

(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 Period Ended

31 March 2013

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik AŞ

3 May 2013

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 2013 and the unconsolidated statements 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 regulations with the “Accounting and Recording Rules” and “Independent Auditing Standards” of (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain limited 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, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at 31 March 2013, and 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 circulars issued by the Banking Regulation and Supervision Board and explanations by Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Istanbul,
3 May 2013

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Erdal Tıkmak
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 2013

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The unconsolidated interim financial report as at and for the three-month period ended 31 March 2013, 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.

3 May 2013

Ramazan GÜNDÜZ
Chairman of the Board of
Directors

Ali Fuat TAŞKESENLİOĞLU
Board member and
Audit Committee Member

Sadık TILTAK
Board member and
Audit Committee Member

Halil AYDOĞAN
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 2013

(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 2013 and 31 December 2012, 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 2013 is stated below:

Shareholders	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Registered 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 represented by the General Directorate of the Foundations (Group B)	386.224.785	386,225	15.45
Other appendant foundations (Group B)	3.157.818	3,157	0.13
Other registered foundations (Group B)	1.453.084	1,453	0.06
Other real persons and legal entities (Group C)	1.560.320	1,560	0.06
Publicly traded (Group D)	629.992.687	629,993	25.20
Total	2.500.000.000	2,500,000	100.00

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	34 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	30 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	36 years
İsmail ALPTEKİN	Member	6 April 2009	University	14 years
Halim KANATCI	Member	28 April 2009	University	39 years
Ahmet CANDAN	Member	19 March 2010	University	25 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	24 years
Ali Fuat TAŞKESENLİOĞLU	Member	30 March 2012	University	25 years
Sadık TILTAK	Member	30 March 2012	University	25 years
<u>Audit Committee</u>				
Ali Fuat TAŞKESENLİOĞLU	Member	6 April 2012	University	25 years
Sadık TILTAK	Member	5 April 2013	University	25 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	36 years
Yunus ARINCI	Auditor	19 March 2010	Master	16 years
<u>Assistant Managers</u>				
Mehmet CANTEKİN (<i>Senior Executive Vice President</i>)	Loans Follow-up, Directorates of the Regions, Economic Research	28 December 2007	Master	21 years
Şahin UĞUR	Corporate Salary Payments	9 August 2004	University	27 years
Feyzi ÖZCAN	Retail Banking, Consumer Loans, Payment Systems, Payment System Operations, Insurance Banking	20 September 2005	University	23 years
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Alternative Distribution Channels	13 June 2006	PHD	17 years
Ömer ELMAS	Legal Services, Non-performing Loans	5 January 2009	Master	10 years
İbrahim BİLGİÇ	Corporate Banking, Corporate Centers, Corporate Loans, Cash Management Affairs	7 May 2010	University	21 years
Hasan ECESoy	Treasury, Investment Banking	18 June 2010	PHD	19 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	17 years
Ali Engin EROĞLU	Application Development Departments, System Management, IT Operations and Support, IT Services Planning Department, IT Process Management and Compliance Directorate, Project Management Directorate, Information Security Directorate	18 August 2010	Master	16 years
Osman DEMREN	Commercial Banking, Support Services, SME Banking	6 April 2011	University	22 years
Mitat ŞAHİN	Human Resources, Planning and Performance	11 April 2011	Master	23 years
Yıldırım EROĞLU	Commercial Loans, Intelligence	6 December 2011	University	20 years
Numan BEK	International Relations and Investor Relations	18 July 2012	University	22 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as at and
For the Three-Month Period Ended 31 March 2013

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

As per 3 January 2013 dated resolution of the Board of Directors, Ramazan Gündüz has been assigned as Audit Committee member and Halim Kanatçı has been resigned this duty. As per 5 April 2013 dated resolution of the Board of Directors, Sadık Tiltak has been assigned as Audit Committee member and Ramazan Gündüz has resigned this duty.

As at 29 March 2013, Halil Aydoğın has been assigned as Genel Manager and Süleyman Kalkan has been resigned this duty.

As per 29 March 2013 dated resolution of the Board of Directors, Ramazan Gündüz has been assigned as Chairman of the Board of Directors. As at the same date, Mehmet Emin Özcan has been assigned as Deputy Chairman of the Board of Directors.

İsmail Alptekin, Member of the Board, holds non-publicly traded share of the Bank amounting to TL 59 and Assistant General Manager Mitat Şahin holds Group C traded share of the Bank amounting TL 24. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. Information on the Bank’s qualified shareholders

The shareholder holding control over the Bank is the General Directorate of the Foundations and Appendant foundations represented by the General Directorate of the Foundations 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.

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 2013, the Bank has 741 domestic, 3 foreign, in total 744 branches (31 December 2012: 741 domestic, 3 foreign, in total 744 branches). As at 31 March 2013, the Bank has 13,517 employees (31 December 2012: 13,463 employees).

SECTION TWO – FINANCIAL STATEMENTS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Balance Sheet (Statement of Financial Position)
As at 31 March 2013
(Thousands of Turkish Lira (TL))

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

ASSETS	Notes	Reviewed Current Period 31 March 2013			Audited Prior Period 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,019,363	11,532,023	13,551,386	2,249,902	10,077,723	12,327,625
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	25,877	79,507	105,384	20,589	65,597	86,186
2.1 Financial assets held for trading purpose		25,877	79,507	105,384	20,589	65,597	86,186
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	23,500	79,507	103,007	20,589	65,597	86,186
2.1.4 Other securities		2,377	-	2,377	-	-	-
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	29,204	1,045,238	1,074,442	29,360	1,925,546	1,954,906
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	10,666,260	3,578,539	14,244,799	10,269,317	3,858,206	14,127,523
5.1 Equity securities		-	10,750	10,750	-	10,750	10,750
5.2 Debt securities issued by the governments		10,666,260	3,553,171	14,219,431	10,269,317	3,832,876	14,102,193
5.3 Other securities		-	14,618	14,618	-	14,580	14,580
VI. LOANS AND RECEIVABLES	V-I-5	53,043,079	16,703,472	69,746,551	51,368,274	16,764,765	68,133,039
6.1 Performing loans and receivables		52,684,642	16,703,472	69,388,114	51,102,880	16,764,765	67,867,645
6.1.1 Loans provided to risk group	V-V-1	27,147	60,682	87,829	62,021	58,425	120,446
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		52,657,495	16,642,790	69,300,285	51,040,859	16,706,340	67,747,199
6.2 Loans under follow-up		3,022,480	-	3,022,480	2,724,963	-	2,724,963
6.3 Specific provisions (-)		2,664,043	-	2,664,043	2,459,569	-	2,459,569
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	4,170,438	56,052	4,226,490	4,198,301	55,305	4,253,606
8.1 Debt securities issued by the governments		4,170,438	1,841	4,172,279	4,198,301	1,858	4,200,159
8.2 Other securities		-	54,211	54,211	-	53,447	53,447
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	260,718	-	260,718	398,063	-	398,063
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		260,718	-	260,718	398,063	-	398,063
9.2.1 Financial associates		249,318	-	249,318	386,663	-	386,663
9.2.2 Non-Financial associates		11,400	-	11,400	11,400	-	11,400
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	839,967	205,380	1,045,347	706,829	205,380	912,209
10.1 Unconsolidated financial subsidiaries		685,153	205,380	890,533	551,132	205,380	756,512
10.2 Unconsolidated non-financial subsidiaries		154,814	-	154,814	155,697	-	155,697
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)		1,181,936	2,011	1,183,947	1,132,430	2,137	1,134,567
XV. INTANGIBLE ASSETS (Net)		85,598	135	85,733	81,614	133	81,747
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		85,598	135	85,733	81,614	133	81,747
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII. TAX ASSETS		131,265	-	131,265	119,625	-	119,625
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-13	131,265	-	131,265	119,625	-	119,625
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	881,293	251,043	1,132,336	856,248	194,919	1,051,167
TOTAL ASSETS		73,334,998	33,453,400	106,788,398	71,430,552	33,149,711	104,580,263

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 2013
(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 2013			Audited Prior Period 31 December 2012		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	48,000,892	17,446,592	65,447,484	49,566,239	17,676,051	67,242,290
1.1	Deposits of the risk group	V-V-1	750,447	346,795	1,097,242	843,371	717,762	1,561,133
1.2	Other deposits		47,250,445	17,099,797	64,350,242	48,722,868	16,958,289	65,681,157
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	14,736	181,142	195,878	7,165	192,527	199,692
III.	FUNDS BORROWED	V-II-3	89,894	7,711,082	7,800,976	86,974	7,388,509	7,475,483
IV.	INTERBANK MONEY MARKET		4,854,181	6,576,155	11,430,336	2,105,612	6,384,324	8,489,936
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		4,854,181	6,576,155	11,430,336	2,105,612	6,384,324	8,489,936
V.	SECURITIES ISSUED (Net)		2,086,937	917,159	3,004,096	1,539,176	891,137	2,430,313
5.1	Bills		1,986,138	-	1,986,138	1,436,871	-	1,436,871
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		100,799	917,159	1,017,958	102,305	891,137	993,442
VI.	FUNDS		30,253	-	30,253	31,368	-	31,368
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		30,253	-	30,253	31,368	-	31,368
VII.	MISCELLANEOUS PAYABLES		2,177,701	47,960	2,225,661	2,156,038	67,564	2,223,602
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	230,248	582,808	813,056	430,620	535,827	966,447
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	1,642,768	32,521	1,675,289	1,609,740	31,336	1,641,076
12.1	General provisions	V-II-7	1,013,674	3,049	1,016,723	953,052	3,007	956,059
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		378,206	-	378,206	457,513	-	457,513
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	250,888	29,472	280,360	199,175	28,329	227,504
XIII.	TAX LIABILITIES	V-II-8	299,285	1,747	301,032	321,043	1,310	322,353
13.1	Current tax liabilities		299,285	1,747	301,032	321,043	1,310	322,353
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	-	1,685,782	1,685,782	-	1,639,549	1,639,549
XVI.	EQUITY		11,668,378	510,177	12,178,555	11,278,984	639,170	11,918,154
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,612,887	510,177	2,123,064	1,643,100	639,170	2,282,270
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	777,515	510,177	1,287,692	810,803	639,170	1,449,973
16.2.4	Revaluation surplus on tangible assets		44,136	-	44,136	41,061	-	41,061
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		67,318	-	67,318	67,318	-	67,318
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		7,032,809	-	7,032,809	5,675,804	-	5,675,804
16.3.1	Legal reserves		854,240	-	854,240	710,624	-	710,624
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3.	Extraordinary reserves		5,889,226	-	5,889,226	4,699,751	-	4,699,751
16.3.4.	Other profit reserves		289,343	-	289,343	265,429	-	265,429
16.4	Profit or loss		522,682	-	522,682	1,460,080	-	1,460,080
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		522,682	-	522,682	1,460,080	-	1,460,080
TOTAL LIABILITIES AND EQUITY			71,095,273	35,693,125	106,788,398	69,132,959	35,447,304	104,580,263

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 2013
(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 2013	Reviewed Prior Period 31 March 2012
I. INTEREST INCOME		2,291,534	2,074,328
1.1 Interest income from loans	V-IV-1	1,848,909	1,577,292
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	668	1,179
1.4 Interest income from money market transactions		396	1,159
1.5 Interest income from securities portfolio	V-IV-1	430,070	451,704
1.5.1 Trading financial assets		-	-
1.5.2 Financial assets designated at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets		298,261	306,965
1.5.4 Held-to-maturity investments		131,809	144,739
1.6 Finance lease income		-	-
1.7 Other interest income		11,491	42,994
II. INTEREST EXPENSE		946,439	1,252,720
2.1 Interest expense on deposits	V-IV-2	755,474	1,051,625
2.2 Interest expense on funds borrowed	V-IV-2	29,664	37,410
2.3 Interest expense on money market transactions		59,185	106,374
2.4 Interest expense on securities issued	V-IV-2	45,518	19,968
2.5 Other interest expenses		56,598	37,343
III. NET INTEREST INCOME (I – II)		1,345,095	821,608
IV. NET FEES AND COMMISSIONS INCOME		177,111	89,415
4.1 Fees and commissions received		242,810	148,803
4.1.1 Non-cash loans		29,802	22,002
4.1.2 Others		213,008	126,801
4.2 Fees and commissions paid		65,699	59,388
4.2.1 Non-cash loans		39	60
4.2.2 Others		65,660	59,328
V. DIVIDEND INCOME		46,395	55,403
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	79,778	107,237
6.1 Trading account income/losses	V-IV-3	50,356	15,047
6.2 Income/losses from derivative financial instruments	V-IV-3	16,588	38,689
6.3 Foreign exchange gains/losses	V-IV-3	12,834	53,501
VII. OTHER OPERATING INCOME	V-IV-4	184,500	223,186
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1,832,879	1,296,849
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	582,353	260,615
X. OTHER OPERATING EXPENSES (-)	V-IV-6	595,060	511,077
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		655,466	525,157
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)		655,466	525,157
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(132,784)	(105,396)
16.1 Current tax charges		(142,099)	(66,127)
16.2 Deferred tax credits		9,315	(39,269)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV- XVI)	V-IV-8	522,682	419,761
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	522,682	419,761
Profit/Loss per 100 shares (full TL)		0.2091	0.1679

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 2013
(Thousands of Turkish Lira (TL))

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

GAINS AND LOSSES RECOGNIZED IN EQUITY	Reviewed Current Period 31 March 2013	Reviewed Prior Period 31 March 2012
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(146,500)	137,841
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	(20,962)	88,138
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	5,181	(38,371)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(162,281)	187,608
XI. CURRENT PERIOD'S PROFIT/(LOSS)	522,682	419,761
11.1 Change in fair value of securities (transfers to the statement of income)	72,387	323
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	450,295	419,438
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	360,401	607,369

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 2013
 (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
I. PRIOR PERIOD – 31 March 2012																			
Balances at the beginning of the period		2,500,000	-	723,918	-	590,498	-	3,689,113	239,905	1,226,785	-	253,304	7,564	67,318	-	-	9,298,405	-	9,298,405
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Associates, Subsidiaries and "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	187,608	-	-	-	-	187,608	-	187,608
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		-	-	-	-	-	-	-	-	419,761	-	-	-	-	-	-	419,761	-	419,761
XVIII. Profit distribution		-	-	-	-	120,126	-	1,010,638	25,524	(1,226,785)	-	-	33,497	-	-	-	(37,000)	-	(37,000)
18.1 Dividends		-	-	-	-	-	-	-	-	(37,000)	-	-	-	-	-	-	(37,000)	-	(37,000)
18.2 Transferred to reserves		-	-	-	-	120,126	-	1,010,638	25,524	(1,189,785)	-	-	33,497	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	710,624	-	4,699,751	265,429	419,761	-	440,912	41,061	67,318	-	-	9,868,774	-	9,868,774
CURRENT PERIOD – 31 March 2013																			
Balances at the beginning of the period		2,500,000	-	723,918	-	710,624	-	4,699,751	265,429	1,460,080	-	1,449,973	41,061	67,318	-	-	11,918,154	-	11,918,154
Changes during the period																			
II. Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Associates, Subsidiaries and "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	(162,281)	-	-	-	-	(162,281)	-	(162,281)
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		-	-	-	-	-	-	-	-	522,682	-	-	-	-	-	-	522,682	-	522,682
XVIII. Profit distribution		-	-	-	-	143,616	-	1,189,475	23,914	(1,460,080)	-	-	3,075	-	-	-	(100,000)	-	(100,000)
18.1 Dividends	VI-1	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
18.2 Transferred to reserves	VI-1	-	-	-	-	143,616	-	1,189,475	23,914	(1,360,080)	-	-	3,075	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	854,240	-	5,889,226	289,343	522,682	-	1,287,692	44,136	67,318	-	-	12,178,555	-	12,178,555

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 2013
(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 2013	Reviewed Prior Period 31 March 2012
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	993,764	535,366
1.1.1 Interests received	2,366,678	1,948,942
1.1.2 Interests paid	(914,273)	(1,188,064)
1.1.3 Dividends received	-	4,613
1.1.4 Fee and commissions received	242,810	89,415
1.1.5 Other income	42,192	36,166
1.1.6 Collections from previously written-off loans and other receivables	119,005	114,429
1.1.7 Payments to personnel and service suppliers	(661,101)	(576,297)
1.1.8 Taxes paid	(162,190)	(12,369)
1.1.9 Others	(39,357)	118,531
1.2 Changes in operating assets and liabilities	(2,614,525)	1,365,189
1.2.1 Net (increase) decrease in financial assets held for trading purpose	(2,377)	-
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(1,659,433)	(257,374)
1.2.4 Net (increase) decrease in loans	(2,175,344)	(3,052,089)
1.2.5 Net (increase) decrease in other assets	(51,529)	146,355
1.2.6 Net increase (decrease) in bank deposits	(592,854)	(816,077)
1.2.7 Net increase (decrease) in other deposits	(1,175,627)	5,428,030
1.2.8 Net increase (decrease) in funds borrowed	364,106	(2,186,341)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	2,678,533	2,102,685
I. Net cash flow from banking operations	(1,620,761)	1,900,555
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(254,068)	76,432
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	(23,095)	(13,360)
2.4 Proceeds from disposal of tangible assets	67,806	18,136
2.5 Cash paid for purchase of available-for-sale financial assets	(1,073,984)	(582,086)
2.6 Proceeds from disposal of available-for-sale financial assets	781,817	632,549
2.7 Cash paid for purchase of held-to-maturity investments	(35,600)	(51,475)
2.8 Proceeds from disposal of held-to-maturity investments	35,600	77,071
2.9 Others	(6,612)	(4,403)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	561,810	472,060
3.1 Cash obtained from funds borrowed and securities issued	1,467,981	950,439
3.2 Cash used for repayment of funds borrowed and securities issued	(906,171)	(478,379)
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	(2,745)	2,261
V. Net increase in cash and cash equivalents	(1,315,764)	2,451,308
VI. Cash and cash equivalents at the beginning of the period	4,999,872	4,933,906
VII. Cash and cash equivalents at the end of the period	3,684,108	7,385,214

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 effective since 1 November 2006, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance (collectively “Reporting Standards”) published by Turkish Accounting Standards Board (“TASB”).

Per decree no 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article no:1 of the 2499 numbered Law on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Association (“Board”) has been decided by the Council of Ministers. In accordance with this additional temporary article no 1 of the decree, current regulations will prevail until related standards and regulations will be issued by the Board become effective.

The accompanying consolidated 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 unconsolidated investments in associates and subsidiaries whose fair value can be reliably measured and assets available for sale, which are presented on a fair value basis.

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

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

The most important fund sources of the Bank other than the deposits are its equity 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. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

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

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

III. Information on forwards, options and other derivative transactions

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

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

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

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

IV. Information on interest income and expenses

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

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

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

V. Information on fees and commissions

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

VI. Information on financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the 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 financial assets and the difference between their acquisition costs and fair values are recorded as interest income in the statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the statement of income.

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

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

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

Held-to-maturity investments are measured at amortized cost using effective interest method after deducting impairments, if any. Interest earned on held-to-maturity investments is recognized as interest income.

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.

Purchase and sales of investment securities are recognized at the date of delivery. The changes in fair value of assets during the period between trade date and settlement date are accounted for in financial assets at fair value through profit or loss, available-for-sale financial assets and financial assets held for trading in the settlement date-accounting policy.

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 are recorded at fair value. 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 values 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 (“repo”) 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 (“reverse repo”) 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

An asset that is classified as held for sale (or to be discarded fixed assets) is measured with its book value or cost deducted fair value, depending on the lower one. An asset to be classified asset held for sale, particular asset (or to be discarded fixed assets) should be similar to these types of assets and should be able to be sold immediately with commonly accepted terms and conditions. Asset should be marketed in line with its fair value. For selling probability to be high, relevant management level should plan the the sale and should finalize the plan by determining the buyers.

A discontinued operation is classified as the Bank’s assets discarded or assets held for sales. Information on discontinued operations is presented separately in consolidated income statement. As at reporting date, the Bank does not have any discontinued operations.

XI. Information on goodwill and other intangible assets

The Bank's intangible assets consist of software.

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

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

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

XII. Information on tangible assets

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

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

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

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

Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful life (Years)	Depreciation Rate (%)
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 accounting estimates that are expected to have an impact in the current or subsequent periods.

At each reporting date, the Bank evaluates whether there is objective evidence of impairment on its assets. 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 leasing activities as the lessee

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 financial lease is calculated in the same manner as tangible assets.

Finance leasing activities as the lessor

The total of minimum rent amounts are recorded at “finance lease receivables” account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at “unearned income” account. As the rents are collected, “finance lease receivables” account is decreased by the rent amount; and the interest component is recorded at consolidated income statement as interest income.

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 2013 is TL 3,129 (full TL) (31 December 2012: TL 3,034 (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 2013 and 31 December 2012, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	1.91%	1.91%
Expected Rate of Salary/Limit Increase	5.00%	5.00%
Estimated Employee Turnover Rate	1.93%	1.93%

Other benefits to employees

The Bank has provided provision 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”) has been approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

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

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

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

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

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 has been 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 2013 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 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 valuation differences 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 valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

In Turkey, the transfer pricing provisions have been 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.

Pursuant to the relevant Communiqué, 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

The Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Bank has started to ontained funds through domestic and international bonds.

These transactions are initially recognized at acquisition costs at the transaction date and are subsequently measured at amortized cost using effective interest method.

XVIII. Information on issuance of equity securities

The shares of the Bank having nominal value of TL 322,000,000 (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 has been 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 2013 and 31 December 2012, 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 2013, earnings per 100 shares is full TL 0.2091 (31 March 2012: full TL 0.1679).

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 Standard*. Transactions made with related parties are disclosed in Section 5 Note VII.

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 15.94% (31 December 2012: 16.14%).

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 (Regulation)", "Regulation on Credit Risk Mitigation Techniques" and "Communiqué on Risk Weighted Amounts for Securitization Exposures" published in Official Gazette no. 28337 dated 28 June 2012 and "Regulation on the Equity of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

The data used in calculation of capital adequacy ratio is organized in accordance with the accounting records prepared in compliance with the current legislation. Besides, the Bank classifies these data as "Trading Book" and "Banking Book"; and takes into account in the calculation of market risk and credit risk accordingly. Operational risks are also included in the calculation of capital adequacy ratio.

In the calculation of risk-based amounts, the Bank classifies its receivables into risk groups described in 6th article of the Regulation and considers the ratings and risk mitigating elements. The amounts are evaluated in the related risk weight group, accordingly. The Bank applies "basic financial guarantee method" in the consideration of risk mitigating elements for banking book accounts.

Trading book accounts and the items deducted from the capital base are not included in the calculation of credit risk. 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 multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks", subjected to risk mitigation in accordance with the "Communique on Credit Risk Mitigation Techniques", classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the Regulation.

In the calculation of their risk-based values, Derivative Financial Instruments and Credit Derivative Contracts which are accounted in banking book, the receivable amounts due to counter parties are multiplied by the rates stated in the Appendix 2 of the Regulation, subjected to risk mitigation in accordance with the "Communique on Credit Risk Mitigation Techniques", classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the same Regulation. In compliance with Article 5 of the Regulation, repo transactions, investment securities and commodity lending transactions are accounted for "Counterparty Credit Risk". The Bank applies "Fair Value Measurement" in the calculation of "Counterparty Credit Risk".

Information on unconsolidated capital adequacy ratio

	31 March 2013								
	Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Surplus credit risk weighted									
Risk classifications:	36,583,943	-	6,774,795	27,646,094	20,175,114	33,201,715	2,272,482	5,804,502	-
Claims on sovereigns and Central Banks	30,460,197	-	-	3,662,691	-	-	-	-	-
Claims on regional governments or local authorities	14,800	-	959,209	146,213	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	54,784	-	-	-	-	28,354	-	-	-
Claims on multilateral development banks	155	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	4,337,687	-	5,799,742	2,143,804	-	3,215	-	-	-
Claims on corporate	750,098	-	-	-	-	28,553,614	-	-	-
Claims included in the regulatory retail portfolios	165,089	-	-	-	20,175,114	-	-	-	-
Claims secured by residential property	-	-	-	21,693,386	-	833,310	-	-	-
Past due loans	-	-	-	-	-	358,437	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,272,482	5,804,502	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	801,133	-	15,844	-	-	3,424,785	-	-	-

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Capital to be employed for credit risk (Amount subject to credit risk*0.08) (I)	6,282,303	6,069,014
Capital to be employed for market risk (Amount subject to market risk*0.08) (II)	50,664	48,413
Capital to be employed for operational risk (Amount subject to operational risk*0.08) (III)	655,046	587,602
Shareholders' equity	13,920,459	13,527,730
Shareholders' equity/ ((I+II+III)*12.5*100)	15.94%	16.14%

(*)In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2012 was measured by taking value at operational risk calculated based on gross income for the years ended 2011, 2010 and 2009 into consideration. For the year 2013, value at operational risk is being calculated based on gross income for the years ended 2012, 2011 and 2010.

Information on 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 (-)	-	-
Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share repeal	-	-
Legal Reserves	7,032,809	5,675,804
Adjustments to Legal Reserves	-	-
Profit	522,682	1,460,080
Net current period profit	522,682	1,460,080
Prior period profit	-	-
Provision for possible losses up to 25% of core capital	75,767	92,887
Profit on sale of associates, subsidiaries and buildings	44,136	41,061
Primary subordinated loans (up to 15% of Core Capital)	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	62,712	67,299
Intangible Assets (-)	85,733	81,747
Deferred-assets for tax which exceeds of 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd Paragraph) (-)	-	-
Total Core Capital	10,750,867	10,344,704
SUPPLEMENTARY CAPITAL		
General Provisions	1,016,723	956,059
45% of increase in revaluation fund on movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Free shares from investment in associates, subsidiaries and joint-ventures that is not recognized in profit	67,318	67,318
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loan	1,651,691	1,628,814
45% of value increase fund of financial assets available for sale and associates and subsidiaries	579,461	652,488
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Total Supplementary Capital	3,315,193	3,304,679
CAPITAL	14,066,060	13,649,383
DEDUCTIONS FROM CAPITAL	145,601	121,653
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	145,437	121,435
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Others	164	218
TOTAL EQUITY	13,920,459	13,527,730

II. Market risk

The Bank calculates market risk using standard method and allocates legal capital in compliance with “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in 28 June dated 2012 Official Gazette no. 28337.

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 needed 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 to be employed for general market risk	7,981
(II) Capital to be employed for specific risk	445
Capital to be employed for specific risk in securitisation positions- Standard Method	-
(III) Capital to be employed for currency risk	39,649
(IV) Capital to be employed for stocks	-
(V) Capital to be employed for clearing risk	-
(VI) Total capital to be employed for market risk because of options	-
(VII) Capital to be employed for counterparty credit risk - Standard Method	2,589
(VIII) Capital to be employed for general market risk	-
(IX) Total capital to be employed for market risk (I+II+III+IV+V+VI)	50,664
(X) Amount subject to market risk (12.5 x VIII) or (12.5 x IX)	633,300

III. Operational risk

The Bank calculated the value at operational risk in accordance with the third section of “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” that is “Computation of Value of Operational Risk” published in 28 June 2012 dated Official Gazette no. 28337. The operational risk which the Bank is exposed to is calculated according to the "Basic Indicator Method" hence by multiplying the average of the last three years’ actual gross income with 12.5, in line with the effective legislation practices in the country.

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 2013 and 31 December 2012 the Bank does not have derivate financial instruments held for risk management.

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	1.8050	2.3122
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	1.7700	2.2665
Day 2	1.7800	2.2871
Day 3	1.7800	2.2916
Day 4	1.7800	2.3197
Day 5	1.7800	2.2958
	US Dollar	Euro
Last 30-days arithmetical average rate	1.7665	2.3036

Information on currency risk

Current Period	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	3,271,878	5,195,815	3,064,330	11,532,023
Banks	113,423	893,778	38,037	1,045,238
Financial assets at fair value through profit or loss ⁽¹⁾	-	70,794	-	70,794
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	810,700	2,767,839	-	3,578,539
Loans and receivables ⁽²⁾	6,165,245	12,240,269	44,607	18,450,121
Associates, subsidiaries and joint-ventures	205,380	-	-	205,380
Held-to-maturity investments	-	56,052	-	56,052
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	2,011	-	2,011
Intangible assets	-	135	-	135
Other assets ⁽³⁾	59,493	168,276	2,944	230,713
Total assests	10,626,119	21,394,969	3,149,918	35,171,006
Liabilities:				
Bank deposits	1,049,469	1,372,921	1,521	2,423,911
Foreign currency deposits	5,958,329	8,078,791	985,561	15,022,681
Interbank money market takings	519,253	6,056,902	-	6,576,155
Other funding	3,477,802	4,214,607	18,673	7,711,082
Securities issued	-	917,159	-	917,159
Miscellaneous payables	29,713	18,167	80	47,960
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ^{(1) (4)}	75,157	2,376,493	2,862	2,454,512
Total liabilities	11,109,723	23,035,040	1,008,697	35,153,460
Net 'on balance sheet' position	(483,604)	(1,640,071)	2,141,221	17,546
Net 'off-balance sheet' position	686,800	1,952,635	(2,147,491)	491,944
Derivative assets ⁽⁶⁾	1,326,696	5,789,738	283,717	7,400,151
Derivative liabilities ⁽⁶⁾	639,896	3,837,103	2,431,208	6,908,207
Non-cash loans ⁽⁵⁾	1,314,066	5,634,324	298,242	7,246,632
Prior Period				
Total assets	10,904,753	21,370,070	2,565,336	34,840,159
Total liabilities	10,395,200	23,495,386	895,276	34,785,862
Net 'on balance sheet' position	509,553	(2,125,316)	1,670,060	54,297
Net 'off-balance sheet' position	(420,937)	2,444,890	(1,676,440)	347,513
Derivative assets ⁽⁶⁾	641,648	5,427,272	161,987	6,230,907
Derivative liabilities ⁽⁶⁾	1,062,585	2,982,382	1,838,427	5,883,394
Non-cash loans ⁽⁵⁾	1,338,987	5,040,329	296,729	6,676,045

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

⁽²⁾ Foreign currency indexed loans amounting to TL 1,747,649 (31 December 2012: TL 1,736,458) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 20,330 (31 December 2012: TL 24,885) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 17,327 (31 December 2012: TL 14,924) 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 437,155 (31 December 2012: TL 287,531) and asset sales commitments amounting to TL 397,964 (31 December 2012: TL 592,925) are included.

Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the three-month period ended 31 March 2013 and 2012 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 2013		31 March 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	29,967	29,967	14,992	28,460
EUR	(218)	(218)	(4,345)	(2,476)
Other currencies	(627)	(627)	298	298
Total, net	29,122	29,122	10,945	26,282

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

10 percent appreciation of the TL against the following currencies as at and for the three-month period ended 31 March 2013 and 2012 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 March 2013		31 March 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(28,331)	(28,331)	(12,613)	(26,081)
Euro	218	218	4,345	2,476
Other currencies	1,381	1,381	579	579
Total, net	(26,732)	(26,732)	(7,689)	(23,026)

(*) 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	-	-	-	-	-	13,551,386	13,551,386
Banks	617,050	122,668	-	-	-	334,724	1,074,442
Financial assets at fair value through profit/loss	16,174	54,961	8,547	19,415	3,910	2,377	105,384
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	3,544,618	2,496,273	4,153,524	1,756,850	2,282,784	10,750	14,244,799
Loans and receivables	23,171,073	7,880,949	16,974,777	13,758,738	7,602,577	358,437	69,746,551
Held-to-maturity investments	1,036,915	694,152	608,190	697,685	1,189,548	-	4,226,490
Other assets ^(*)	7,047	5,040	2,675	47,151	479	3,776,954	3,839,346
Total assets	28,392,877	11,254,043	21,747,713	16,279,839	11,079,298	18,034,628	106,788,398
Liabilities:							
Bank deposits	2,371,578	1,093,506	71,280	-	-	26,821	3,563,185
Other deposits	35,224,745	12,060,491	3,808,239	11,668	-	10,779,156	61,884,299
Interbank money market takings	9,236,047	1,294,924	226,926	672,439	-	-	11,430,336
Miscellaneous payables	-	-	-	-	-	2,225,661	2,225,661
Securities issued	26,391	878,796	1,232,695	866,214	-	-	3,004,096
Funds borrowed	2,111,861	2,588,707	2,713,845	28,452	358,111	-	7,800,976
Other liabilities ^(**)	59,761	4,710	88,339	428,139	1,330,964	14,967,932	16,879,845
Total liabilities	49,030,383	17,921,134	8,141,324	2,006,912	1,689,075	27,999,570	106,788,398
On balance sheet long position	-	-	13,606,389	14,272,927	9,390,223	-	37,269,539
On balance sheet short position	(20,637,506)	(6,667,091)	-	-	-	(9,964,942)	(37,269,539)
Off-balance sheet long position	676,842	1,680,624	22,107	298,487	37,381	-	2,715,441
Off-balance sheet short position	(171,442)	(202,675)	(281,322)	(1,322,167)	(669,131)	-	(2,646,737)
Position, Net	(20,132,106)	(5,189,142)	13,347,174	13,249,247	8,758,473	(9,964,942)	68,704

^(*) Subsidiaries, associates and tangible and intangible assets, and deferred tax 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	-	-	-	-	-	12,327,625	12,327,625
Banks	1,369,508	104,390	-	-	-	481,008	1,954,906
Financial assets at fair value through profit/loss	27,041	28,174	8,099	18,622	4,250	-	86,186
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	4,758,247	2,066,686	1,888,016	3,012,037	2,391,787	10,750	14,127,523
Loans and receivables	21,844,798	14,692,645	11,378,419	12,902,312	7,049,471	265,394	68,133,039
Held-to-maturity investments	368,474	776,415	640,988	1,247,025	1,220,704	-	4,253,606
Other assets ^(*)	6,646	517	7,773	31,963	511	3,649,968	3,697,378
Total assets	28,374,714	17,668,827	13,923,295	17,211,959	10,666,723	16,734,745	104,580,263
Liabilities:							
Bank deposits	2,899,905	880,011	364,596	-	-	13,100	4,157,612
Other deposits	33,944,857	15,005,143	3,229,754	7,702	-	10,897,222	63,084,678
Interbank money market takings	6,576,302	233,673	1,679,961	-	-	-	8,489,936
Miscellaneous payables	-	-	-	-	-	2,223,602	2,223,602
Securities issued	630,987	163,998	744,191	891,137	-	-	2,430,313
Fund borrowed	1,789,037	3,587,910	1,965,919	21,441	111,176	-	7,475,483
Other liabilities ^(**)	39,071	4,629	3,841	107,809	1,715,259	14,848,030	16,718,639
Total liabilities	45,880,159	19,875,364	7,988,262	1,028,089	1,826,435	27,981,954	104,580,263
On balance sheet long position	-	-	5,935,033	16,183,870	8,840,288	-	30,959,191
On balance sheet short position	(17,505,445)	(2,206,537)	-	-	-	(11,247,209)	(30,959,191)
Off-balance sheet long position	490,457	1,637,600	331,215	294,353	36,863	-	2,790,488
Off-balance sheet short position	(37,380)	(90,990)	(369,465)	(1,566,532)	(659,863)	-	(2,724,230)
Position, Net	(17,052,368)	(659,927)	5,896,783	14,911,691	8,217,288	(11,247,209)	66,258

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

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

Average interest rates applied to monetary financial instruments:

Current Period	Euro %	US Dollar %	Japanese Yen %	TL %
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	1.13	0.30	-	7.99
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.68	7.09	-	7.36
Loans and receivables	4.74	5.16	-	14.45
Held-to-maturity investments	-	1.05	-	9.47
Liabilities:				
Bank deposits	1.22	1.03	-	6.68
Other deposits	2.74	2.39	-	6.58
Interbank money market takings	0.40	1.21	-	6.34
Miscellaneous payables	-	-	-	-
Securities issued	-	5.75	-	6.77
Funds borrowed	1.08	1.81	-	7.11

Prior Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBT	-	-	-	-
Banks	0.87	0.54	-	8.24
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.68	7.14	-	7.53
Loans and receivables	4.77	5.47	-	15.28
Held-to-maturity investments	-	1.16	-	10.05
Liabilities:				
Bank deposits	1.80	1.40	-	6.68
Other deposits	3.06	2.77	-	7.25
Interbank money market takings	0.43	1.31	-	5.52
Miscellaneous payables	-	-	-	-
Securities issued	-	5.75	-	7.64
Funds borrowed	1.19	1.85	-	7.73

The interest rate risk of the banking book items:

Measurement Rate of Interest Rate Risk

Interest rate risk arising from banking book accounts is calculated in accordance with “Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standart Shock Technique” published in the 23 August 2011 dated Official Gazette no. 28034. Legal limit is monthly monitored and reported accordingly.

The economic value changes arising from the interest rate fluctuations which are measured according to “Regulation on Measurement and Assessment of Interest Rate Risk Arising from Banking Book Accounts according to Standart Shock Technique” are presented in the below table:

Currency Unit	Applied Shock	Gain/	Gain/
	(+/- x base point)	Loss	Equity-Loss/
			Equity
1. TRY	500 / (400)	(2,121,369) / 2,146,606	(15.2%) / 15.4%
2. EURO	200 / (200)	(24,521) / 28,196	(0.18%) / 0.2%
3. USD	200 / (200)	282,484 / (261,836)	2.0% / (1.9%)
Total (For Negative Shocks)	-	1,912,966	13.70%
Total (For Positive Shocks)	-	(1,863,406)	(13.38%)

Stock position risks arising from banking book items:

Information on separations of risks according to objectives including their relation with gains presented in equity and strategical reasons, accounting accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

If carrying value is substantially different from fair value and for publicly traded shares if market value is substantially different from fair value, the comparison with the market prices are shown in the table below:

Equities	Comparison		
	Balance Sheet Value	Fair Value Change (*)	Market Value (*)
Stocks quoted in exchange	560,097	560,097	560,097
1. Investments for quoted securities - Group A	560,097	560,097	560,097
2. Investments for quoted securities - Group B	-	-	-
3. Investments for quoted securities - Group C	-	-	-
Stocks unquoted in exchange	756,718	715,057	-

(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

Total unrealized gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio	Realized gains (losses) in current Period	Revaluated appreciation in the fair value		Unrealized Gain and Loss		
		Total (*)	Included to Supplementary Capital	Total (*)	Included to Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted in a stock exchange	-	-	-	314,034	-	141,315
3. Other share certificates	-	357,780	161,001	-	-	-
4. Total	-	357,780	161,001	314,034	-	141,315

(*) Amounts are presented including the effect of deferred tax.

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 (without tax effects) as a result of change in the fair value of equity instruments quoted to Borsa İstanbul ("BIST") 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 2013	31 March 2012
BIST-100	10%	30,750	25,723

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	13,551,386	-	-	-	-	-	-	13,551,386
Banks	732,726	219,048	122,668	-	-	-	-	1,074,442
Financial assets at fair value through profit/loss	2,377	11,733	11,739	45,194	30,431	3,910	-	105,384
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	134,703	799,328	2,381,298	6,829,794	4,088,926	10,750	14,244,799
Loans and receivables	-	5,617,654	337,206	12,356,959	33,417,266	17,659,029	358,437	69,746,551
Held-to-maturity investments	-	631,885	389,180	913,162	1,063,390	1,228,873	-	4,226,490
Other assets	-	348,263	25,281	6,128	178,416	479	3,280,779	3,839,346
Total assets	14,286,489	6,963,286	1,685,402	15,702,741	41,519,297	22,981,217	3,649,966	106,788,398
Liabilities:								
Bank deposits	26,821	2,371,578	1,093,506	71,280	-	-	-	3,563,185
Other deposits	10,779,156	35,224,745	12,060,491	3,808,239	11,668	-	-	61,884,299
Funds borrowed	-	1,739,585	580,713	2,304,875	1,797,849	1,377,954	-	7,800,976
Interbank money market takings	-	9,236,047	1,294,924	226,926	672,439	-	-	11,430,336
Securities issued	-	26,391	878,796	1,232,695	866,214	-	-	3,004,096
Miscellaneous payables	-	1,983,740	48,100	-	-	-	193,821	2,225,661
Other liabilities	-	264,450	159,181	67,576	439,718	1,350,456	14,598,464	16,879,845
Total liabilities	10,805,977	50,846,536	16,115,711	7,711,591	3,787,888	2,728,410	14,792,285	106,788,398
Liquidity gap	3,480,512	(43,883,250)	(14,430,309)	7,991,150	37,731,409	20,252,807	(11,142,319)	-
Prior Period								
Total assets	13,770,081	6,933,620	719,374	15,344,609	42,388,516	22,014,205	3,409,858	104,580,263
Total liabilities	10,910,322	46,626,657	16,841,717	10,006,639	2,936,304	2,873,442	14,385,182	104,580,263
Liquidity gap	2,859,759	(39,693,037)	(16,122,343)	5,337,970	39,452,212	19,140,763	(10,975,324)	-

(*) 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

Current Period	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	3,563,185	3,570,378	26,821	2,373,494	1,097,801	72,262	-	-
Other deposits	61,884,299	62,150,461	10,779,156	35,301,906	12,163,461	3,893,467	12,471	-
Funds borrowed	7,800,976	8,258,402	-	1,755,025	584,161	2,337,706	1,960,092	1,621,418
Money market takings	11,430,336	11,463,485	-	9,239,692	1,296,544	230,315	696,934	-
Issued Securities (Net)	3,004,096	3,262,744	-	26,489	887,916	1,264,211	1,084,128	-
Miscellaneous payables	2,225,661	2,225,661	193,821	1,983,740	48,100	-	-	-
Other liabilities	2,537,154	3,450,572	556,805	110,120	13,383	69,187	497,485	2,203,592
Total	92,445,707	94,381,703	11,556,603	50,790,466	16,091,366	7,867,148	4,251,110	3,825,010
Non-Cash Loans	18,109,570	18,109,570	8,040,055	495,793	1,599,590	4,809,669	2,533,352	631,111

Prior Period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,157,612	4,168,435	13,100	2,901,734	886,791	366,810	-	-
Other deposits	63,084,678	63,379,517	10,897,222	34,018,071	15,151,906	3,303,928	8,390	-
Funds borrowed	7,475,483	7,911,811	-	104,061	338,125	4,027,326	2,099,722	1,342,577
Money market takings	8,489,936	8,513,712	-	6,580,724	234,179	1,698,809	-	-
Issued Securities (Net)	2,430,313	2,682,393	-	633,496	166,395	762,214	1,120,288	-
Miscellaneous payables	2,223,602	2,223,602	116,563	2,064,207	42,832	-	-	-
Other liabilities	2,653,911	2,653,911	526,244	252,953	11,614	8,023	120,782	1,734,295
Total	90,515,535	91,533,381	11,553,129	46,555,246	16,831,842	10,167,110	3,349,182	3,076,872
Non-Cash Loans	17,216,747	17,216,747	7,631,920	1,136,877	1,567,553	4,183,700	2,013,049	683,648

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.

Securitisation Positions

None.

Credit risk mitigation techniques

"Basic Financial Guarantee" method is used for the financial guarantees in accordance with "Communique on Credit Risk Mitigation". Cash or cash equivalent, treasury bill, government bond and guarantees are used in credit risk mitigation.

Applications on guarantees' valuation and method

Policies on the valuation of financial guarantees and their evaluation and valuation of immovables that are received as mortgage for loans have been formed. These policies and procedures are prepared in accordance with "Communique on Credit Risk Mitigation" and include minimum conditions regarding guarantee valuation and management.

Types of main guarantees received

Main types of the guarantees that Bank receives for loans provided are mortgages, guarantees/sureties and financial guarantees.

Main guarantors, credit derivatives' counterparties and their credit worthiness

Assessment of credit worthiness of main guarantors is determined and monitored in accordance with the lending and intelligence procedures of the Bank.

Information about market and credit risk concentration in credit risk mitigation

Market risk and credit risk concentrations are carefully avoided.

Information about guarantees according to risk classifications

Information about guarantees according to risk classifications is shown in the table below:

Risk Classification	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	34,122,888	2,621,348	-	-
Claims on regional governments or local authorities	1,120,222	3,558	-	-
Claims on administrative bodies and other non-commercial undertakings	83,138	51,319	-	-
Claims on multilateral development banks	155	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	12,284,448	4,334,697	-	-
Claims on corporates	29,303,712	337,219	-	-
Claims included in the regulatory retail portfolios	20,340,203	84	-	-
Claims secured by residential property	22,526,696	-	-	-
Past due loans	358,437	-	-	-
Higher risk categories decided by the Agency	8,076,984	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other receivables	4,241,762	-	-	-
Total	132,458,645	7,348,225	-	-

Risk management strategies and policies

Risk management strategies are determined so as to support the Bank's objectives and goals and maintain Bank's presence by developing the present risk management strategies and corporate wide risk culture in parallel with the changing business and risk environment and by applying the well accepted national and international risk management practices.

The mission of Bank is to continuously increase the values added to the customers, employees, shareholders and society by managing the entrusted assets and values effectively and productively. In this scope, it is fundamental to adopt forward looking risk based approaches through forming high quality assets and good management of liabilities in all activities aiming high quality gains.

Bank's risk management strategy is mainly based on avoiding high risks and legal risks with high impacts even if the probability of happening is low, taking measures for the risks that may occur due to ordinary banking activities, procuring protection, transferring risks to third parties through techniques like insurance or credit derivatives and accepting risks that have low impact and probability of occurrence.

Risks are defined, measured, reported and managed in compliance with the policies and national and international standards. In this respect, not only legal limits but also in-bank limits are considered. Up-to-dateness and compliance of the limits are monitored regularly. Credit risk mitigation policies are determined and approved by the Board of Directors. Besides, possible risks are considered by following the changes in the market and economic conditions.

Risk management system and organization have been formed in compliance with the Regulation of Internal Systems.

VII. Segment reporting

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

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

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	462,966	422,123	269,733	195,991	1,350,813
Undistributed expenses	-	-	-	(741,742)	(741,742)
Operating profit	462,966	422,123	269,733	(545,751)	609,071
Income from associates	-	-	-	-	46,395
Income before taxes	-	-	-	-	655,466
Provision for taxes	-	-	-	-	(132,784)
Net profit	-	-	-	-	522,682
Segment assets	25,826,028	43,920,523	32,567,784	-	102,314,335
Investments in associates and subsidiaries	-	-	1,306,065	-	1,306,065
Undistributed assets	-	-	-	3,167,998	3,167,998
Total assets	25,826,028	43,920,523	33,873,849	3,167,998	106,788,398
Segment liabilities	25,450,274	39,997,210	22,490,199	-	87,937,683
Equity	-	-	-	12,178,555	12,178,555
Undistributed liabilities	-	-	-	6,672,160	6,672,160
Total Liabilities and Equity	25,450,274	39,997,210	22,490,199	18,850,715	106,788,398

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	655,548	136,904	792,976	186,191
Central Bank of Turkey ^(*)	1,347,972	11,386,437	1,452,478	9,870,679
Others	15,843	8,682	4,448	20,853
Total	2,019,363	11,532,023	2,249,902	10,077,723

^(*) TL 9,392,091 (31 December 2012: TL 8,108,813) of the foreign currency deposit at Central Bank of Turkey consists of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2005/1, all banks operating in Turkey shall provide a reserve rate of 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2012: 11% for demand deposits, and the rates decrease to 5% as maturities get longer). For foreign currency liabilities, all banks shall provide a reserve rate of 12.5% in US Dollar or Euro for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer (31 December 2012: 11.5% in US Dollar or Euro for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer).

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,347,972	550,346	1,449,530	693,866
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	1,444,000	2,948	1,068,000
Reserve Deposits	-	9,392,091	-	8,108,813
Total	1,347,972	11,386,437	1,452,478	9,870,679

The Bank and CBT had disagreement about the reserve requirements deposited at CBT regarding the syndication loans obtained by foreign branches of the Bank. Subsequent to the decision, CBT required the Bank to provide reserve requirement for loans obtained by foreign branches, the Bank filed a claim in Ankara 15th Administrative Court for the suspension of execution and cancellation of the decision. As at 15 June 2011, the court decided on refusal of the claim with the right to appeal on State Council. CBT requested the Bank to provide additional reserves amounting to USD 384 million in average for 3.5 years period with the 4 May 2011 dated communique. In this context, the Bank has begun to provide additional reserve requirements at 27 May 2011.

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	9,731	1,051	2,063	2,047
Swap Transactions	13,736	77,817	18,318	63,277
Futures	-	-	-	-
Options	33	639	208	273
Others	-	-	-	-
Total	23,500	79,507	20,589	65,597

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	29,204	1,045,238	29,360	1,925,546
Domestic	29,204	144,405	29,360	295,752
Foreign	-	900,833	-	1,629,794
Foreign Head Offices and Branches	-	-	-	-
Total	29,204	1,045,238	29,360	1,925,546

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	184,294	179,259	6,226	184,493
Others	-	-	-	-
Total	184,294	179,259	6,226	184,493

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	6,197,212	-	4,504,521	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	3,163,414	-	3,292,531
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	6,197,212	3,163,414	4,504,521	3,292,531

Information on available-for-sale financial assets

	Current Period	Prior Period
Debt securities	14,350,678	14,213,040
Quoted	14,350,678	14,213,040
Unquoted	-	-
Equity securities	10,750	10,750
Quoted	-	-
Unquoted	10,750	10,750
Provision for impairment on available-for-sale financial assets (-)	116,629	96,267
Total	14,244,799	14,127,523

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	-	37,979	-	37,919
Legal entities	-	37,979	-	37,919
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	72,305	-	68,559	-
Total	72,305	37,979	68,559	37,919

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	65,886,573	291,042	-	2,685,170	510,678	-
Loans given to enterprises	17,304,953	180,165	-	874,830	212,548	-
Export loans	3,131,870	20,210	-	103,513	15,225	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	927,868	-	-	720	-	-
Consumer loans	21,778,203	88,296	-	922,468	211,720	-
Credit cards	3,278,216	-	-	152,336	7,240	-
Other	19,465,463	2,371	-	631,303	63,945	-
Specialized lending	14,651	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	65,901,224	291,042	-	2,685,170	510,678	-

Information related to the changes in the payment plans of loans and other receivables:

<i>Number of modifications to extend payment plans</i>	<i>Standard Loans and Other Receivables (*)</i>	<i>Loans and other receivables under close monitoring (*)</i>
Extended for 1 or 2 times	291,042	296,536
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-
<i>Extended period of time</i>	<i>Standard Loans and Other Receivables (*)</i>	<i>Loans and other receivables under close monitoring (*)</i>
0-6 Months	3,938	775
6 Ay- 12 Months	7,444	1,198
1-2 Years	38,495	13,900
2-5 Years	238,200	270,225
5 Years and Over	2,965	10,438

(*) The above tables include the change in the payment plans of loans and other receivables after 28 May 2011.

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	323,804	21,764,961	22,088,765
Housing Loans	5,918	10,999,054	11,004,972
Automobile Loans	5,400	507,520	512,920
General Purpose Loans	231,892	6,972,452	7,204,344
Other	80,594	3,285,935	3,366,529
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	2,683,449	2,616	2,686,065
With Installment	1,452,778	2,616	1,455,394
Without Installment	1,230,671	-	1,230,671
Retail Credit Cards – FC	1,167	-	1,167
With Installment	-	-	-
Without Installment	1,167	-	1,167
Personnel Loans – TL	1,875	33,598	35,473
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	1,848	33,598	35,446
Other	27	-	27
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	36,759	-	36,759
With Installment	18,125	-	18,125
Without Installment	18,634	-	18,634
Personnel Credit Cards – FC	73	-	73
With Installment	-	-	-
Without Installment	73	-	73
Overdraft Checking Accounts – TL (Real persons)	876,382	-	876,382
Overdraft Checking Accounts – FC (Real persons)	67	-	67
Total	3,923,576	21,801,175	25,724,751

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	637,076	12,332,265	12,969,341
Real Estate Loans	363	184,820	185,183
Automobile Loans	20,278	1,330,058	1,350,336
General Purpose Loans	616,435	10,817,387	11,433,822
Other	-	-	-
Installment-based Commercial Loans – FC indexed	13,333	638,057	651,390
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	13,333	638,057	651,390
Other	-	-	-
Installment-based Commercial Loans – FC	4,701	1,356,304	1,361,005
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	4,701	1,356,304	1,361,005
Corporate Credit Cards – TL	713,609	28	713,637
With Installment	371,866	28	371,894
Without Installment	341,743	-	341,743
Corporate Credit Cards – FC	91	-	91
With Installment	-	-	-
Without Installment	91	-	91
Overdraft Checking Accounts – TL (Corporate)	440,068	-	440,068
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	1,808,878	14,326,654	16,135,532

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	69,297,707	67,761,778
Overseas Loans	90,407	105,867
Total	69,388,114	67,867,645

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	68,238	111,074
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	68,238	111,074

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	89,609	66,348
Loans and Receivables with Doubtful Collectibility	626,049	519,461
Uncollectible Loans and Receivables	1,948,385	1,873,760
Total	2,664,043	2,459,569

Information on non-performing loans (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	56,566	68,441	66,005
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	56,566	68,441	66,005
Prior period	37,448	55,374	67,590
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	37,448	55,374	67,590

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	331,742	519,461	1,873,760
Additions (+)	429,778	10,068	2,750
Transfers from other categories of loans under follow-up (+) ^(*)	-	268,629	125,975
Transfers to other categories of loans under follow-up (-) ^(*)	265,993	142,061	12,624
Collections (-)	47,481	30,048	41,476
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	448,046	626,049	1,948,385
Specific provision (-)	89,609	626,049	1,948,385
Balance, net	358,437	-	-

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the end of the period	25,604	22,535	261,396
Specific provision (-)	5,121	22,535	261,396
Net balance on balance sheet	20,483	-	-
Prior Period			
Balance at the end of the period	11,163	13,737	261,851
Specific provision (-)	2,233	13,737	261,851
Net balance on balance sheet	8,930	-	-

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)	358,437	-	-
Consumer and Commercial Loans (Gross)	440,560	621,959	1,906,491
Specific Provision (-)	88,112	621,959	1,906,491
Consumer and Commercial Loans (Net)	352,448	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	7,486	4,090	40,343
Specific Provision (-)	1,497	4,090	40,343
Other Loans and Receivables (Net)	5,989	-	-
		-	-
Prior Period (Net)	265,394	-	-
Consumer and Commercial Loans (Gross)	328,992	514,666	1,834,895
Specific Provision (-)	65,798	514,666	1,834,895
Consumer and Commercial Loans (Net)	263,194	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,750	4,795	37,314
Specific Provision (-)	550	4,795	37,314
Other Loans and Receivables (Net)	2,200	-	-

6. Information on held-to-maturity investments

Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	4,170,438	-	4,198,301	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	1,841	-	1,858
Total	4,170,438	1,841	4,198,301	1,858

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	4,306,294	4,324,945
Quoted at Stock Exchanges	4,252,083	4,271,498
Unquoted at Stock Exchanges	54,211	53,447
Impairment Losses (-)	79,804	71,339
Total	4,226,490	4,253,606

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	4,253,606	5,971,527
Foreign currency differences on monetary assets	775	(114,082)
Purchases during the period	35,600	210,825
Transfers to available for sale portfolio ^(*)	-	(1,474,294)
Disposals through sales/redemptions	(35,600)	(275,294)
Impairment losses	(8,465)	(29,209)
Change in amortized costs of the securities ^(**)	(19,426)	(35,867)
Balances at the end of the period	4,226,490	4,253,606

^(*) In the scope of “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” which is effective from 1 July 2012, the credit risk weight of foreign currency denominated debt securities has changed and therefore these securities have been reclassified according to the related standard. The Bank reclassified certain investment securities that were previously classified in held-to-maturity portfolio with total face value of USD 706,011,000 (full U.S. dollar) ve EUR 60,002,000 (full EURO) to its available-for-sale investment securities portfolio. The securities reclassified from held-to-maturity portfolio with amortized cost of TL 1,422,452 and fair value of TL 1,733,819 in total to available-for-sale investment securities portfolio as at the reclassification date.

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

Information on held-to-maturity investments

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period				
Collateralized/blocked investment securities	536,991	54,150	530,114	54,211
Investments subject to repurchase agreements	3,529,807	-	3,538,940	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	99,713	1,805	101,384	1,841
Total	4,166,511	55,955	4,170,438	56,052

	Cost		Carrying Value	
	TL	FC	TL	FC
Prior Period				
Collateralized/blocked investment securities	730,596	53,400	733,880	53,447
Investments subject to repurchase agreements	2,148,261	-	2,184,752	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	1,287,654	1,780	1,279,669	1,858
Total	4,166,511	55,180	4,198,301	55,305

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

7. Information on investments in associates

Information on investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkosa/NCTR	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ (*)	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ	İstanbul/Turkey	9.70	9.70
5 Kredi Kayıt Bürosu AŞ (*)	İstanbul/Turkey	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/Turkey	0.07	0.07
7 İzmir Enternasyonel Otelcilik AŞ (*)	İstanbul/Turkey	5.00	5.00
8 İMKB Takas ve Saklama Bankası AŞ (*)	İstanbul/Turkey	4.86	5.28
9 Kredi Garanti Fonu AŞ (*)	Ankara/Turkey	1.75	1.75
10 World Vakıf UBB Ltd.	Lefkosa/NCTR	82.00	85.24

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	960,979	66,190	8,883	71,055	6,793	5,794	5,337	-
2	10,857,318	1,919,002	238,235	364,261	251,594	325,151	258,620	2,743,126
3	1,832,705	411,250	250,183	39,142	-	189,573	46,861	-
4	27,080	19,881	14,819	142	13	282	2,485	-
5	79,837	67,450	45,452	2,164	-	33,184	18,566	-
6	127,711	7,175	89,474	364	-	(3,706)	(13,948)	-
7	101,052	36,862	96,935	44	-	1,833	(11,703)	-
8	3,671,623	331,605	18,453	87,161	2,362	55,168	34,844	-
9	264,286	235,077	3,986	12,004	-	3,675	5,867	-
10	1,485	(35,124)	-	1	-	(898)	(856)	-

(*) The financial statements for these associates as at and for the period ended 31 December 2012 are presented.

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	398,063	219,527
Movements during the period	(137,345)	178,536
Transfers	(155,712)	-
Acquisitions and capital increases	-	1,211
Bonus shares received	16,755	26,514
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	1,612	150,811
Impairment losses	-	-
Balance at the end of the period	260,718	398,063
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ that were accounted as investments in associates in 2012 have been classified as subsidiary beginning from 1 January 2013 and presented in the transfers in movement table of investments in associates.

Roketsan Roket Sanayi ve Ticaret AŞ, a subsidiary of the Bank, has merged with its subsidiary Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ, with dissolution of Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ without liquidation. The merge has been registered in trade registry gazette on 29 June 2012. With the merger, the share of the Bank has increased by TL 4 from TL 14,600 to TL 14,604 and the ownership ratio of the Bank has decreased from 10.00% to 9.93% due to two new shareholders from Tapasan-Hassas Mekanik ve Elektronik Sanayi ve Ticaret AŞ.

As per 5 April 2012 dated and 4686 numbered decision of the BRSA, Kredi Kayıt Bürosu AŞ and Bankalararası Kart Merkezi AŞ has been classified as non-financial subsidiaries. Based on this decision, Kredi Kayıt Bürosu AŞ ve Bankalararası Kart Merkezi have been transferred to "Other Business Enterprises" account from "Other financial investments" account.

The name of Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, a subsidiary of the Bank, has been changed as Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ on 3 April 2012. Amendment of association regarding this change has been discussed and decided on 28 March 2012 dated General Assembly meeting upon 2 March 2012 dated and 2354 numbered permission by Capital Market Board and 12 March 2012 dated 1814 numbered permission by General Directorate of Domestic Trade in Trade Ministry of Custom and Trade. The name has been registered on 3 March 2012 by İstanbul Trade Registry Office and has been announced on 9 April 2012 and 8044 numbered Turkish Trade Registry Gazette.

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".

Sectoral distribution of investments in financial associates

	Current Period	Prior Period
Banks	245,107	226,740
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	4,211	159,923
Total	249,318	386,663

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	229,807	367,151
Quoted at international stock exchanges	-	-
Total	229,807	367,151

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

There is not any associate acquired in the current period.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, from TL 1,100,000 to TL 1,300,000, by the General Assembly of the Company, the share of the Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

Per General Assembly of the Kredi Garanti Fonu an associate of the Bank held on 30 May 2012, the decision for merger of Türk Ekonomi Bankası AŞ and Fortisbank AŞ has taken. Due to this merger, the shares of the Fortisbank have been transferred to Türk Ekonomi Bankası AŞ hence the principle of equality in partnership between banks has been invalidated. In result, the shares are decided to be distributed equally between banks. The TL 211 which is the amount corresponding to Bank share has been paid in the current year and presented in “purchases during the period” line in the movement table of associates. Accordingly with the addition of TL 211 the share of the Bank has increased to TL 4,211 and shareholder ratio increased to 1.75%.

In year 2012, the Bank has paid its capital commitment amounting to TL 1,000 to Kredi Garanti Fonu AŞ, related to funding requirement of the associate. The paid amount is presented as acquisitions in movement table of investments in associates.

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, from TL 800,000 to TL 1,100,000, by the General Assembly of the Company, the share of the Bank amounting to TL 25,132 is presented in the movement table of investments in associates as bonus shares received.

In year 2012, the capital of of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, has been increased by TL 5,000 from TL 100,000 to TL 105,000. The share of the Bank amounting to TL 1,382 is presented in the movement table of investments in associates as bonus shares received.

8. Investments in subsidiaries

Information on financial subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Finans Factoring Hizm. AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf Portföy Yönetimi AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf B Tipi Menkul Kıyetler Yat. Ort. AŞ
Paid in Capital	57,121	60,000	35,000	22,400	150,000	26,500	3,000	105,000	15,000
Share Premium	-	-	-	-	-	-	-	9,759	19
Adjustment to paid-in capital	-	353	137	28,831	-	20,103	16	21,599	93
Valuation changes in marketable securities	8,062	2,553	20,450	-	27,447	-	-	-	-
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	17,794	20,780	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business	-	-	-	-	-	-	-	-	-
Legal Reserves	4,804	3,479	4,712	4,987	8,791	10,382	662	3,144	395
Extraordinary Reserves	-	35,542	3,788	21,999	11,409	30,836	2,030	47,315	-
Other Profit Reserves	69,693	-	2,308	-	56,873	833	-	-	-
Profit/Loss	84,702	5,402	2,615	10,281	-	50,506	2,141	6,218	(1,084)
<i>Prior Years' Profit/Loss</i>	66,537	-	670	-	(17,164)	17,891	6	-	(1,760)
<i>Current Years' Profit/Loss</i>	18,165	5,402	1,945	10,281	(12,581)	32,615	2,135	6,218	676
Minority Rights	-	71	-	-	-	-	-	-	-
Total Core Capital	224,382	107,400	69,010	88,498	242,569	159,940	7,849	193,035	14,423
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	224,382	107,400	69,010	88,498	242,569	159,940	7,849	193,035	14,423
NET AVAILABLE EQUITY	224,382	107,400	69,010	88,498	242,569	159,940	7,849	193,035	14,423

(*)The financial statements as at and for the period ended 31 December 2012 are presented.

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Bank, calculates capital adequacy in accordance with “Comminique on Capital and Capital Adequacy of Intermediary Firms” of CMB every six months. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with “Comminique on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms” published by Undersecretariat of Treasury every six month. According to the calculations at 31 December 2012, there is no capital requirement for the subsidiaries mentioned.

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 (**)	İstanbul/TURKEY	36.35	36.35
2 Vakıf Emeklilik AŞ (*)	İstanbul/ TURKEY	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ (*)	İstanbul/ TURKEY	78.39	86.97
4 Vakıf Finansal Kiralama AŞ (**)	İstanbul/ TURKEY	58.71	64.40
5 Vakıf Yatırım Menkul Değerler AŞ (*)	İstanbul/ TURKEY	99.00	99.44
6 Vakıfbank International AG (*)	Vienna/AUSTRIA	90.00	90.00
7 Vakıf Portföy Yönetimi AŞ (*)	İstanbul/ TURKEY	99.99	99.99
8 Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ (**)	İstanbul/ TURKEY	11.75	21.77
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (**)	İstanbul/ TURKEY	27.63	29.47
10 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/ TURKEY	65.50	84.92
11 Taksim Otelcilik AŞ	İstanbul/ TURKEY	51.00	51.52
12 Vakıf Pazarlama Sanayi ve Ticaret AŞ	İstanbul/ TURKEY	69.33	74.98
13 Vakıf Gayrimenkul Değerleme AŞ	Ankara/ TURKEY	54.29	58.54

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	927,519	242,569	267,710	16,226	399	(12,581)	26,260	360,162
2	1,866,672	159,940	60,183	24,581	3,360	29,955	14,494	349,100
3	274,803	88,498	2,627	49,675	-	10,281	13,243	97,907
4	806,909	107,400	6,077	48,810	127	5,402	14,390	98,402
5	265,491	69,010	318	6,670	427	1,946	3,995	84,367
6	1,750,097	224,382	1,506	53,113	8,064	18,165	17,865	228,200
7	8,197	7,849	5	687	29	2,135	1,561	21,698
8	14,656	14,423	66	616	1,591	676	(1,760)	15,906
9	195,349	193,035	141,714	1,963	3,068	6,218	25,791	505,715
10	8,009	8,087	1,063	388	-	(210)	588	12,500
11	227,877	219,982	104,028	2,033	1	828	42	218,159
12	46,093	36,994	11,893	217	24	1,299	509	26,000
13	23,475	18,112	630	282	18	775	(76)	33,567

(*) The financial statements for these subsidiaries as at and for the period ended 31 December 2012 are presented.

(**) Figures are obtained from audited financial statements as at and for the period ended 31 December 2012 disclosed in Public Disclosure Platform.

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	912,209	644,998
Movements during the period	133,138	267,211
Transfers	155,712	-
Acquisitions and capital increases	-	-
Bonus shares received	-	7,771
Dividends from current year profit	(16,155)	(15,203)
Sales and liquidations	-	-
Fair value changes	(6,419)	274,643
Impairment losses	-	-
Balance at the end of the period	1,045,347	912,209
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Subsequent to the approval of the decision to increase the paid-in capital by EUR 25,000,000 all in cash of Vakıf International AG, a subsidiary of the Bank, from EUR 45,000,000 to EUR 70,000,000, by the General Assembly of the Company in 2012, the Bank has decided to fully utilize preemptive offer of shares and paid for the corresponding shares amounting to EUR 22,500,000 on 26 April 2013.

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	1,045,347	912,209
Equity method of accounting	-	-
Total	1,045,347	912,209

Sectoral distribution of investments in financial subsidiaries

	Current Period	Prior Period
Banks	205,380	205,380
Insurance companies	305,609	311,390
Factoring companies	76,750	76,750
Leasing companies	57,773	57,773
Finance companies	-	-
Other financial subsidiaries	245,021	105,219
Total	890,533	756,512

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	330,290	180,998
Quoted at international stock exchanges	-	-
Total	330,290	180,998

Investments in subsidiaries disposed during the period

There is no disposal in subsidiaries in the current period.

Investments in subsidiaries acquired during the period

There is no subsidiary acquired in the current period.

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ that were accounted as investments in associate in 2012 have been classified as subsidiary beginning from 1 January 2013 and presented in the transfers in movement table of investments in subsidiary.

In year 2012, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, from TL 50,000 to TL 60,000, by the General Assembly of the company, the share of the Bank amounting to TL 5,871 is presented as bonus shares received in the movement table of investments in subsidiaries.

In year 2012, subsequent to approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Değerleme AŞ, a subsidiary of the Bank, from TL 3,500 to TL 7,000 through bonus issuance, the share of the Bank amounting to TL 1,900 is presented in bonus shares received line in 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 2013 and 31 December 2012, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
<i>Deferred tax assets:</i>	187,976	180,592
Provision for employee termination benefits and unused vacations	60,546	58,516
Other provisions	48,207	39,137
Valuation differences of associates and subsidiaries	23,456	23,456
BRSA - Tax Code depreciation differences	14,230	12,997
Valuation differences of financial assets and liabilities	39,842	44,771
Others	1,695	1,715
<i>Deferred tax liabilities:</i>	(56,711)	(60,967)
Valuation differences of financial assets and liabilities	(21,923)	(25,130)
Valuation differences of associates and subsidiaries	(34,788)	(35,837)
Deferred tax assets, net	131,265	119,625

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

None.

15. Information on other assets

As at 31 March 2013 and 31 December 2012 other assets are as follows:

	Current period	Prior Period
Prepaid expenses	442,564	408,984
Receivables from credit card payments	334,873	387,146
Guarantees given for derivative financial instruments	119,868	134,520
Guarantees given for repurchase agreements	100,068	9,707
Receivables from term sale of assets	62,392	47,410
Others	72,571	63,400
Total	1,132,336	1,051,167

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	2,327,513	-	262,173	12,685,453	1,907,550	369,510	106,501	-	17,658,700
Foreign Currency Deposits	1,484,387	-	1,145,572	7,701,524	1,544,346	600,283	1,613,842	-	14,089,954
Residents in Turkey	1,382,308	-	1,097,046	7,601,690	1,443,399	470,635	712,124	-	12,707,202
Residents in Abroad	102,079	-	48,526	99,834	100,947	129,648	901,718	-	1,382,752
Public Sector Deposits	2,485,413	-	1,430,707	6,860,479	774,342	300,177	15,006	-	11,866,124
Commercial Deposits	1,259,077	-	2,435,374	5,795,062	1,110,023	759,492	4,137	-	11,363,165
Others	2,290,039	-	730,629	1,876,525	668,608	393,436	14,392	-	5,973,629
Precious Metal Deposits	932,727	-	-	-	-	-	-	-	932,727
Bank Deposits	26,821	-	1,786,153	903,978	410,419	425,380	10,434	-	3,563,185
Central Bank	263	-	-	-	-	-	-	-	263
Domestic Banks	827	-	1,545,707	495,993	338,150	62,993	10,434	-	2,454,104
Foreign Banks	21,656	-	240,446	407,985	72,269	362,387	-	-	1,104,743
Participation Banks	4,075	-	-	-	-	-	-	-	4,075
Others	-	-	-	-	-	-	-	-	-
Total	10,805,977	-	7,790,608	35,823,021	6,415,288	2,848,278	1,764,312	-	65,447,484

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	2,046,323	-	280,169	12,493,455	2,056,054	99,207	115,769	-	17,090,977
Foreign Currency Deposits	1,748,379	-	1,410,188	8,112,958	1,389,304	532,208	1,601,869	-	14,794,906
Residents in Turkey	1,528,353	-	1,406,846	8,019,490	1,295,488	408,496	714,272	-	13,372,945
Residents in Abroad	220,026	-	3,342	93,468	93,816	123,712	887,597	-	1,421,961
Public Sector Deposits	2,706,233	-	2,065,023	6,205,313	709,706	19,216	14,654	-	11,720,145
Commercial Deposits	1,300,349	-	2,739,050	4,236,959	2,504,010	463,272	4,181	-	11,247,821
Others	2,293,689	-	2,211,287	1,894,945	953,617	60,847	14,195	-	7,428,580
Precious Metal Deposits	802,249	-	-	-	-	-	-	-	802,249
Bank Deposits	13,100	-	2,715,702	676,552	385,456	356,339	10,463	-	4,157,612
Central Bank	402	-	-	-	-	-	-	-	402
Domestic Banks	689	-	2,459,111	491,591	149,017	-	10,463	-	3,110,871
Foreign Banks	5,384	-	256,591	184,961	236,439	356,339	-	-	1,039,714
Participation Banks	6,625	-	-	-	-	-	-	-	6,625
Others	-	-	-	-	-	-	-	-	-
Total	10,910,322	-	11,421,419	33,620,182	7,998,147	1,531,089	1,761,131	-	67,242,290

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	9,637,758	7,156,786	8,020,942	9,934,191
Foreign Currency Saving Deposits	3,102,480	2,158,935	4,689,094	5,755,729
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	12,740,238	9,315,721	12,710,036	15,689,920

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	13,355	14,724
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	2,682	2,352
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	8,441	1,021	2,134	2,063
Swap Transactions	6,262	179,482	4,853	190,187
Futures	-	-	-	-
Options	33	639	178	277
Others	-	-	-	-
Total	14,736	181,142	7,165	192,527

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	89,894	178,151	86,974	201,248
Foreign Banks, Institutions and Funds	-	7,532,931	-	7,187,261
Total	89,894	7,711,082	86,974	7,388,509

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	70,683	4,498,944	68,245	4,257,409
Medium and Long term (*)	19,211	3,212,138	18,729	3,131,100
Total	89,894	7,711,082	86,974	7,388,509

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.3% (31 December 2012: 8.1%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 1 September 2010, the Bank obtained a syndication loan at the amount of US Dollar 135 million with interest rate of Libor + 1.30% and Euro 408 million with interest rate of Euribor + 1.30% at 1 year maturity; and syndication loan at the amount of US Dollar 10 million with interest rate of Libor + 1.75% and Euro 45 million with interest rates of Euribor + 1.75% at 2 years maturity with the participation of 32 banks under the coordination of West LB AG. The Bank has repaid the part of the loan with one year maturity on 6 September 2011. On 6 September 2011, repayment of loan's one year maturity segments was realized. On 31 August 2012, two years maturity segments were paid off.

This loan has been renewed with a syndicated loan at the amount of US Dollar 145 million and Euro 433 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 26 banks under the coordination of ING Bank NV on 7 September 2011. The syndicated loan's repayment was realized on 10 September 2012. This loan has been renewed with a syndicated loan at the amount of USD 151 million and EURO 444.5 million with the interest rate of US Libor + 1.35% and Euribor + 1.35% at a maturity of one year, with the participation of 24 banks with the coordination and agency of INGBank N.V. on 18 September 2012.

On 28 March 2011, the Bank has obtained syndication loan of USD 192.5 million and Euro 573.5 million with one year maturity at the cost Libor + 1.10% for USD and Euribor + 1.10% for EUR, with the participation of 34 banks under the coordination of West LB AG, the the loan was repaid on 29 March 2011. This loan has been renewed with a syndicated loan at the amount of US Dollar 152 million and Euro 586.7 million with interest rates of US Libor + 1.45 % and Euribor + 1.45 % at a maturity of one year, with the participation of 41 banks under the coordination of Wells Fargo Bank NA on 10 April 2012. Repayment of the loan obtained on 10 April 2012 was realized on 12 April 2013. This loan has been renewed with a syndicated loan amounting to US Dollar 251.5 million and Euro 555.17 million with interest rates of US Libor + 1.00 % and Euribor + 1.00 % at a maturity of one year, with the participation of 38 banks, Sumitomo Mitsui Banking Corporation and Brussels Branch acting as agent banks and under the coordination of Bank of America Merrill Lynch on 11 April 2013.

Information on securities issued

On 18 January 2013, the Bank has issued discounted bonds with nominal values of TL 250,000 and with 143 days maturity, TL 600,000 and with 168 days maturity and TL 150,000 and 364 days maturity. The nominal values of the bonds were determined as TL 115,686, TL 734,314 and TL 150,000 with respect to the book-building process. As at 31 March 2013, the carrying amounts of the related bonds are TL 114,086, TL 718,393 and TL 137,191.

On 15 March 2013, the Bank has issued a bond with nominal value of TL 310,000 and with 175 days maturity. As at 31 March 2013, the carrying amount of the bond is TL 302,155.

On 24 April 2012, the Bank has issued the bond with a nominal value of USD 500 million and with the maturity date of 24 April 2017. 36% of the bond has been sold in Europe, 27% in the United States, 27% in England, 10% in Asia and the Middle East. Furthermore, with respect to purchaser parties 64% of the bond was purchased by fund managers, 18% was purchased by banks, 14% by private banks and 4% by insurance and pension funds. As of 31 March 2013, the carrying amount of the bond is TL 917,159.

On 1 June 2012, the Bank has issued floating-rate bond with monthly coupon payment with a nominal value of TL 200,000 and 374 days maturity. The nominal value of the bond is determined as TL 105,055 with respect to book-building process. As at 31 March 2013, the carrying amount of the related bond is TL 100,799.

On 27 July 2012, the Bank has issued discounted bond with a nominal value of TL 200,000 and 318 days maturity. The nominal value of the bond is determined as TL 98,070 with respect to book-building process. As at 31 March 2013, the carrying amount of the related bond is TL 94,408.

On 27 November 2012, the Bank has issued discounted bonds with nominal values of TL 400,000 and 171 days maturity and TL 150,000 and 346 days maturity. The nominal values of the bonds are determined as TL 615,375 and TL 53,373 with respect to book-building process. As at 31 March 2013, the carrying amounts of the related bonds are TL 570,362 and TL 49,543 respectively.

On 31 January 2012, the Bank has issued discounted bonds with a nominal value of TL 1,000,000 and 178 days maturity. The bond has matured as at 27 July 2012.

On 1 June 2012, the Bank has issued discounted bonds with a nominal value of TL 500,000 and 179 days maturity. The bond has matured as at 27 September 2012.

On 27 July 2012, the Bank has issued discounted bond with a nominal value of TL 500,000 and with 175 days maturity. The bond has matured as at 18 January 2013.

On 21 September 2012, the Bank has issued discounted bonds with nominal values of TL 200,000 and 175 days maturity, TL 100,000 and 91 days maturity. The bonds have matured as at 15 March 2013 and 21 December 2012.

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	860,974	786,341
-Additional provision for loans with extended payment plans	12,551	7,033
Provisions for loans and receivables in Group II	93,273	112,769
-Additional provision for loans with extended payment plans	8,421	9,331
Provisions for non-cash loans	59,039	53,713
Others	3,437	3,236
Total	1,016,723	956,059

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	21,189	16,623

The Bank has recorded provision amounting to TL 21,189 (31 December 2012: TL 16,623) for foreign exchange losses on principal amounts of foreign currency indexed loans 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

As of 31 March 2013, Bank has recorded TL 41,142 (31 December 2012: TL 36,173) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on other provisions

As of 31 March 2013 the Bank has recorded 5% (31 December 2012: 5%) provision for possible loan losses. Certain amount of this provision has been recognized under general provisions, and remaining TL 75,767 (31 December 2012: TL 92,887) has been recorded as provisions for miscellaneous risks under other provisions in the accompanying financial statements.

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provision for loans under follow-up	75,767	92,887
Provision for Competition Authority penalty(*)	61,630	-
Specific provisions for non-cash loans	41,142	36,173
Provision for World Vakıf UBB Ltd with regard to its negative equity	29,472	28,329
Provisions for lawsuits against the Bank	14,673	14,673
Provision for cheques	10,642	7,021
Provisions for credit card promotions	8,474	8,571
Other provisions	38,560	39,850
Total	280,360	227,504

(*)There has been an investigation to determine whether there has been a breach of 4054 numbered Competition Protection Law through performing concerted actions about deposits, loans and credit card services and it has been decided to impose a penalty amounting to TL 82,173 to the Bank. The related penalty shall be paid at a rate of ¾ amounting to TL 61,630 in 30 days following the notification, in accordance with the prevailing laws and regulations. As at 31 March 2013, the Bank has set aside provision for the mentioned penalty amounting to TL 61,630 in the accompanying unconsolidated financial statements.

8. Taxation

Current taxes

Tax provision

As at 31 March 2013, the tax provision amounts to TL 648,243 (31 December 2012: TL 509,000), after deducting prepaid taxes amounted to TL 502,445 (31 December 2012: TL 340,208) corporate tax liabilities of the Bank amounts to TL 145,798 (31 December 2012: TL 168,792).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	145,798	168,792
Taxation on securities	77,618	94,433
Capital gains tax on property	1,609	1,568
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	37,106	39,325
Value added tax payable	1,418	2,103
Others	35,035	14,648
Total	298,584	320,869

Information on premiums payable

	Current Year	Prior Year
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	816	495
Unemployment insurance- employer share	1,632	989
Other	-	-
Total	2,448	1,484

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

The Parent Bank has issued bond having the secondary subordinated debt quality to be sold non-resident natural and legal persons. The bond has been issued at the nominal value of USD 500 million, with maturity of 10 years and 6.0% coupon rate.

In addition to the issuance of the bond having the secondary subordinated debt realized on 1 November 2012, the Parent Bank has realized second tranche in issuance of the bond having the secondary subordinated debt quality to be sold in foreign bond markets. The bond has been issued at nominal value of USD 400 million, has the same maturity with previous bond and 5.5% coupon rate.

The Parent Bank has obtained written permission of the BRSA for accounting these bonds as secondary subordinated debt and accordingly considering in the calculation of supplementary capital in compliance with the “Regulation on Capitals of the Banks” published on “ November 2006 dated and 26333 numbered Official Gazette.

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	575,196	96,618	595,111	96,618
Fair value differences of available-for-sale securities	183,049	413,559	196,422	542,552
Foreign exchange differences	19,270	-	19,270	-
Total	777,515	510,177	810,803	639,170

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	5,520,004	4,938,035
Loan granting commitments	6,616,776	4,950,300
Commitments for cheque payments	1,254,156	1,154,273
Asset purchase sale commitments	1,252,284	1,694,352
Share capital commitments to associates and subsidiaries	-	-
Other	360,526	344,648
Total	15,003,746	13,081,608

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 41,142 (31 December 2012: TL 36,173) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 91,987 (31 December 2012: TL 82,825).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional letters of guarantee	815,409	563,770
Final letters of guarantee	4,656,097	4,468,018
Letters of guarantee for advances	2,328,104	2,269,159
Letters of guarantee given to custom offices	339,112	379,638
Other letters of guarantee	5,286,285	4,951,533
Total	13,425,007	12,632,118

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	855,603	1,061,650
<i>With original maturity of 1 year or less</i>	362,010	582,779
<i>With original maturity of more than 1 year</i>	493,593	478,871
Other non-cash loans	17,253,967	16,155,097
Total	18,109,570	17,216,747

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	91,174	0.83	140,680	1.94	92,687	0.88	84,945	1.27
Farming and Cattle	81,519	0.75	138,650	1.91	81,708	0.78	82,840	1.24
Forestry	8,066	0.07	-	-	9,635	0.09	72	0.00
Fishing	1,589	0.01	2,030	0.03	1,344	0.01	2,033	0.03
Manufacturing	4,436,343	40.84	3,363,048	46.41	4,280,981	40.62	3,512,758	52.62
Mining	83,886	0.77	13,923	0.19	77,796	0.74	36,845	0.55
Production	2,834,203	26.09	3,078,096	42.48	2,844,747	26.99	3,313,737	49.64
Electric, gas and water	1,518,254	13.98	271,029	3.74	1,358,438	12.89	162,176	2.43
Construction	1,720,522	15.84	1,196,893	16.52	1,723,297	16.35	1,180,504	17.68
Services	4,213,335	38.79	1,890,116	26.08	4,039,704	38.32	1,568,703	23.50
Wholesale and retail trade	1,652,634	15.21	633,749	8.75	1,683,751	15.97	616,199	9.23
Hotel, food and beverage	66,808	0.62	10,917	0.15	60,022	0.57	10,776	0.16
Transportation and	606,213	5.58	982,119	13.55	506,082	4.80	666,350	9.98
Financial institutions	1,339,403	12.33	50,257	0.69	1,219,537	11.57	43,323	0.65
Real estate and renting	132,726	1.22	113,130	1.56	106,847	1.01	154,104	2.31
Self-employment services	284,199	2.62	83,540	1.15	326,272	3.10	65,459	0.98
Education services	10,118	0.09	-	-	11,853	0.11	-	-
Health and social services	121,234	1.12	16,404	0.23	125,340	1.19	12,492	0.19
Others	401,564	3.70	655,895	9.05	404,033	3.83	329,135	4.93
Total	10,862,938	100.00	7,246,632	100.00	10,540,702	100.00	6,676,045	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	10,700,203	2,539,428	85,936	12,636
Confirmed Bills of Exchange and Acceptances	19,573	580,971	-	-
Letters of Credit	1,298	4,075,661	-	540
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	1,337	-	-
Non-Cash Loans	10,721,074	7,197,397	85,936	13,176

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	10,339,576	2,070,841	129,963	10,329
Confirmed Bills of Exchange and Acceptances	19,554	784,313	-	1,965
Letters of Credit	693	3,771,762	-	2,103
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,823	-	-
Non-Cash Loans	10,359,823	6,629,739	129,963	14,397

5. Information on credit derivatives and related imposed risks

None.

6. Contingent assets and liabilities

None.

7. 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	515,528	37,178	425,233	49,897
Medium and Long-Term Loans	1,089,624	166,787	904,996	174,651
Loans Under Follow-Up	39,792	-	22,515	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1,644,944	203,965	1,352,744	224,548

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	322	101	141	418
Foreign Banks	-	245	-	620
Foreign Head Office and Branches	-	-	-	-
Total	322	346	141	1,038

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	-	-	-	-
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	239,518	58,743	268,483	38,482
Investments held to maturity	131,655	154	117,219	27,520
Total	371,173	58,897	385,702	66,002

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1,417	4,946

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,670	26,117	1,518	33,535
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,670	981	1,518	857
Foreign Banks	-	25,136	-	32,678
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	1,877	-	2,357
Total	1,670	27,994	1,518	35,892

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	4,047	11,241

Interest expense on securities issued

Interest paid to securities issued as at for the three-month period ended 31 March 2013 is TL 45,518 (31 March 2012: 19,968).

Maturity structure of the interest expense on deposits

Account Name	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	13,799	-	-	-	-	-	13,799
Saving deposits	4	3,391	231,537	41,402	2,394	2,693	-	281,421
Public sector deposits	98	22,882	102,508	11,980	4,017	286	-	141,771
Commercial deposits	40	33,719	78,789	39,450	10,895	81	-	162,974
Other deposits	-	8,027	34,860	15,475	4,283	231	-	62,876
Deposits with 7 days	-	-	-	-	-	-	-	-
Total	142	81,818	447,694	108,307	21,589	3,291	-	662,841
FC								
Foreign Currency Deposits	28	3,393	49,536	11,696	4,639	14,346	-	83,638
Interbank deposits	-	8,995	-	-	-	-	-	8,995
Deposits with 7 days	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	28	12,388	49,536	11,696	4,639	14,346	-	92,633
Total	170	94,206	497,230	120,003	26,228	17,637	-	755,474

3. Information on trading income/losses

	Current Period	Prior Period
Income	419,391	558,741
Income from capital market transactions	50,572	15,585
Income from derivative financial instruments	191,578	241,568
Foreign exchange gains	177,241	301,588
Losses	(339,613)	(451,504)
Losses from capital market transactions	(216)	(538)
Losses from derivative financial instruments	(174,990)	(202,879)
Foreign exchange losses	(164,407)	(248,087)
Trading income/losses, net	79,778	107,237

Net gains arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments is amounting to TL 11,748 as at and for the three-month period ended 31 March 2013 (31 March 2012: TL 36,745 net gains).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of specific provisions for loans	107,413	151,013
Communication income	21,783	18,163
Gain on sale of assets	11,743	5,042
Rent income	169	291
Other income	43,392	48,677
Total	184,500	223,186

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	310,373	137,209
<i>Loans and receivables in Group III</i>	82,049	20,197
<i>Loans and receivables in Group IV</i>	225,390	110,381
<i>Loans and receivables in Group V</i>	2,934	6,631
Non-performing commissions and other receivables	-	-
General provision expenses	60,622	59,762
Provision for possible losses	-	2,740
Impairment losses on securities:	52,420	27,958
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	52,420	27,958
Other impairment losses:	53,647	5,110
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	53,647	5,110
Others ^(*)	105,291	27,836
Total	582,353	260,615

^(*) Other provision expenses amounting to TL 105,291 (31 March 2012: TL 27,836) is comprised of provision expenses for dividends to the personnel amounting to TL 26,945 (31 March 2012: TL 24,254), provision expenses for Competition Authority penalty amounting to TL 61,630, provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 10,104 (31 March 2012: TL 2,872) and other provision expenses amounting to TL 6,612 (31 March 2012: TL 710).

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	255,846	218,101
Reserve for Employee Termination Benefits	7,631	5,727
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	26,392	26,150
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	2,595	2,148
Impairment Losses on Assets to be Disposed	986	451
Depreciation Expenses on Assets to be Disposed	3,549	3,080
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	240,443	206,675
<i>Operational lease expenses</i>	35,510	30,624
<i>Repair and maintenance expenses</i>	4,820	3,722
<i>Advertisement expenses</i>	14,349	8,225
<i>Other expenses</i>	185,764	164,104
Loss on sale of assets	128	38
Others	57,490	48,707
Total	595,060	511,077

7. Provision for taxes on income

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

In the current period, the Bank has recorded a tax charge of TL 142,099 (31 March 2012 : TL 66,127) 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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination / (Reversal) of Deductible Temporary Differences	7,384	(53,568)
Arising from (Origination)/ Reversal of Taxable Temporary Differences	1,931	14,299
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	9,315	(39,269)

8. Information on net profit and loss

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

The Bank has earned TL 2,291,534 interest income, TL 177,111 net fees and commissions income and incurred TL 946,439 interest expenses, from ordinary banking transactions (31 March 2012: TL 2,074,328 interest income, TL 89,415 net fees and commissions income TL 1,252,720 interest expenses,).

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

Banks' other commissions income mainly consists of credit card fee and commissions, transfer commissions and intelligence commissions.

Banks' other commissions expense mainly consists of credit card fee and commissions and commissions given for foreign banks credits.

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

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

Current Period	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	111,074	579,546	-	37,919	9,372	16,538
Balance at the end of the period	68,238	581,023	-	37,979	19,591	15,346
Interest and commission income	1,417	244	-	9	343	18

Prior Period	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	293,552	614,114	-	6,572	4,443	1,540
Balance at the end of the period	111,074	579,546	-	37,919	9,372	16,538
Interest and commission income	4,946	177	-	10	56	12

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	1,033,752	1,085,232	443,105	728,474	84,276	92,454
Balance at the end of the period	594,419	1,033,752	455,745	443,105	47,078	84,276
Interest on deposits	4,047	11,241	6,160	14,294	108	145

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

None.

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 0.13% (31 December 2012: 0.18%) and 3.50% (31 December 2012: 3.68%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	87,829	0.13
Non-cash loans	634,348	3.50
Deposits	1,097,242	1.68
Forward and option agreements	-	-

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	120,446	0.18
Non-cash loans	634,003	3.68
Deposits	1,561,133	2.32
Forward and option agreements	-	-

SECTION SIX

Other Disclosures

I. Other disclosures on the Bank's activity

As per the resolution of 59th Annual General Assembly held on 29 March 2013, the net profit of year 2012 has been decided to be distributed as follows:

Profit Distribution Table of Year 2012	
Bank's unconsolidated profit in its statutory financial statements	1,460,080
Deferred tax income	(23,914)
Net profit of the year subject to distribution	1,436,166
Legal reserves	143,616
<i>First Legal Reserves</i>	71,808
<i>Reserves allocated according to banking law and articles of association.</i>	71,808
Net profit of the year subject to distribution	1,292,550
Gain on sale of immovables and shares of associates and subsidiaries	3,075
Extraordinary reserves	1,189,475
Dividends to shareholders	100,000

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

April 2013 ^(*)	Standard&Poors
Foreign Currency Credit Rating	BB+ / Stable / B
Local Currency Credit Rating	BB+ / Stable / B
National	trAA+ / -- / trA-1
Continuance Rating	NR

July 2012 ^(*)	Moody's Investors' Service
Financial Strength Rating	D+ (ba1)
Local Currency Deposit Rating	Baa2 / P-2
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Ba2 / NP
Foreign Currency Outlook	Stable

November 2012 ^(*)	Fitch Ratings
Long Term Foreign Currency	BBB-
Short Term Foreign Currency	F3
Foreign Currency Outlook	Stable
Long Term Local Currency	BBB
Short Term Local Currency	F3
Local Currency Outlook	Stable
National Long Term	AAA (tur)
National Outlook	Stable
Individual	WD
Support	2
Base Support Rating	BBB-

December 2012 ^(*)	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

- On 11 February 2013, the Bank has applied to CMB and BRSA for the establishment of GMTN (“Global Medium Term Notes”) program which will enable the issuance of utmost USD 3 billion amount equivalent bond in different currencies. The application was approved by CMBs 26 March 2013 dated and 10/352 numbered assembly.

In the framework of GMTN program, the Bank gave authorization to BofA Merrill Lynch, BNP Paribas, Citibank, Commerzbank and Deutsche Bank for organizing bond issuance in USD dollars that will be sold in abroad. Bond issuance was realized with a nominal value of US dollar 600 million, with return rate of 3.87% and coupon rate of 3.75%, 15 April 2013 (5 years of maturity with once every six months payment). As at 15 April 2013, issue value of the bond has been transferred to the Bank’s accounts.

- As per the temporary Article 20 of Law of Social Insurance numbered 506, the time for the transfer of the contributors, salaried employees and beneficiaries of the funds constructed for personnel by banks, insurance and reinsurance companies, chambers of commerce, stock markets or associations that are established by these to the Social Security Institution has been extended for one more year according to The Council of Ministers’ decision published on Official Gazette dated 3 May 2013.

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

None.

SECTION SEVEN

I. Independent Auditors' Review Report

1. 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 2013 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 3 May 2013 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.