

**TÜRKİYE VAKIFLAR BANKASI  
TÜRK ANONİM ORTAKLIĞI**

**INTERIM CONSOLIDATED CONDENSED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2017**



## REPORT ON REVIEW OF INTERIM CONSOLIDATED CONDENSED FINANCIAL INFORMATION

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

### *Introduction*

1. We have reviewed the accompanying interim consolidated condensed statement of financial position of Türkiye Vakıflar Bankası T.A.O. and its subsidiaries (collectively referred to as the "Group") as of 30 June 2017 and the related interim consolidated condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim consolidated condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated condensed financial information based on our review.

### *Scope of Review*

2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Zeynep Uras, SMMM  
Partner

Istanbul, 17 October 2017

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

<b>CONTENTS</b>	<b>PAGE</b>
<b>INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION</b>	<b>1</b>
<b>INTERIM CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>2-3</b>
<b>INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY</b>	<b>4-5</b>
<b>INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS .....</b>	<b>6</b>
<b>EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS .....</b>	<b>7-24</b>
NOTE 1 GENERAL INFORMATION.....	7-9
NOTE 2 BASIS OF PREPARATION .....	10-13
NOTE 3 USE OF ESTIMATES AND JUDGEMENTS AND SEASONALITY OF OPERATIONS .....	14
NOTE 4 FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES.....	14-16
NOTE 5 SEGMENT INFORMATION .....	16-18
NOTE 6 CASH AND CASH EQUIVALENTS.....	19
NOTE 7 DEBT SECURITIES ISSUED .....	19-20
NOTE 8 EARNINGS PER SHARE.....	20
NOTE 9 RELATED PARTY TRANSACTIONS.....	21
NOTE 10 OTHER INCOME .....	21
NOTE 11 SALARIES AND EMPLOYEE BENEFIT EXPENSES .....	22
NOTE 12 OTHER EXPENSES .....	22
NOTE 13 COMMITMENTS AND CONTINGENCIES.....	23
NOTE 14 SUBSEQUENT EVENTS.....	24

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

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

	Notes	30 June 2017	31 December 2016
<b>ASSETS</b>			
Cash and balances with Central Banks	6	30,969,576	29,590,759
Financial assets at fair value through profit or loss		1,806,601	1,789,259
Loans and advances to banks		587,939	130,157
Loans and advances to customers		170,529,913	150,186,051
Investment securities		28,710,357	26,926,959
Investments in associates		319,534	296,772
Property and equipment		1,790,245	1,818,488
Intangible assets		365,703	353,754
Current tax assets		2,596	2,480
Deferred tax assets		562,850	589,665
Other financial assets		1,780,511	1,876,348
Other assets		5,807,441	5,378,871
<b>Total assets</b>		<b>243,233,266</b>	<b>218,939,563</b>
<b>LIABILITIES AND EQUITY</b>			
Trading liabilities		839,271	1,154,424
Deposits from banks		10,284,306	7,854,914
Deposits from customers		138,868,971	121,069,628
Obligations under repurchase agreements		8,606,653	10,465,424
Funds borrowed		28,218,779	26,299,430
Debt securities issued	7	15,749,085	14,682,824
Subordinated liabilities		5,005,848	5,014,700
Other liabilities and provisions		12,820,296	11,898,387
Corporate tax liabilities		242,913	157,549
Deferred tax liabilities		71,937	19,531
<b>Total liabilities</b>		<b>220,708,059</b>	<b>198,616,811</b>
<b>Equity attributable to owners of the parent</b>			
Share capital		3,300,146	3,300,146
Share premium		724,352	724,352
Revaluation surplus		675,056	676,238
Reserves		1,983,205	1,494,405
Retained earnings		15,116,256	13,419,948
<b>Total equity attributable to owners of the parent</b>		<b>21,799,015</b>	<b>19,615,089</b>
<b>Non-controlling interests</b>		<b>726,192</b>	<b>707,663</b>
<b>Total equity</b>		<b>22,525,207</b>	<b>20,322,752</b>
<b>Total liabilities and equity</b>		<b>243,233,266</b>	<b>218,939,563</b>
<b>Commitments and contingencies</b>		<b>90,534,926</b>	<b>80,486,372</b>

The notes on pages 7 to 24 are an integral part of these interim consolidated condensed financial statements.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

Notes	1 January - 30 June 2017	1 January - 30 June 2016
<b>Interest income</b>		
Interest on loans and receivables	8,373,817	6,758,165
Interest on securities	1,579,885	1,090,243
<i>Trading financial assets</i>	8,435	12,539
<i>Available-for-sale financial assets</i>	958,795	748,551
<i>Held-to-maturity investments</i>	612,655	329,153
Interest on deposits at banks	88,153	58,651
Interest on money market placements	22,455	316
Other interest income	184,429	112,812
<b>Total interest income</b>	<b>10,248,739</b>	<b>8,020,187</b>
<b>Interest expense</b>		
Interest on deposits	(3,947,460)	(3,607,932)
Interest on money market deposits	(633,909)	(489,117)
Interest on funds borrowed	(379,222)	(217,789)
Interest expense on securities issued	(445,715)	(318,983)
Other interest expense	(196,712)	(164,079)
<b>Total interest expense</b>	<b>(5,603,018)</b>	<b>(4,797,900)</b>
<b>Net interest income</b>	<b>4,645,721</b>	<b>3,222,287</b>
Fee and commission income	862,017	672,560
Fee and commission expense	(304,762)	(265,535)
<b>Net fee and commission income</b>	<b>557,255</b>	<b>407,025</b>
<b>Other operating income</b>		
Net trading income	15,578	18,735
Net foreign exchange gains	112,230	46,653
Other income	10 849,801	726,428
<b>Total other operating income</b>	<b>977,609</b>	<b>791,816</b>
<b>Other administrative and operating expenses</b>		
Salaries and employee benefit expenses	11 (1,040,059)	(939,346)
Provision for loan impairment, net of recoveries	(857,239)	(671,006)
Depreciation and amortisation	(97,417)	(81,657)
Taxes other than on income	(80,078)	(73,514)
Other expenses	12 (1,506,426)	(1,383,812)
<b>Total other administrative and operating expenses</b>	<b>(3,581,219)</b>	<b>(3,149,335)</b>
Share of profit of associates accounted for using the equity method	26,285	21,291
<b>Profit before income tax</b>	<b>2,625,651</b>	<b>1,293,084</b>
Income tax expense	(504,730)	(258,630)
<b>Profit for the period</b>	<b>2,120,921</b>	<b>1,034,454</b>

The notes on pages 7 to 24 are an integral part of these interim consolidated condensed financial statements.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

	Notes	1 January - 30 June 2017	1 January - 30 June 2016
<b>Other comprehensive income:</b>			
<i>Items that will never be classified to profit or loss:</i>			
Re-measurement of post - employment benefit obligation		333	(589)
Revaluation of property, plant and equipment		(2,053)	852
Related tax		344	13
		<b>(1,376)</b>	<b>276</b>
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		32,932	3,829
Net change in fair value of available for sale financial assets		229,470	378,129
Fair value differences of available for sale financial assets transferred to profit or loss		3,467	31,216
Other items		(306)	-
Income tax related to items that will be reclassified subsequently to profit or loss		(45,116)	(77,908)
<b>Other comprehensive income for the period, net of income tax</b>		<b>219,071</b>	<b>335,542</b>
<b>Total comprehensive income for the period</b>		<b>2,339,992</b>	<b>1,369,996</b>
<b>Profit/(loss) attributable to:</b>			
- Owners of the parent	8	2,105,111	1,053,732
- Non-controlling interests		15,810	(19,278)
<b>Profit for the period</b>		<b>2,120,921</b>	<b>1,034,454</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
- Owners of the parent		2,319,686	1,387,282
- Non-controlling interests		20,306	(17,286)
<b>Total comprehensive income for the period</b>		<b>2,339,992</b>	<b>1,369,996</b>
Basic and diluted Earnings per share on profit for the period (full TL)	8	0.0084	0.0042

The notes on pages 7 to 24 are an integral part of these interim consolidated condensed financial statements.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

	Attributable to owners of the parent									Non-controlling interest	Total equity
	Share Capital	Share premium	Fair value reserves	Revaluation Surplus	Reserves			Retained earnings	Total		
					Currency translation reserve	Legal reserves					
<b>Balances at 1 January 2017</b>	<b>3,300,146</b>	<b>724,352</b>	<b>(160,481)</b>	<b>676,238</b>	<b>210,306</b>	<b>1,444,580</b>	<b>13,419,948</b>	<b>19,615,089</b>	<b>707,663</b>	<b>20,322,752</b>	
<b>Profit for the period</b>	-	-	-	-	-	-	<b>2,105,111</b>	<b>2,105,111</b>	<b>15,810</b>	<b>2,120,921</b>	
<b>Other comprehensive income</b>											
Re-measurements of defined benefit plans	-	-	-	-	-	-	(29)	(29)	295	266	
Change in revaluation surplus	-	-	-	(1,182)	-	-	-	(1,182)	(460)	(1,642)	
Foreign currency translation differences	-	-	-	-	28,577	-	130	28,707	4,225	32,932	
Net change in fair value of available for sale financial assets, net of tax	-	-	183,918	-	-	-	-	183,918	436	184,354	
Fair value differences of available for sale financial assets transferred to profit or loss, net of tax	-	-	3,467	-	-	-	-	3,467	-	3,467	
Other items	-	-	-	-	-	-	(306)	(306)	-	(306)	
<b>Total other comprehensive income</b>	-	-	<b>187,385</b>	<b>(1,182)</b>	<b>28,577</b>	-	<b>(205)</b>	<b>214,575</b>	<b>4,496</b>	<b>219,071</b>	
<b>Total comprehensive income for the period</b>	-	-	<b>187,385</b>	<b>(1,182)</b>	<b>28,577</b>	-	<b>2,104,906</b>	<b>2,319,686</b>	<b>20,306</b>	<b>2,339,992</b>	
Transfer to reserves	-	-	-	-	-	272,838	(272,838)	-	-	-	
Dividends paid	-	-	-	-	-	-	(122,350)	(122,350)	(2,106)	(124,456)	
Other items	-	-	-	-	-	-	(13,410)	(13,410)	329	(13,081)	
<b>Total contributions by and distributions to owners of the parent, recognised directly in equity</b>	-	-	-	-	-	<b>272,838</b>	<b>(408,598)</b>	<b>(135,760)</b>	<b>(1,777)</b>	<b>(137,537)</b>	
<b>Balances at 30 June 2017</b>	<b>3,300,146</b>	<b>724,352</b>	<b>26,904</b>	<b>675,056</b>	<b>238,883</b>	<b>1,717,418</b>	<b>15,116,256</b>	<b>21,799,015</b>	<b>726,192</b>	<b>22,525,207</b>	

The notes on pages 7 to 24 are an integral part of these interim consolidated condensed financial statements.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

	Attributable to owners of the parent									Non-controlling interest	Total equity
	Share Capital	Share premium	Fair value reserves	Revaluation Surplus	Reserves			Retained earnings	Total		
					Currency translation reserve	Legal reserves					
<b>Balances at 1 January 2016</b>	<b>3,300,146</b>	<b>724,352</b>	<b>15,483</b>	<b>652,348</b>	<b>156,616</b>	<b>1,243,814</b>	<b>11,013,438</b>	<b>17,106,197</b>	<b>636,470</b>	<b>17,742,667</b>	
<b>Profit for the period</b>	-	-	-	-	-	-	<b>1,053,732</b>	<b>1,053,732</b>	<b>(19,278)</b>	<b>1,034,454</b>	
<b>Other comprehensive income</b>											
Re-measurements of defined benefit plans	-	-	-	-	-	-	(222)	(222)	(248)	(470)	
Change in revaluation surplus	-	-	-	(12)	-	-	433	421	325	746	
Foreign currency translation differences	-	-	-	-	3,425	-	-	3,425	404	3,829	
Net change in fair value of available for sale financial assets, net of tax	-	-	298,710	-	-	-	-	298,710	1,511	300,221	
Fair value differences of available for sale financial assets transferred to profit or loss, net of tax	-	-	31,216	-	-	-	-	31,216	-	31,216	
Other items	-	-	-	-	-	-	-	-	-	-	
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>329,926</b>	<b>(12)</b>	<b>3,425</b>	<b>-</b>	<b>211</b>	<b>333,550</b>	<b>1,992</b>	<b>335,542</b>	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>329,926</b>	<b>(12)</b>	<b>3,425</b>	<b>-</b>	<b>1,053,943</b>	<b>1,387,282</b>	<b>(17,286)</b>	<b>1,369,996</b>	
Transfer to reserves	-	-	-	-	-	197,226	(197,226)	-	-	-	
Dividends paid	-	-	-	-	-	-	(107,221)	(107,221)	(327)	(107,548)	
Other items	-	-	-	-	-	-	4,217	4,217	(2,386)	1,831	
<b>Total contributions by and distributions to owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,226</b>	<b>(300,230)</b>	<b>(103,004)</b>	<b>(2,713)</b>	<b>(105,717)</b>	
<b>Balances at 30 June 2016</b>	<b>3,300,146</b>	<b>724,352</b>	<b>345,409</b>	<b>652,336</b>	<b>160,041</b>	<b>1,441,040</b>	<b>11,767,151</b>	<b>18,390,475</b>	<b>616,471</b>	<b>19,006,946</b>	

The notes on pages 7 to 24 are an integral part of these interim consolidated condensed financial statements.



# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## INTERIM CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

	Notes	1 January - 30 June 2017	1 January - 30 June 2016
<b>Cash flows from operating activities:</b>			
Profit for the period		2,120,921	1,034,454
<i>Adjustments for:</i>			
Income tax expense		504,730	258,630
Provision for loan impairment, net of recoveries		857,239	671,006
Depreciation and amortization		97,417	81,657
Provision for short term employee benefits		96,448	78,791
Provision for retirement pay liability and unused vacations		47,410	39,836
Change in unearned premium reserve	10	120,116	261,992
Change in provision for outstanding claims	12	74,308	38,423
Other provision expenses		54,170	27,422
Net interest income		(4,645,721)	(3,222,287)
Share of profit of associates accounted for using the equity method		(26,285)	(21,291)
Other non-cash adjustments		(1,131,267)	(343,349)
		<b>(1,830,514)</b>	<b>(1,094,716)</b>
<i>Changes in:</i>			
Loans and advances to banks		(457,782)	109,320
Reserve deposits		(3,058,894)	(1,924,113)
Financial assets at fair value through profit or loss		(17,342)	16,310
Loans and advances to customers		(19,569,307)	(7,703,188)
Other assets		2,899,624	2,321,128
Deposits from banks		2,427,991	1,163,493
Deposits from customers		17,771,461	2,875,363
Obligation under repurchase agreements		(1,858,771)	2,879,106
Other liabilities and provisions		327,638	814,017
		<b>(1,535,382)</b>	<b>551,436</b>
Interest received		9,934,993	7,463,495
Interest paid		(5,582,586)	(4,706,102)
Taxes paid		(205,964)	(340,950)
<b>Cash used in operating activities (-)</b>		<b>780,547</b>	<b>1,873,163</b>
<b>Cash flows from investing activities:</b>			
Dividends received		17,322	13,623
Acquisition of property and equipment		(254,421)	(54,474)
Proceeds from the sale of property and equipment		443,593	24,877
Acquisition of intangible assets		(66,644)	(31,371)
Proceeds from the sale of intangible assets		8,348	443
Acquisition of investment securities		(4,599,226)	(3,393,843)
Proceeds from sale of investment securities		3,903,774	3,406,626
<b>Cash provided by/(used in) investing activities</b>		<b>(547,254)</b>	<b>(34,119)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of debt securities		6,620,263	6,862,796
Repayments of debt securities	7	(4,448,237)	(3,996,302)
Repayments of funds borrowed		9,988,521	(4,113,207)
Proceeds from funds borrowed		(9,174,937)	2,428,716
Dividends paid		(124,456)	(100,327)
<b>Cash provided by financing activities</b>		<b>2,861,154</b>	<b>1,081,676</b>
Effect of foreign exchange rate fluctuations on cash and cash equivalents		(59,808)	15,300
<b>Net increase in cash and cash equivalents (-)</b>		<b>3,034,639</b>	<b>2,936,020</b>
Cash and cash equivalents at the beginning of the period		27,171,802	27,396,707
<b>Cash and cash equivalents at the end of the period</b>	6	<b>30,206,441</b>	<b>30,332,727</b>

The notes on pages 7 to 24 are an integral part of these interim consolidated condensed financial statements.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 1. GENERAL INFORMATION

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (the “Bank” or the “Parent”) 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 obtaining securities and real estate as collateral,
- Establishing or participating in all kinds of insurance corporations,
- Trading real estate,
- Providing all banking operations and services,
- Investing in various corporations handed over by the foundations and the General Directorate of the Foundations in accordance with conditions stipulated by agreements if signed.
- 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 the General Directorate of the Foundations.

The Bank provides corporate, commercial and retail banking services through a network of 924 domestic branches and 3 foreign branches in New York, Bahrain and Iraq (31 December 2016: 921 domestic, 3 foreign, in total 924 branches). As at 30 June 2017, the Bank has 16,006 employees (31 December 2016: 15,615). Additionally, the Bank has a subsidiary in banking sector in Austria, titled as Vakıfbank International AG. The Bank’s head office is located at Sultan Selim Mahallesi, Eski Büyükdere Caddesi No:59, Kağıthane-İstanbul.

The shareholder holding control over the Bank is the General Directorate of the Registered Foundations represented by the Turkish Republic General Directorate of the Foundations which is set up under Prime Ministry of Turkish Republic having 58.45% 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, having 16.10% of outstanding shares of the Bank. The shares of the Bank are quoted to Borsa İstanbul AŞ (BIST) and traded publicly.

As at 30 June 2017, the Bank’s nominal paid-in capital amounted to TL 2,500,000 divided into 250,000,000,000 shares with a nominal value of 1 Kurus each (TL 1 equals Kurus 100). As at 30 June 2017, the Bank’s shareholders’ structure is as follows:

Shareholders	Number of the shares (100 units)	Nominal amount	Share (%)
Registered foundations represented by the General Directorate of the Foundations (Group A)	1,075,058,640	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,224,785	386,225	15.45
Other appendant foundations (Group B)	2,699,986	2,700	0.11
Other registered foundations (Group B)	1,448,543	1,448	0.06
Other real persons and legal entities (Group C)	1,530,939	1,531	0.06
Publicly traded (Group D)	630,484,441	630,485	25.22
<b>Paid-in capital</b>	<b>2,500,000,000</b>	<b>2,500,000</b>	<b>100.00</b>
Adjustment to share capital		800,146	
<b>Total</b>		<b>3,300,146</b>	

The adjustment to share capital represents the cumulative restatement adjustment amount to nominal share capital on adopting IAS 29, "Financial reporting in hyper-inflationary economies" until 1 January 2006.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 1. GENERAL INFORMATION (Continued)

These interim consolidated condensed financial statements were approved for issue on 17 October 2017. These interim consolidated condensed financial statements have been reviewed, not audited.

The table below sets out the subsidiaries and associates and shows their shareholding structure as at 30 June 2017:

	Proportion directly held by the Bank (%)	Proportion held by the Group (%)
<b>Subsidiaries:</b>		
Güneş Sigorta AŞ (*)	48.20	48.20
Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (*)	22.89	34.57
Vakıf Emeklilik AŞ	53.90	79.74
Vakıf Enerji ve Madencilik AŞ	65.50	85.53
Taksim Otelcilik AŞ	51.00	51.69
Vakıf Faktoring AŞ	78.39	88.70
Vakıf Finansal Kiralama AŞ	58.71	66.26
Vakıf Yatırım Menkul Değerler AŞ	99.00	99.48
Vakıf Portföy Yönetimi AŞ	100.00	100.00
Vakıfbank International AG	90.00	90.00
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)	38.70	40.87
World Vakıf UBB Ltd. in Liquidation (**)	82.00	85.33
<b>Associates:</b>		
Kıbrıs Vakıflar Bankası Ltd.	15.00	15.00
T. Sınai Kalkınma Bankası AŞ	8.38	8.38

(\*) For those consolidated subsidiaries where the Bank does not own, directly or indirectly through subsidiaries, more than 50% of the subsidiary's voting power, proportion of ordinary shares held by the Group entitles the Bank to the rights - acquired through arrangements between shareholders or articles of association of the related subsidiary - to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

(\*\*) World Vakıf UBB Ltd, was established in the Turkish Republic of Northern Cyprus in 1993 for offshore banking operations. Its head office is in Nicosia. The name of the Bank, which was World Vakıf Offshore Banking Ltd, has been changed to 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 authorization of World Vakıf UBB Ltd is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to 24 May 2010 dated decision of the Nicosia Local Court. The liquidation process of World Vakıf UBB Ltd, has been carried out by NCTR Collecting and Liquidation Office. The application of the subsidiary for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed. Thus, the name of the subsidiary has been changed as “World Vakıf UBB Ltd. in Liquidation”. Therefore, the financial statements of the subsidiary have not been consolidated as at 30 June 2017 and 31 December 2016.

For the purposes of the interim consolidated condensed financial statements, the Bank and its consolidated subsidiaries described below are referred to as the “Group”.

Güneş Sigorta AŞ was established under the leadership of the Bank and Soil Products Office in 1957. The subsidiary provides nearly all non-life insurance products, including fire, accident, transaction, engineering, agriculture, health, forensic protection and loan insurance. Its head office is in Istanbul.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

---

### 1. GENERAL INFORMATION (Continued)

Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ was established in 1991 in Istanbul. The main activity of the subsidiary is to invest a portfolio (including marketable debt securities and equity securities) without having managerial power in the partnerships whose securities have been acquired; and also gold and other precious metals trading in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board. Its head office is in Istanbul.

Vakıf Emeklilik AŞ was established under the name Güneş Hayat Sigorta AŞ in 1991. In 2003 the subsidiary has taken conversion permission from the related regulatory body and started to operate both in pension business. Its head office is in Istanbul.

Vakıf Enerji ve Madencilik AŞ was established in 2001 to produce electrical and thermal energy, and to sell this energy in accordance with the related laws and regulations. Its head office is in Ankara.

Taksim Otelcilik AŞ was established under the Turkish Commercial Code in 1966. The main activity of the subsidiary is to operate in the hotel business or rent out the management of owned hotels. Its head office is in Istanbul.

Vakıf Faktoring AŞ was established in 1998 to perform factoring transactions. Its head office is in Istanbul.

Vakıf Finansal Kiralama AŞ was established in 1988 to enter into finance lease operations and related transactions and contracts. Its head office is in Istanbul.

Vakıf Yatırım Menkul Değerler AŞ was established in 1996 to provide service to investors through making capital markets transactions, the issuance of capital market tools, purchase and sales of marketable securities, operating as a member of stock exchange, investment consultancy and portfolio management. Its head office is in Istanbul.

Vakıf Portföy Yönetimi AŞ operates in investment fund management, portfolio management and pension fund management. Its head office is in Istanbul.

Vakıfbank International AG was established in 1999 to operate in the banking sector in foreign countries, in line with the Bank’s globalization policy. Its head office is in Vienna, Austria.

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ was established as the first real estate investment partnership in the finance sector under the adjudication of the Capital Markets Law in 1996. The subsidiary’s main operation is in line with the scope in the Capital Markets Board’s regulations relating to real estate investment trusts including real estate, capital market tools based on real estate, real estate projects and investing on capital market tools. Its head office is in Istanbul.

The Bank has also the following associates:

Kıbrıs Vakıflar Bankası Ltd. was established in 1982 in the Turkish Republic of Northern Cyprus, mainly to encourage the usage of credit cards issued by the Bank, to increase foreign exchange inflow, and carry on retail and commercial banking operations. Its head office is in Nicosia.

Türkiye Sınai Kalkınma Bankası AŞ was established as an investment bank in 1950 to support investments in all economic sectors. Its head office is in Istanbul.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

---

### 2. BASIS OF PREPARATION

These interim consolidated condensed financial statements for the six-month period ended 30 June 2017 have been prepared in accordance with IAS 34, “Interim financial reporting”. The interim consolidated condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards.

Taxes on income in the interim periods are accrued using the weighted average effective tax rate that would be applicable to expected total annual profit or loss.

In preparation of the interim consolidated condensed financial statements of the Group, the same accounting policies and methods of computation have been followed as compared to the most recent annual consolidated financial statements except for the adoption of new standards and interpretations as of 1 January 2017, where applicable, noted below:

#### **New and Revised International Financial Reporting Standards**

##### *a. Standards, amendments and interpretations applicable as at 30 June 2017*

- Amendments to IAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments IAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarifies certain other aspects of accounting for deferred tax assets.
- Annual improvements 2014-2016; IFRS 12 ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. These amendments did not have any material impact on these financial statements.

##### *b. Standards, amendments and interpretations effective after 30 June 2017*

- Amendments to IFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.

**NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

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

---

**2. BASIS OF PREPARATION (Continued)**

- IFRS 9 ‘Financial instruments’, issued by the IASB in July 2014, will replace IAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments, for impairment for credit risk on financial assets and for general hedge accounting (i.e. micro hedging). IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018.

According to IFRS 9, classification and measurement of financial assets will depend on the business model and the contractual characteristics of the instruments. On initial recognition, financial assets will be measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss. Investments in equity instruments such as shares will be classified as instruments at fair value through profit or loss, or, as an option, as instruments at fair value through other comprehensive income. The only change introduced by IFRS 9 with respect to financial liabilities relates to recognition of changes in fair value attributable to changes in the credit risk of the liabilities designated as at fair value through profit or loss (fair value option), which will be recognised in other comprehensive income and not through profit or loss.

Application of these criteria may lead to different classification and measurement of some financial assets compared with IAS 39. Based on the analysis performed for the classification and measurement phase of the standard, the Group does not expect any significant impact on its financial statements.

IFRS 9 establishes a new risk impairment model based on expected losses. Under the impairment model in IAS 39, an impairment loss is recognised when there is an objective evidence of a decrease in value. Counterparties that are not individually impaired are risk-assessed on the basis of portfolios with similar characteristics and groups of counterparties which, as a result of events occurring since inception of the loans present objective indication of impairment, are subject to a portfolio-based impairment. The new impairment model under IFRS 9 requires accounting for 12 month expected credit losses (that result from the risk of default in the next 12 months) on the financial instruments issued or acquired, as of the date of initial recognition on the balance sheet. Expected credit losses at maturity (that result from the risk of default over the life of the financial instrument) must be recognised if the credit has increased significantly since initial recognition. This model will apply to loans and debt instruments measured at amortised cost or at fair value through other comprehensive income, to loan commitments and financial guarantees not recognised at fair value, as well as to lease receivables.

The IFRS 9 implementation project for the impairment phase is in process. At this stage, the project focuses mainly on refining the methodology for the new impairment model, key concepts and management judgements, planning the IT infrastructure and assessment of impact on the financial statements.

The focus of the project during the remainder of 2017 will be on finalising processes, governance and controls. IFRS 9 is applied retrospectively, although comparatives are not restated, and adjustments arising from initial application in 2018 will be recognised in opening equity.

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

---

### 2. BASIS OF PREPARATION (Continued)

- IFRS 15 ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to IFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- IFRS 16 ‘Leases’, effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a result there will be an increase in both assets and liabilities for transactions currently accounted for as operating leases as at 1 January 2019. The Group is currently assessing the impact of the new standard on its consolidated financial statements.

- Amendments to IFRS 4, ‘Insurance contracts’ regarding the implementation of IFRS 9, ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.
- Amendment to IAS 40, ‘Investment property’ relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

---

### 2. BASIS OF PREPARATION (Continued)

- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:
  - IFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  - IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- IFRIC 22, ‘Foreign currency transactions and advance consideration’, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- IFRS 17, ‘Insurance contracts’, effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practises in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The new standards, amendments and interpretations which will be effective after 1 January 2017 are not expected to have a material impact on the Group’s consolidated financial statements except for the adoption of IFRS 9 as discussed above.

The preparation of interim consolidated condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim consolidated condensed financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.



# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

---

### 3. USE OF ESTIMATES AND JUDGEMENTS AND SEASONALITY OF OPERATIONS

The preparation of interim consolidated condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated condensed financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

There is no significant seasonality effect on the operations of the Group.

### 4. FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, appropriate valuation methodologies. However, judgement is necessary to interpret market data to determine the estimated fair value. Turkey has shown signs of an emerging market and has experienced a significant decline in the volume of activity in its financial market. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

Management has estimated that the fair value of certain financial assets and liabilities recorded at amortized cost are not materially different than their recorded values except for those of loans and advances to customers and investment securities. These financial assets and liabilities include loans and advances to banks, obligations under repurchase agreements, loans and advances from banks, and other short-term assets and liabilities that are of a contractual nature. Management believes that the carrying amount of these particular financial assets and liabilities approximates their fair values, partially due to the fact that it is practice to renegotiate interest rates to reflect current market conditions.

Fair value of loans and advances to banks and customers are TL 173,207,874 (31 December 2016: TL 150,247,511) whereas the carrying amount is TL 171,117,852 (31 December 2016: TL 150,316,208) in the interim consolidated condensed statement of financial position as at 30 June 2017.

Fair value of held-to-maturity investment securities is TL 8,806,456 (31 December 2016: TL 7,992,774), whereas the carrying amount is TL 8,992,433 (31 December 2016: TL 8,180,535) in the interim consolidated condensed statement of financial position as at 30 June 2017.

The fair value of the funds borrowed, subordinated liabilities, deposits from banks and deposits from customers approximates their carrying amounts since they bear floating rates.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 4. FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES (Continued)

The classification of fair value measurements of financial assets and liabilities at 30 June 2017 is as follows:

30 June 2017	Level 1	Level 2	Level 3 <sup>(*)</sup>	Total
<b>Asset carried at fair value</b>				
<b>Financial assets at fair value through profit/loss</b>				
Debt securities	113,827	-	-	113,827
Derivative financial assets held for trading purposes	11,974	1,668,325	-	1,680,299
Investment Funds	6,893	-	-	6,893
Equity securities	5,582	-	-	5,582
<b>Investment securities - available-for-sale</b>				
Debt securities	17,406,120	2,151,163	-	19,557,283
Equity securities	-	33,112	127,529	160,641
<b>Security Held to Maturity</b>				
Debt securities	7,602,073	908,873	295,510	8,806,456
<b>Total financial assets measured at fair value</b>	<b>25,146,469</b>	<b>4,761,473</b>	<b>423,039</b>	<b>30,330,981</b>
<b>Financial liabilities held for trading purpose</b>				
Derivative financial liabilities held for trading purpose	-	(839,271)	-	(839,271)
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>(839,271)</b>	<b>-</b>	<b>(839,271)</b>

(\*) These amounts consist of fair value of the affiliates and subsidiaries determined by independent valuation companies.

The classification of fair value measurements of financial assets and liabilities measured at 31 December 2016 is as follows:

31 December 2016	Level 1	Level 2	Level 3	Total
<b>Asset carried at fair value</b>				
<b>Financial assets at fair value through profit/loss</b>				
Debt securities	171,611	-	-	171,611
Derivative financial assets held for trading purpose	583	1,606,969	-	1,607,552
Investment funds	8,001	-	-	8,001
Equity securities	2,095	-	-	2,095
<b>Investment securities - available-for-sale</b>				
Debt securities	15,924,948	2,666,522	-	18,591,470
Equity securities	-	27,593	127,361*	154,954
<b>Security Held to Maturity</b>				
Debt securities	6,810,858	1,041,316	140,600	7,992,774
<b>Total financial assets</b>	<b>22,918,096</b>	<b>5,342,400</b>	<b>267,961</b>	<b>28,528,457</b>
<b>Financial liabilities held for trading purpose</b>				
Derivative financial liabilities held for trading purpose	-	(1,154,424)	-	(1,154,424)
<b>Total financial liabilities</b>	<b>-</b>	<b>(1,154,424)</b>	<b>-</b>	<b>(1,154,424)</b>

(\*) These amounts consist of fair value of the affiliates and subsidiaries determined by independent valuation companies.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 4. FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES (Continued)

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as follows:

	30 June 2017	31 December 2016
Balance at the beginning of the period - 1 January	267,961	149,844
Total gains or losses for the period recognized in other comprehensive income	155,078	118,117
<b>Balance at the end of the period - 30 June</b>	<b>423,039</b>	<b>267,961</b>

### 5. SEGMENT INFORMATION

The Board of Directors of the Bank is the Group’s chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

#### Geographical information

The Group’s activities are conducted predominantly in Turkey which is also the main operating company. The Group conducts majority of its business activities with local customers in Turkey.

#### Operating segments

The strategic business units offer different products and services, and are managed separately based on the Group’s management and internal reporting structure. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis. The Group has the following segments, as described below:

- *Retail banking*; includes loans, deposits and other transactions and balances with retail customers.
- *Corporate and commercial banking*; includes loans, deposits and other transactions and balances with corporate customers.
- *Investment banking*; includes the Group’s trading and corporate finance activities and undertakes the Group’s funding and centralized risk management activities through borrowings, issues of debt securities and investing in liquid assets such as short-term placements and corporate and government debt securities.
- *Insurance*; includes the Group’s insurance business.
- *Leasing*; includes the Group’s finance lease business.
- *Factoring*; includes the Group’s factoring business.
- *Other segments*; includes combined information about operating segments that do not meet the quantitative thresholds

The Board of Directors assesses the performance of the operating segments based on a measure of profit before income tax adjusted for certain income and expenses. Performance is measured based on segment profit before income tax adjusted for certain income and expenses, as included in the internal management reports that are reviewed by the Board of Directors. This measure is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm’s length basis.

Measurement of segment assets and liabilities and operating segment results are based on the accounting policies set out in the accounting policy notes in the annual consolidated financial statements for the year ended 31 December 2016.

Information regarding the results of reportable segments is included below:

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 5. SEGMENT INFORMATION (Continued)

30 June 2017	Retail Banking	Corporate Banking	Investment Banking	Unallocated	Total Banking	Insurance	Leasing	Factoring	Others	Combined	Eliminations	Total
Interest income on loan and receivables	2,667,367	4,885,537	765,512	-	8,318,416	-	64,780	-	1,042	8,384,238	(10,421)	8,373,817
Interest expense on deposits	(1,905,697)	(1,959,408)	(106,391)	-	(3,971,496)	-	-	-	-	(3,971,496)	24,036	(3,947,460)
<b>Operating profit</b>	<b>847,592</b>	<b>2,902,218</b>	<b>1,154,428</b>	<b>-253,401</b>	<b>4,650,837</b>	<b>716,927</b>	<b>22,678</b>	<b>19,004</b>	<b>58,382</b>	<b>5,467,828</b>	<b>(118,197)</b>	<b>5,349,631</b>
Profit before income tax	417,701	1,959,315	838,722	(699,569)	2,516,169	41,752	14,252	14,524	15,302	2,601,999	23,652	2,625,651
Income tax expense	(81,006)	(379,975)	(162,656)	135,670	(487,967)	(8,827)	(3,053)	(2,812)	(2,071)	(504,730)	-	(504,730)
<b>Profit for the year</b>	<b>336,695</b>	<b>1,579,340</b>	<b>676,066</b>	<b>-563,899</b>	<b>2,028,202</b>	<b>32,925</b>	<b>11,199</b>	<b>11,712</b>	<b>13,231</b>	<b>2,097,269</b>	<b>23,652</b>	<b>2,120,921</b>
<b>30 June 2017</b>												
Segment assets	44,064,944	123,773,322	59,965,630	8,473,198	236,277,094	3,254,841	1,804,877	1,402,087	1,629,725	244,368,624	(1,454,892)	242,913,732
Investments in associates and subsidiaries	-	-	2,266,062	-	2,266,062	376,261	3,871	2,688	64,061	2,712,943	(2,393,409)	319,534
Investment in equity accounted investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>44,064,944</b>	<b>123,773,322</b>	<b>62,231,692</b>	<b>8,473,198</b>	<b>238,543,156</b>	<b>3,631,102</b>	<b>1,808,748</b>	<b>1,404,775</b>	<b>1,693,786</b>	<b>247,081,567</b>	<b>(3,848,301)</b>	<b>243,233,266</b>
Segment liabilities	62,947,595	76,541,766	66,349,067	9,994,585	215,833,013	2,918,549	1,627,308	1,271,198	562,620	222,212,688	(1,504,629)	220,708,059
Equity including non-controlling interest	-	-	-	22,710,143	22,710,143	712,553	181,440	133,577	1,131,166	24,868,879	(2,343,672)	22,525,207
<b>Total liabilities and equity</b>	<b>62,947,595</b>	<b>76,541,766</b>	<b>66,349,067</b>	<b>32,704,728</b>	<b>238,543,156</b>	<b>3,631,102</b>	<b>1,808,748</b>	<b>1,404,775</b>	<b>1,693,786</b>	<b>247,081,567</b>	<b>(3,848,301)</b>	<b>243,233,266</b>
Tangible fixed assets	-	-	-	167,674	167,674	-	-	-	-	167,674	-	167,674
Intangible fixed assets	-	-	-	26,466	26,466	-	-	-	-	26,466	-	26,466
Depreciation	-	-	-	(153,399)	(153,399)	-	-	-	-	(153,399)	-	(153,399)
Amortization	-	-	-	(18,230)	(18,230)	-	-	-	-	(18,230)	-	(18,230)

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 5. SEGMENT INFORMATION (Continued)

30 June 2016	Retail Banking	Corporate Banking	Investment Banking	Unallocated	Total Banking	Insurance	Leasing	Factoring	Others	Combined	Eliminations	Total
Interest income on loan and receivables	2,364,893	3,835,084	509,478	-	6,709,455	-	54,328	-	682	6,764,465	(6,300)	6,758,165
Interest expense on deposits	(1,633,309)	(1,880,797)	(127,633)	-	(3,641,739)	-	-	-	-	(3,641,739)	33,807	(3,607,932)
<b>Operating profit</b>	<b>851,986</b>	<b>1,759,456</b>	<b>733,328</b>	<b>(128,564)</b>	<b>3,216,206</b>	<b>585,036</b>	<b>21,003</b>	<b>14,455</b>	<b>48,776</b>	<b>3,885,476</b>	<b>(114,063)</b>	<b>3,771,413</b>
Profit before income tax	454,587	934,984	489,503	(596,640)	1,282,434	(50,330)	12,897	10,653	37,430	1,293,084	-	1,293,084
Income tax expense	(88,658)	(182,350)	(95,468)	116,363	(250,113)	(2,018)	(2,724)	(2,168)	(1,607)	(258,630)	-	(258,630)
<b>Profit for the year</b>	<b>365,929</b>	<b>752,634</b>	<b>394,035</b>	<b>(480,277)</b>	<b>1,032,321</b>	<b>(52,348)</b>	<b>10,173</b>	<b>8,485</b>	<b>35,823</b>	<b>1,034,454</b>	<b>-</b>	<b>1,034,454</b>
31 December 2016	Retail Banking	Corporate Banking	Investment Banking	Unallocated	Total Banking	Insurance	Leasing	Factoring	Others	Combined	Eliminations	Total
Segment assets	41,432,801	106,143,387	56,919,048	7,824,343	212,319,579	3,059,078	1,682,665	1,407,782	1,561,784	220,030,888	(1,388,097)	218,642,791
Investments in associates and subsidiaries	-	-	1,995,448	-	1,995,448	350,821	3,869	2,688	64,061	2,416,887	(2,120,115)	296,772
Investment in equity accounted investees	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>41,432,801</b>	<b>106,143,387</b>	<b>58,914,496</b>	<b>7,824,343</b>	<b>214,315,027</b>	<b>3,409,899</b>	<b>1,686,534</b>	<b>1,410,470</b>	<b>1,625,845</b>	<b>222,447,775</b>	<b>(3,508,212)</b>	<b>218,939,563</b>
Segment liabilities	54,150,626	67,269,248	63,388,027	9,170,953	193,978,854	2,754,657	1,516,433	1,288,605	505,473	200,044,022	(1,427,211)	198,616,811
Equity including non-controlling interest	-	-	-	20,336,173	20,336,173	655,242	170,101	121,865	1,120,372	22,403,753	(2,081,001)	20,322,752
<b>Total liabilities and equity</b>	<b>54,150,626</b>	<b>67,269,248</b>	<b>63,388,027</b>	<b>29,507,126</b>	<b>214,315,027</b>	<b>3,409,899</b>	<b>1,686,534</b>	<b>1,410,470</b>	<b>1,625,845</b>	<b>222,447,775</b>	<b>(3,508,212)</b>	<b>218,939,563</b>
Tangible fixed assets	-	-	-	240,478	240,478	-	-	-	-	240,478	-	240,478
Intangible fixed assets	-	-	-	66,628	66,628	-	-	-	-	66,628	-	66,628
Depreciation	-	-	-	(143,730)	(143,730)	-	-	-	-	(143,730)	-	(143,730)
Amortization	-	-	-	(34,394)	(34,394)	-	-	-	-	(34,394)	-	(34,394)

The measurement basis adopted by the Board of Directors to assess the performance of the operating segments excludes fixed assets and accordingly; segment information related to depreciation and amortization expenses and capital expenditures is not provided.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 6. CASH AND CASH EQUIVALENTS

As at 30 June 2017 and 31 December 2016, cash and cash equivalents presented in the consolidated statement of financial position and cash flows are as follows:

	30 June 2017	31 December 2016
Cash on hand	2,179,854	1,790,042
Due from Central Bank	18,066,712	15,007,818
Balances with the CBT excluding reserve deposits	5,630,967	7,317,691
Receivables from repurchase agreements	5,319	5,198
Loans and advances to banks with original maturity less than three months	4,707,380	5,215,487
Others	379,344	254,523
<b>Total cash and cash equivalents in the consolidated statement of financial position</b>	<b>30,969,576</b>	<b>29,590,759</b>
Accruals on cash and cash equivalents	(1,088)	(2,495)
Blocked bank deposits	(762,047)	(2,416,462)
<b>Total cash and cash equivalents in the consolidated statement of cash flows</b>	<b>30,206,441</b>	<b>27,171,802</b>

### 7. DEBT SECURITIES ISSUED

The Bank issued Eurobonds in the scope of Global Medium Term Notes (GMTN). The details of debt securities issued are as follows:

	30 June 2017			31 December 2016		
	TL	Foreign Currency	Total	TL	Foreign Currency	Total
Nominal	4,214,589	11,603,404	15,817,993	3,437,915	11,213,082	14,650,997
Cost	4,029,227	11,537,947	15,567,174	3,320,629	11,132,611	14,453,240
Net Book Value	4,113,928	11,635,157	15,749,085	3,373,519	11,309,305	14,682,824

30 June 2017	Currency	Maturity	Interest Rate (min)	Interest Rate (max)	Net Book Value
Bank Bonds	TL	July 2017	10.45%	11.25%	317,355
Bank Bonds	TL	August 2017	10.50%	12.50%	1,248,789
Bank Bonds	TL	September 2017	10.60%	13.00%	1,026,361
Bank Bonds	TL	October 2017	10.75%	13.25%	587,184
Bank Bonds	TL	November 2017	13.40%	13.40%	544,168
Bank Bonds	TL	December 2017	10.90%	11.93%	26,295
Bank Bonds	EUR	June 2019	3.50%	3.50%	1,905,011
Bank Bonds	EUR	May 2021	2.38%	2.38%	1,997,267
Bank Bonds	USD	February 2018	2.98%	2.98%	81,637
Bank Bonds	USD	April 2018	3.75%	3.75%	2,119,235
Bank Bonds	USD	June 2018	7.40%	7.40%	263,871
Bank Bonds	USD	October 2018	5.00%	5.00%	1,766,415
Bank Bonds	USD	October 2021	5.50%	5.50%	1,739,808
Bank Bonds	USD	May 2022	5.75%	5.75%	1,761,913
Private Sector Bonds	TL	August 2017	12.10%	13.25%	299,075
Private Sector Bonds	TL	December 2017	13.65%	13.65%	64,701

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 7. DEBT SECURITIES ISSUED (Continued)

31 December 2016	Currency	Maturity	Interest Rate (min)	Interest Rate (max)	Net Book Value
Bank Bonds	TL	January 2017	8.60%	9.55%	452,997
Bank Bonds	TL	February 2017	8.70%	9.63%	703,791
Bank Bonds	TL	March 2017	8.85%	9.90%	722,864
Bank Bonds	TL	April 2017	9.00%	10.15%	919,731
Bank Bonds	TL	May 2017	9.25%	10.25%	370,950
Bank Bonds	TL	June 2017	10.40%	10.40%	2,876
Bank Bonds	USD	January 2017	0.91%	0.91%	85,115
Bank Bonds	USD	April 2017	2.88%	2.89%	1,759,368
Bank Bonds	USD	May 2017	2.50%	2.59%	91,023
Bank Bonds	USD	April 2018	1.88%	1.88%	2,121,205
Bank Bonds	USD	October 2018	2.50%	2.50%	1,768,280
Bank Bonds	USD	October 2021	2.75%	2.75%	1,743,404
Bank Bonds	EUR	February 2017	1.04%	1.04%	82,276
Bank Bonds	EUR	June 2019	3.50%	3.50%	1,792,196
Bank Bonds	EUR	May 2021	2.38%	2.38%	1,866,438
Private Sector Bonds	TL	February 2017	10.65%	10.65%	200,310

### 8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period:

	30 June 2017	30 June 2016
Net profit attributable for the year	2,120,921	1,034,454
Net profit attributable to owners of the Bank	2,105,111	1,053,732
Number of 100 ordinary shares for basic earnings per shares	2,500,000,000	2,500,000,000
Basic earnings per 100 share	0.8420	0.4215
Diluted earnings per 100 share	0.8420	0.4215

There is no dilution of shares for the six months period ended 30 June 2017 and 30 June 2016.

In current period the group paid dividends amounting to TL 124,456 (30 June 2016: TL 107,548) to the owners of ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these consolidated interim financial statements.

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 9. RELATED PARTY TRANSACTIONS

For the purpose of these interim consolidated condensed financial statements, shareholders (namely Registered Foundations represented by the General Directorate of the Foundations), subsidiaries, associates, other group companies and key management personnel of the Group or of its parent and their close family members are referred to as related parties.

The Group conducted some business transactions with related parties on normal commercial terms and conditions. The following balances exist and transactions have been entered into with related parties:

Related party	30 June 2017			31 December 2016		
	Cash loans	Non-cash loans	Deposits	Cash loans	Non-cash loans	Deposits
Shareholders with significant influence	11,823	49,788	1,587,891	11,021	45,222	1,036,724
Associates	-	-	256,866	-	-	4,796
Key management personnel	66	-	113	70	-	1,361
<b>Total</b>	<b>11,889</b>	<b>49,788</b>	<b>1,844,870</b>	<b>11,091</b>	<b>45,222</b>	<b>1,042,881</b>

Related party	30 June 2017				30 June 2016			
	Commissi on Income	Interest income	Interest expense	Other operating expense	Commissi on Income	Interest income	Interest expense	Other operating Expense
Shareholders with significant influence	47	-	47,230	6	7	-	33,172	57
Associates	-	14	8,197	-	-	7	2,708	-
<b>Total</b>	<b>47</b>	<b>14</b>	<b>55,428</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>35,880</b>	<b>57</b>

#### Key Management Remuneration

For the six-month periods ended 30 June 2017, the key management personnel received remuneration and fees amounted to TL 14,256 (30 June 2016: TL 13,367).

### 10. OTHER INCOME

For the six-month periods ended 30 June 2017 and 2016, other income comprised the followings:

	30 June 2017	30 June 2016
Earned premiums	504,704	424,133
<i>Written premiums</i>	<i>624,820</i>	<i>686,125</i>
<i>Change in reserve for unearned premiums</i>	<i>(120,116)</i>	<i>(261,992)</i>
Gain on sale of fixed assets	76,710	129,031
Individual pension business income	47,836	36,860
Excess fee charged to customers for communication expenses	24,976	22,057
Dividend income from equity shares	17,322	36,035
Reversal of miscellaneous provision	5,880	2,662
Rent income	171	578
Other items	172,202	75,072
<b>Total</b>	<b>849,801</b>	<b>726,428</b>



# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 11. SALARIES AND EMPLOYEE BENEFIT EXPENSES

For the six month periods ended 30 June 2017 and 2016, salaries and employee benefit expenses comprised the following:

	30 June 2017	30 June 2016
Wages and salaries	(376,099)	(349,306)
Other fringe benefits	(390,410)	(352,143)
Employer’s share of social security premiums	(129,692)	(119,240)
Provision for short term employee benefits	(96,448)	(78,791)
Provision for employee termination benefits	(39,367)	(33,993)
Change in provision for liability for unused vacations	(8,043)	(5,873)
<b>Total</b>	<b>(1,040,059)</b>	<b>(939,346)</b>

### 12. OTHER EXPENSES

For the six month periods ended 30 June 2017 and 2016, other expenses comprised the following:

	30 June 2017	30 June 2016
Incurred insurance claims	(393,420)	(376,725)
<i>Insurance claims paid</i>	<i>(319,112)</i>	<i>(338,302)</i>
<i>Change in provision for outstanding claims</i>	<i>(74,308)</i>	<i>(38,423)</i>
Banking services promotion expenses	(325,355)	(294,938)
Rent expenses and operating lease charges	(154,011)	(143,017)
Communication expenses	(99,484)	(47,071)
Saving Deposit Insurance Fund premiums	(89,524)	(66,962)
Advertising expenses	(54,876)	(39,691)
Other provision expenses	(54,170)	(27,422)
Cleaning service expenses	(35,623)	(32,158)
Maintenance expenses	(27,413)	(23,708)
Energy expenses	(17,839)	(16,496)
BRSA participation fee	(15,940)	(13,756)
Computer usage expenses	(14,366)	(13,963)
Consultancy expenses	(11,376)	(10,291)
Credit card promotion expenses	(10,714)	(10,357)
Transportation expenses	(9,961)	(9,070)
Hosting expenses	(6,860)	(5,605)
Office supplies	(6,089)	(12,963)
Loss on sale of assets	(376)	(1,186)
Individual pension business expenses	(222)	(491)
Other various administrative expenses	(178,807)	(237,942)
<b>Total</b>	<b>(1,506,426)</b>	<b>(1,383,812)</b>

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

### 13. COMMITMENTS AND CONTINGENCIES

In the normal course of business activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in the consolidated financial statements include the following:

	30 June 2017	31 December 2016
Letters of guarantee	34,143,756	32,345,773
Letters of credit	7,507,030	6,913,130
Acceptance credits	999,480	1,197,186
Other guarantees	244,000	23,358
<b>Total financial guarantee contracts</b>	<b>42,894,266</b>	<b>40,479,447</b>
Credit card limit commitments	9,824,717	8,682,835
Loan commitments	10,732,121	9,851,745
Commitments for cheque payments	2,399,850	2,154,102
Commitments for credit card and banking operations promotions	327,975	300,108
Other commitments	24,355,997	19,018,135
<b>Total commitments</b>	<b>47,640,660</b>	<b>40,006,925</b>
<b>Total commitments and contingencies</b>	<b>90,534,926</b>	<b>80,486,372</b>

#### Contingent assets and liabilities

There are various legal cases against the Group for which TL 4,931 (31 December 2016: TL 7,811) provision has been provided, excluding routine insurance claims.

Due to the nature of insurance business and considering the general attitude of the legal system in favour of the policyholders, the Group provides in full for the claims opened, except for these claims including damages for mental anguish and risks which are not covered by the insurance policies. Since most of such material claims are ceded to reinsurance firms by facultative agreements, such claims, net of ceded amounts have no material effect on the Group’s financial position.

#### Information on derivative financial instruments

	30 June 2017	31 December 2016
	Notional Amounts	Notional Amounts
<b>Trading Derivatives</b>		
<b>Foreign Currency Related Derivative Transactions</b>	<b>31,926,229</b>	<b>39,674,975</b>
Currency Forwards	1,789,827	1,615,985
Currency Swaps	29,457,178	37,185,682
Currency Futures	-	-
Currency Options	679,224	873,308
<b>Interest Rate Derivative Transactions</b>	<b>16,974,657</b>	<b>17,066,824</b>
Interest Rate Forwards	-	-
Interest Rate Swaps	16,974,657	17,066,824
Interest Rate Options	-	-
Investment Security Options	-	-
Interest Rate Futures	-	-
<b>Other Trading Derivatives</b>	<b>11,686,440</b>	<b>11,037,611</b>
<b>Total Derivative Transactions</b>	<b>60,587,326</b>	<b>67,779,410</b>

# TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

## NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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

---

### 14. SUBSEQUENT EVENTS

Vakıfbank bonds of which value date are July 21, 2017 have been issued and offered to public through book-building totally 300 million (Full TL) on July 17-18-19, 2017, amounting TL 200 million (Full TL) with 126 days maturity and maturity date of which is November 24, 2017, amounting TL 100 million (Full TL) with 217 days maturity and maturity date of which is February 23, 2018.

Vakıfbank bond with the ISIN Code TRFVKFBK1721 which has 11.5161% annual compound interest, 11.1080 % simple interest and issue price was TL 96,307 with amounting TL 205,437,819 (Full TL) with 126 days maturity and maturity date of which is November 24, 2017.

Vakıfbank bond with the ISIN Code TRFVKFBK21814 which has 12.0263% annual compound interest, 11.7485 % simple interest and issue price was TL 93,471 with amounting TL 12,726,083 (Full TL) with 217 days maturity and maturity date of which is February 23, 2018.

Vakıfbank bonds of which value date are August 25, 2017 have been issued and offered to public through book-building totally 400 million (Full TL) on August 21-22-23, 2017, amounting TL 300 million (Full TL) with 119 days maturity and maturity date of which is December 22, 2017, amounting TL 100 million (Full TL) with 210 days maturity and maturity date of which is March 23, 2018.

Vakıfbank bond with the ISIN Code TRFVKFBA1715 which has 12.3094% annual compound interest, 11.8312 % simple interest and issue price was TL 96,286 with amounting TL 243,767,919 (Full TL) with 119 days maturity and maturity date of which is December 22, 2017.

Vakıfbank bond with the ISIN Code TRFVKFB31813 which has 12.7078% annual compound interest, 12.3842 % simple interest and issue price was TL 93,349 with amounting TL 54,305,732 (Full TL) with 210 days maturity and maturity date of which is March 23, 2018.

Vakıfbank bonds of which value date are September 22, 2017 have been issued and offered to public through book-building totally 400 million (Full TL) on September 18-19-20, 2017, amounting TL 300 million (Full TL) with 126 days maturity and maturity date of which is January 26, 2018, amounting TL 100 million (Full TL) with 182 days maturity and maturity date of which is March 23, 2018.

Vakıfbank bond with the ISIN Code TRFVKFB31821 which has 12.7325% annual compound interest, 12.3501 % simple interest and issue price was TL 94,199 with amounting TL 51,359,135 (Full TL) with 182 days maturity and maturity date of which is March 23, 2018.

Vakıfbank bond with the ISIN Code TRFVKFB11823 which has 12.4646% annual compound interest, 11.9883 % simple interest and issue price was TL 96,026 with amounting TL 333,726,296 (Full TL) with 126 days maturity and maturity date of which is January 26, 2018.

On September 25, 2017, Vakıfbank signed a syndicated loan agreement amounting to 131 million US Dollar and 634 million Euros with the interest rate of US Libor + 1.35% and Euribor + 1.25% at a maturity of 367 days with participation of 22 banks, ING Bank and Emirates NBD acting as coordinator and ING Bank, London Branch acting as agent bank.

.....