	730,552	14.98
Services	2,135,439	31.30	378,170	7.67	1,893,805	29.29	404,005	8.28
Wholesale and retail trade	750,443	11.00	181,066	3.67	721,816	11.16	179,191	3.67
Hotel, food and beverage services	42,129	0.62	4,067	0.08	42,105	0.65	7,510	0.15
Transportation and telecommunication	225,458	3.30	138,790	2.82	204,053	3.16	185,871	3.81
Financial institutions	1,038,459	15.22	33,592	0.68	888,134	13.73	17,834	0.37
Real estate and renting services	16,817	0.25	-	-	2,008	0.03	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	5,100	0.07	1,346	0.03	4,925	0.08	-	-
Health and social services	57,033	0.84	19,309	0.39	30,764	0.48	13,599	0.28
Others	657,718	9.64	1,034,643	20.99	541,753	8.37	989,653	20.29
Total	6,823,246	100.00	4,929,288	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	6,683,379	1,611,342	91,142	26,494
Confirmed Bills of Exchange and Acceptances	12,562	162,949	-	4,653
Letters of Credit	7,660	3,023,822	-	31,979
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	5,231	-	-
Non-Cash Loans	6,703,601	4,803,344	91,142	63,126

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	289,555	25,180	306,673	47,826
Medium and Long-Term Loans	593,874	112,978	556,301	79,304
Loans Under Follow-Up	31,386	-	23,695	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	914,815	138,158	886,669	127,130

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	345	408	725	251
Foreign Banks	39	1,053	61	544
Foreign Head Office and Branches	-	-	-	-
Total	384	1,461	786	795

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	5,374	11,492

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,037	24,804	1,106	16,593
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,037	434	1,106	626
Foreign Banks	-	24,370	-	15,967
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	1,570	-	634
Total	1,037	26,374	1,106	17,227

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	8,051	6,993

Interest expense on securities issued

None.

3. Information on trading income/losses

	Current Period	Prior Period
Income	312,344	196,780
Income from capital market transactions	27,551	37,467
Income from derivative financial instruments	120,676	37,302
Foreign exchange gains	164,117	122,011
Losses	(274,390)	(147,263)
Losses from capital market transactions	(3,981)	(356)
Losses from derivative financial instruments	(109,778)	(34,420)
Foreign exchange losses	(160,631)	(112,487)
Trading income/losses, net	37,954	49,517

Net loss arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments was amounted to TL 40,433 as at and for the nine-month period ended 31 March 2011 (31 March 2010: net loss of TL 7,454).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses	172,917	68,485
Communication income	20,471	18,577
Gain on sale of assets	32,787	3,207
Lease income	1,166	1,236
Other income	8,454	14,943
Total	235,795	106,448

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	94,038	138,463
<i>Loans and receivables in Group III</i>	22,630	34,738
<i>Loans and receivables in Group IV</i>	51,936	-
<i>Loans and receivables in Group V</i>	19,472	103,725
Non-performing commissions and other receivables	-	-
General provision expenses	28,831	7,008
Provision for possible losses	3,127	-
Impairment losses on securities:	20,153	7,564
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	20,153	7,564
Other impairment losses:	9,272	20,723
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	13,535
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	9,272	7,188
Others ^(*)	26,652	33,613
Total	182,073	207,371

^(*)Other provision expenses amounting to TL 26,652 (31 March 2010: TL 33,613) is comprised of provision expenses for dividends to the personnel amounting to TL 21,450 (31 March 2010: TL 15,433), provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 4,541 (31 March 2010: TL 17,785) and other provision expenses amounting to TL 661 (31 March 2010: TL 395).

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	191,707	161,983
Reserve for Employee Termination Benefits	2,407	7,071
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	24,406	24,368
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	2,253	1,755
Impairment Losses on Assets to be Disposed	1,112	735
Depreciation Expenses on Assets to be Disposed	2,807	2,672
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	182,555	151,646
<i>Operational lease expenses</i>	26,748	19,276
<i>Repair and maintenance expenses</i>	2,843	3,358
<i>Advertisement expenses</i>	1,957	3,354
<i>Other expenses</i>	151,007	125,658
Loss on sale of assets	267	116
Others	44,591	40,608
Total	452,105	390,954

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 78,942 (31 March 2010: TL 78,065) 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	(7,561)	2,045
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(6,601)	(97)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	(14,162)	1,948

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	398,373	329,354	-	26,879	8,360	2,358
Interest and commission income	5,374	77	-	-	106	25

	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	11,492	89	-	-	130	40

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits:						
Balance at the beginning of the period	731,751	623,235	581,885	917,223	54,423	56,210
Balance at the end of the period	523,686	731,751	663,855	581,885	59,490	54,423
Interest on deposits	8,051	6,993	8,331	13,051	107	139

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)	-	3	-	-	-	-

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 0.87% (31 March 2010: 2.06%) and 3.05% (31 March 2010: 3.03%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	406,733	0.87
Non-cash loans	358,591	3.05
Deposits	1,247,031	2.56
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 judgement was approved by 4. State Council in 2010. Referred to the judicial decision was upheld in 2010 by the Council of State 4 Office.

“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 and mentioned decision was finalized by the acceptance. 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.

- In order to take advantages of banking opportunities in Republic of Iraq, Erbil Branch started operations at 16 February 2011.
- As per the resolution of 57th Annual General Assembly held on 25 March 2011, it is decided to distribute the net profit of year 2011 as follows.

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

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

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

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

December 2010 (*)	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
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 21 April 2011 dated and 2011-06 numbered “Press release related to reserve requirement” of CBT, previous 11% foreign currency reserve requirement rate is amended as 12% for demand deposits, notice deposits, private current accounts, and participation accounts with up to one month, three months, six months and one year maturities, 11% for deposits/participation accounts with one year and longer maturity and cumulative deposits/participation accounts, 12% for other foreign currency liabilities up to one year maturity (including one year), 11.5% for other foreign currency liabilities up to three year maturity (including three year), 11% for other foreign currency liabilities with more than three year maturities. Turkish Lira required reserve rates for demand deposits, notice deposits and private current accounts, deposits/participation accounts up to one month maturity (including one month), have been increased from 15% to 16%.
- In accordance with the 20th provisional article of 73rd article of the Social Security Act Nr. 5754, transferring bank and insurance pension funds to Social Security Institutions within three years has been decided and this period can be extended for two years with the Council of Ministers considering first paragraph of the Act. Three year period, expire on 8 May 2011, has extended to 8 May 2013 by the Council of Ministers published in Official Gazette on 9 April 2011.

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 three-month period ended 31 March 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 10 May 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.