

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Statements

As at and for the Year Ended

31 December 2013

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ

13 February 2014

*This report contains "Independent Auditors'
Report" comprising 2 pages and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 102 pages.*

**Convenience Translation of the Auditors' 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 audited the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as at 31 December 2013, the unconsolidated statements of income, cash flows, changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining an effective internal control system over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circular and communiqués published by the Banking Regulation and Supervision Board and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no. 26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at 31 December 2013 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and other regulations, circulars and communiqués published by Banking Regulation and Supervision Board and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Istanbul,
13 February 2014

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 FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

Address : Sanayi Mahallesi, Eski Büyükdere Caddesi
Güler Sokak No:51, Kağıthane / İstanbul

Telephone : 0212 398 15 15- 0212 398 10 00

Fax : 0212 398 11 55

Electronic web site : www.vakifbank.com.tr

Electronic mail address : posta@vakifbank.com.tr

The unconsolidated financial report as at and for the year ended 31 December 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 FINANCIAL STATEMENTS OF THE BANK
- INFORMATION RELATED TO THE ACCOUNTING POLICIES
- INFORMATION RELATED TO THE FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS’ REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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 financial statements are presented in thousands of Turkish Lira.

13 February 2014

Ramazan GÜNDÜZ
Chairman of
Board of Directors

Sadık TILTAK
Board Member and
Audit Committee Member

Halim KANATCI
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:

Name-Surname/Title : S. Buğra SÜRÜEL / Manager
Phone no : 0 312 591 11 48
Fax no : 0 312 591 20 01

<u>SECTION ONE</u>		
General Information		Page No:
I.	History of the Bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank's risk group	1
III.	Information on the Bank's board of director's chairman and members, audit committee members, general manager, assistant general managers and their shares in the Bank	2
IV.	Information on individuals and entities who have qualified share in the Bank	4
V.	Information about the services and nature of activities of the Bank	4
<u>SECTION TWO</u>		
Financial Statements		
I.	Balance sheet – Assets	5
II.	Balance sheet – Liabilities and shareholders' equity	6
III.	Off-balance sheet items	7
IV.	Statement of income	8
V.	Statement of gains and losses recognized in shareholders' equity	9
VI.	Statement of changes in shareholder's equity	10
VII.	Statement of cash flows	11
VIII.	Statement of profit distribution	12
<u>SECTION THREE</u>		
Accounting Policies		
I.	Basis of presentation	13
II.	Strategy for the use of financial instruments and foreign currency transactions	13
III.	Information on forwards, options and other derivative transactions	14
IV.	Information on interest income and expenses	14
V.	Information on fees and commissions	15
VI.	Information on financial assets	15
VII.	Information on impairment of financial assets	16
VIII.	Information on offsetting of financial instruments	16
IX.	Information on sale and repurchase agreements and securities lending	16
X.	Information on assets held for sale and discontinued operations	17
XI.	Information on goodwill and other intangible assets	17
XII.	Information on tangible assets	17
XIII.	Information on leasing activities	18
XIV.	Information on provisions and contingent liabilities	18
XV.	Information on obligations of the Bank concerning employee rights	18
XVI.	Information on taxation	20
XVII.	Additional information on borrowings	20
XVIII.	Information on issuance of equity securities	21
XIX.	Information on confirmed bills of exchange and acceptances	21
XX.	Information on government incentives	21
XXI.	Information on segment reporting	21
XXII.	Other disclosures	21
<u>SECTION FOUR</u>		
Information Related To Financial Position of the Bank		
I.	Capital adequacy ratio	22
II.	Credit risk	26
III.	Market risk	38
IV.	Operational risk	40
V.	Foreign currency exchange risk	41
VI.	Interest rate risk	44
VII.	Liquidity risk	49
VIII.	Fair values of financial assets and liabilities	53
IX.	Transactions carried out on behalf of customers, items held in trust	54
X.	Segment reporting	55
<u>SECTION FIVE</u>		
Disclosures and Footnotes on Unconsolidated Financial Statements		
I.	Information and disclosures related to assets	58
II.	Information and disclosures related to liabilities	77
III.	Information and disclosures related to off-balance sheet items	84
IV.	Information and disclosures related to income statement	88
V.	Information and disclosures related to statement of changes in shareholders' equity	94
VI.	Information and disclosures on statement of cash flows	95
VII.	Information and disclosures related to the Bank's risk group	97
VIII.	Information on domestic, foreign and off-shore branches or investments and foreign representative offices	99
<u>SECTION SIX</u>		
Other Disclosures		
I.	Other explanations on the Bank's operations	100
II.	Information on the Bank's ratings given by international institutions	100
III.	Significant events and matters subsequent to balance sheet date that are not resulted	101
IV.	Significant foreign currency exchange rate fluctuations that are subsequent to reporting date	101
<u>SECTION SEVEN</u>		
Independent Auditors' Report		
I.	Information on the independent auditors' report	102
II.	Disclosures and footnotes prepared by the independent auditor	102

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 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 shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year 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 December 2013 and 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 shareholder structure as at 31 December 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 (Group B)	386.224.784	386,225	15.45
Other appendant foundations (Group B)	3.097.162	3,097	0.13
Other registered foundations (Group B)	1.453.085	1,453	0.06
Other real persons and legal entities (Group C)	1.536.104	1,536	0.06
Publicly traded (Group D)	630.077.559	630,077	25.20
Total	2.500.000.000	2,500,000	100.00

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

III. Information on the Bank's board of directors chairman and members, 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	35 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	15 years
Halim KANATCI	Member	28 April 2009	University	40 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	25 years
Sadık TILTAK	Member	30 March 2012	University	25 years
<u>Audit Committee</u>				
Sadık TILTAK	Member	5 April 2013	University	25 years
Halim KANATCI	Member	12 February 2014	University	40 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>				
Metin Recep ZAFER	Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant	13 June 2006	PHD	18 years
Hasan ECESÖY	Treasury	18 June 2010	PHD	20 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	18 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	17 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	University	23 years
Yıldırım EROĞLU	Retail Banking, Payment Systems, Payment System Operations	6 December 2011	University	21 years
Numan BEK	International Relations and Investor Relations, Coordination of Foreign Branches	18 July 2012	University	23 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	18 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels	28 October 2013	University	20 years
Mehmet Emin KARAAĞAÇ	Loans and Risk Follow-up, Legal Affairs	8 November 2013	University	24 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 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 Aydoğan 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.

As per 3 October 2013 dated resolution of the Board of Directors, Assistant Manager İbrahim Bilgiç has been assigned to the headquarters' order of service. The termination of employment contract of Assistant Manager Ömer Elmas has been decided.

As per 4 October 2013 dated resolution of the Board of Directors, the employment contracts of Assistant Managers Şahin Uğur and Feyzi Özcan has been terminated regarding their retirement status. Assistant Manager Mehmet Cantekin has been assigned to the headquarters' order of service. Director of Retail Banking Muhammet Lütfü Çelebi has been assigned as Assistant Manager responsible for Commercial and Corporate Banking, SME Banking, Cash Management Affairs Directorates and Bank Insurance Management.

As per 7 October 2013 dated resolution of the Board of Directors, Head of Internal Audit Department, Mustafa Saydam has been assigned as Assistant Manager responsible for Human Resources, Support Services and Distribution Channels Directorates.

As per 25 October 2013 dated resolution of the Board of Directors, Assistant Manager Mitat Şahin has been assigned to the headquarters' order of service. The Bank's Chief Legal Counsel, Mehmet Emin Karaağaç has been assigned as Assistant Manager.

As per 8 November 2013 dated resolution of the Board of Directors, Mehmet Emin Karaağaç has been assigned as Assistant Manager responsible for Loans and Risk Follow-up and Legal Affairs Directorates.

As at 4 December 2013, Ahmet Candan has resigned from his duty as a member of Board of Directors.

As at 7 February 2014, Ali Fuat Taşkesenlioğlu has resigned from his duty as a member of Board of Directors.

As per 12 February 2014 dated resolution of the Board of Directors, Halim Kanatçı has been assigned as Audit Committee member.

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

IV. Information on individuals and entities who have qualified share in the Bank

The shareholder holding control over the Bank is the General Directorate of the Registered 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 against,
- 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 December 2013 , the Bank has 856 domestic, 3 foreign, in total 859 branches (31 December 2012: 741 domestic, 3 foreign, in total 744 branches). As at 31 December 2013, the Bank has 14,943 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 December 2013
 (Currency: 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	Audited Current Year 31 December 2013			Audited Prior Year 31 December 2012		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	1,802,838	17,165,243	18,968,081	2,249,902	10,077,723	12,327,625
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	356,150	79,540	435,690	20,589	65,597	86,186
2.1 Financial assets held for trading purpose		356,150	79,540	435,690	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	356,150	79,540	435,690	20,589	65,597	86,186
2.1.4 Other securities		-	-	-	-	-	-
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	40,177	2,598,960	2,639,137	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	12,551,965	3,736,222	16,288,187	10,269,317	3,858,206	14,127,523
5.1 Equity securities		15	10,750	10,765	-	10,750	10,750
5.2 Debt securities issued by the governments		12,551,950	3,725,472	16,277,422	10,269,317	3,832,876	14,102,193
5.3 Other securities		-	-	-	-	14,580	14,580
VI. LOANS AND RECEIVABLES	V-I-5	65,082,512	21,669,705	86,752,217	51,368,274	16,764,765	68,133,039
6.1 Performing loans and receivables		64,826,518	21,669,705	86,496,223	51,102,880	16,764,765	67,867,645
6.1.1 Loans provided to the Bank's risk group	V-VII-1	11,233	83,668	94,901	62,021	58,425	120,446
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		64,815,285	21,586,037	86,401,322	51,040,859	16,706,340	67,747,199
6.2 Loans under follow-up		3,531,427	-	3,531,427	2,724,963	-	2,724,963
6.3 Specific provisions (-)		3,275,433	-	3,275,433	2,459,569	-	2,459,569
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	5,358,742	45,073	5,403,815	4,198,301	55,305	4,253,606
8.1 Debt securities issued by the governments		5,358,742	2,234	5,360,976	4,198,301	1,858	4,200,159
8.2 Other securities		-	42,839	42,839	-	53,447	53,447
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	245,523	-	245,523	398,063	-	398,063
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		245,523	-	245,523	398,063	-	398,063
9.2.1 Financial associates		234,123	-	234,123	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	1,094,893	270,577	1,365,470	706,829	205,380	912,209
10.1 Unconsolidated financial subsidiaries		893,406	270,577	1,163,983	551,132	205,380	756,512
10.2 Unconsolidated non-financial subsidiaries		201,487	-	201,487	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)	V-I-12	1,221,733	1,802	1,223,535	1,132,430	2,137	1,134,567
XV. INTANGIBLE ASSETS (Net)	V-I-13	108,480	128	108,608	81,614	133	81,747
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		108,480	128	108,608	81,614	133	81,747
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	-	-	-	-	-	-
XVII. TAX ASSETS		51,606	-	51,606	119,625	-	119,625
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-15	51,606	-	51,606	119,625	-	119,625
ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	1,231,840	782,334	2,014,174	856,248	194,919	1,051,167
TOTAL ASSETS		89,146,459	46,349,584	135,496,043	71,430,552	33,149,711	104,580,263

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

			Audited Current Year 31 December 2013			Audited Prior Year 31 December 2012		
LIABILITIES AND SHAREHOLDERS' EQUITY		Notes	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	59,441,198	22,091,616	81,532,814	49,566,239	17,676,051	67,242,290
1.1	Deposits of the Bank's risk group	V-VII-1	1,790,723	238,889	2,029,612	843,371	717,762	1,561,133
1.2	Other deposits		57,650,475	21,852,727	79,503,202	48,722,868	16,958,289	65,681,157
	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING							
II.	PURPOSE	V-II-2	111,604	89,174	200,778	7,165	192,527	199,692
III.	FUNDS BORROWED	V-II-3	122,174	11,282,638	11,404,812	86,974	7,388,509	7,475,483
IV.	INTERBANK MONEY MARKET		8,014,659	6,462,422	14,477,081	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		8,014,659	6,462,422	14,477,081	2,105,612	6,384,324	8,489,936
V.	SECURITIES ISSUED (Net)	V-II-3	2,355,180	4,529,646	6,884,826	1,539,176	891,137	2,430,313
5.1	Bills		2,355,180	-	2,355,180	1,436,871	-	1,436,871
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	4,529,646	4,529,646	102,305	891,137	993,442
VI.	FUNDS		23,431	-	23,431	31,368	-	31,368
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		23,431	-	23,431	31,368	-	31,368
VII.	MISCELLANEOUS PAYABLES		2,506,535	189,570	2,696,105	2,156,038	67,564	2,223,602
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	423,146	1,030,328	1,453,474	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 (-)		-	-	-	-	-	-
	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK							
XI.	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	1,964,510	49,774	2,014,284	1,609,740	31,336	1,641,076
12.1	General provisions	V-II-7	1,179,012	11,727	1,190,739	953,052	3,007	956,059
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		543,347	-	543,347	457,513	-	457,513
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	242,151	38,047	280,198	199,175	28,329	227,504
XIII.	TAX LIABILITIES	V-II-8	216,864	1,111	217,975	321,043	1,310	322,353
13.1	Current tax liabilities		216,864	1,111	217,975	321,043	1,310	322,353
13.2	Deferred tax liabilities	V-I-15	-	-	-	-	-	-
	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS							
XIV.	RELATED TO DISCONTINUED OPERATIONS (Net)	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	-	1,974,142	1,974,142	-	1,639,549	1,639,549
XVI.	SHAREHOLDERS' EQUITY		12,412,681	203,640	12,616,321	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		1,317,561	203,640	1,521,201	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	477,686	203,640	681,326	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		71,821	-	71,821	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		7,009,581	-	7,009,581	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		266,115	-	266,115	265,429	-	265,429
16.4	Profit or loss		1,585,539	-	1,585,539	1,460,080	-	1,460,080
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current year's profit/loss		1,585,539	-	1,585,539	1,460,080	-	1,460,080
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			87,591,982	47,904,061	135,496,043	69,132,959	35,447,304	104,580,263

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

	Notes	Audited Current Year 31 December 2013			Audited Prior Year 31 December 2012		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		65,514,791	55,746,467	121,261,258	47,920,728	34,015,287	81,936,015
I. GUARANTEES AND SURETIES	V-III-2-4	14,288,042	9,053,337	23,341,379	10,540,702	6,676,045	17,216,747
1.1 Letters of guarantee		14,268,047	3,627,537	17,895,584	10,520,455	2,111,663	12,632,118
1.1.1 Guarantees subject to State Tender Law		1,905,899	1,952,543	3,858,442	1,556,195	1,172,213	2,728,408
1.1.2 Guarantees given for foreign trade operations		650,221	-	650,221	379,638	-	379,638
1.1.3 Other letters of guarantee		11,711,927	1,674,994	13,386,921	8,584,622	939,450	9,524,072
1.2 Bank acceptances		12,129	1,040,149	1,052,278	19,554	786,278	805,832
1.2.1 Import letter of acceptance		1,500	77,393	78,893	-	36,632	36,632
1.2.2 Other bank acceptances		10,629	962,756	973,385	19,554	749,646	769,200
1.3 Letters of credit		7,866	4,382,030	4,389,896	693	3,773,865	3,774,558
1.3.1 Documentary letters of credit		7,866	4,382,030	4,389,896	693	3,773,865	3,774,558
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,702	1,702	-	2,705	2,705
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,759	1,759	-	1,104	1,104
1.9 Other sureties		-	160	160	-	430	430
II. COMMITMENTS		45,270,192	26,331,770	71,601,962	34,216,436	16,105,397	50,321,833
2.1 Irrevocable commitments		15,109,055	3,640,601	18,749,656	12,181,257	900,351	13,081,608
2.1.1 Asset purchase commitments	V-III-1	539,362	3,636,414	4,175,776	813,896	880,456	1,694,352
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	-	-	-	-	-	-
2.1.4 Loan granting commitments	V-III-1	6,730,503	-	6,730,503	4,950,300	-	4,950,300
2.1.5 Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheque payments	V-III-1	1,320,438	-	1,320,438	1,154,273	-	1,154,273
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	6,261,117	-	6,261,117	4,938,035	-	4,938,035
2.1.10 Commitments for credit card and banking operations promotions		238,991	-	238,991	306,109	-	306,109
2.1.11 Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12 Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		18,644	4,187	22,831	18,644	19,895	38,539
2.2 Revocable commitments		30,161,137	22,691,169	52,852,306	22,035,179	15,205,046	37,240,225
2.2.1 Revocable loan granting commitments		30,161,137	22,691,169	52,852,306	22,035,179	15,205,046	37,240,225
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	5,956,557	20,361,360	26,317,917	3,163,590	11,233,845	14,397,435
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		5,956,557	20,361,360	26,317,917	3,163,590	11,233,845	14,397,435
3.2.1 Forward foreign currency purchases/sales		602,810	731,325	1,334,135	335,127	580,218	915,345
3.2.1.1 Forward foreign currency purchases		301,607	365,671	667,278	167,612	290,134	457,746
3.2.2.2 Forward foreign currency sales		301,203	365,654	666,857	167,515	290,084	457,599
3.2.2 Currency and interest rate swaps		5,180,109	15,499,236	20,679,345	2,402,780	8,330,787	10,733,567
3.2.2.1 Currency swaps-purchases		3,148,532	7,243,811	10,392,343	923,381	3,864,357	4,787,738
3.2.2.2 Currency swaps-sales		2,031,577	4,110,277	6,141,854	1,479,399	1,539,568	3,018,967
3.2.2.3 Interest rate swaps-purchases		-	2,072,574	2,072,574	-	1,463,431	1,463,431
3.2.2.4 Interest rate swaps-sales		-	2,072,574	2,072,574	-	1,463,431	1,463,431
3.2.3 Currency, interest rate and security options		173,638	169,222	342,860	425,683	650,908	1,076,591
3.2.3.1 Currency call options		85,819	84,611	170,430	212,841	325,454	538,295
3.2.3.2 Currency put options		85,819	84,611	170,430	212,842	325,454	538,296
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		1,000	-	1,000	-	-	-
3.2.3.6 Security put options		1,000	-	1,000	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		-	3,961,577	3,961,577	-	1,671,932	1,671,932
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		839,788,953	225,942,092	1,065,731,045	519,993,665	149,770,720	669,764,385
IV. ITEMS HELD IN CUSTODY		351,509,096	1,564,619	353,073,715	164,776,152	1,631,737	166,407,889
4.1 Customers' securities held		-	20,816	20,816	-	17,314	17,314
4.2 Investment securities held in custody		343,290,604	-	343,290,604	157,929,261	373,569	158,302,830
4.3 Checks received for collection		6,699,221	895,708	7,594,929	5,300,718	605,686	5,906,404
4.4 Commercial notes received for collection		974,141	210,113	1,184,254	942,310	195,300	1,137,610
4.5 Other assets received for collection		2,152	86	2,238	2,152	71	2,223
4.6 Assets received through public offering		-	6,289	6,289	-	5,231	5,231
4.7 Other items under custody		6,749	138,169	144,918	309	202,904	203,213
4.8 Custodians		536,229	293,438	829,667	601,402	231,662	833,064
V. PLEDGED ITEMS		174,883,810	50,574,396	225,458,206	117,685,823	38,351,806	156,037,629
5.1 Securities		334,952	27,434	362,386	333,007	26,537	359,634
5.2 Guarantee notes		701,927	239,873	941,800	667,934	98,231	766,165
5.3 Commodities		23,434,930	990,995	24,425,925	19,180,436	624,899	19,805,335
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		112,475,408	39,831,978	152,307,386	91,003,225	30,568,630	121,571,855
5.6 Other pledged items		8,342,047	9,350,018	17,692,065	5,721,800	6,887,220	12,609,020
5.7 Pledged items-depository		29,594,546	134,098	29,728,644	779,331	146,289	925,620
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		313,396,047	173,803,077	487,199,124	237,531,690	109,787,177	347,318,867
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		905,303,744	281,688,559	1,186,992,303	567,914,393	183,786,007	751,700,400

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Income
As at 31 December 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

	Notes	Audited Current Year 31 December 2013	Audited Prior Year 31 December 2012
I. INTEREST INCOME		9,220,570	8,756,502
1.1 Interest income from loans	V-IV-1	7,563,941	6,966,135
1.2 Interest income from reserve deposits		-	-
1.3 Interest income from banks	V-IV-1	7,004	4,462
1.4 Interest income from money market transactions		625	2,928
1.5 Interest income from securities portfolio	V-IV-1	1,590,648	1,765,558
1.5.1 Trading financial assets		-	-
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets		1,187,769	1,105,834
1.5.4 Held-to-maturity investments		402,879	659,724
1.6 Finance lease income		-	-
1.7 Other interest income		58,352	17,419
II. INTEREST EXPENSE		4,430,953	4,671,908
2.1 Interest expense on deposits	V-IV-2	3,522,651	3,924,493
2.2 Interest expense on funds borrowed	V-IV-2	134,533	136,402
2.3 Interest expense on money market transactions		375,321	346,524
2.4 Interest expense on securities issued	V-IV-2	260,003	177,879
2.5 Other interest expenses		138,445	86,610
III. NET INTEREST INCOME (I - II)		4,789,617	4,084,594
IV. NET FEES AND COMMISSIONS INCOME		686,511	447,700
4.1 Fees and commissions received		1,005,406	709,741
4.1.1 Non-cash loans		134,964	104,763
4.1.2 Others		870,442	604,978
4.2 Fees and commissions paid		318,895	262,041
4.2.1 Non-cash loans		143	187
4.2.2 Others		318,752	261,854
V. DIVIDEND INCOME	V-IV-3	54,001	57,078
VI. TRADING INCOME/LOSSES (Net)	V-IV-4	231,657	336,542
6.1 Trading account income/losses	V-IV-4	172,623	249,189
6.2 Income/losses from derivative financial instruments	V-IV-4	86,442	(24,121)
6.3 Foreign exchange gains/losses	V-IV-4	(27,408)	111,474
VII. OTHER OPERATING INCOME	V-IV-5	708,320	624,680
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		6,470,106	5,550,594
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	1,857,239	1,404,058
X. OTHER OPERATING EXPENSES (-)	V-IV-7	2,629,953	2,261,175
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,982,914	1,885,361
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		1,982,914	1,885,361
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-11	(397,375)	(425,281)
16.1 Current tax charges		(341,481)	(449,196)
16.2 Deferred tax credits		(55,894)	23,915
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-12	1,585,539	1,460,080
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 (XVIII-XIX)		-	-
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 (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-12	1,585,539	1,460,080
Earnings per 100 shares (full TL)	III-XXII	0.6342	0.5840

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 Shareholders' Equity
For the Year Ended 31 December 2013
(Currency: Thousands of Turkish Lira ("TL"))

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

GAINS AND LOSSES RECOGNIZED IN SHAREHOLDERS' EQUITY		Notes	Audited Current Year 31 December 2013	Audited Prior Year 31 December 2012
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	V-V-1	(1,018,829)	881,018
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		155,433	410,251
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-V-1	76,024	(94,600)
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY		(787,372)	1,196,669
XI.	CURRENT YEAR'S PROFIT/LOSS		1,585,539	1,460,080
11.1	Change in fair value of securities (transfers to the statement of income)	V-V-1	252,612	40,002
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		1,332,927	1,420,078
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE YEAR		798,167	2,656,749

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2013

(Currency: 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 SHAREHOLDERS' 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 Year Net Profit/(Loss)	Prior Year Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
I. Prior Year – 31 December 2012																			
Balances at the beginning of the year		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 year																			
II. Mergers																			
Associates, Subsidiaries and "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Hedges for risk management																			
IV. Hedges for risk management																			
4.1 Net cash flow hedges		-	-	-	-	-	-	-	-	-	-	1,196,669	-	-	-	-	1,196,669	-	1,196,669
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 year's net profit/loss																			
XVIII. Profit distribution																			
18.1 Dividends		-	-	-	-	120,126	-	1,010,638	25,524	1,460,080	-	-	-	-	-	-	1,460,080	-	1,460,080
18.2 Transferred to reserves		-	-	-	-	120,126	-	1,010,638	25,524	(37,000)	-	-	33,497	-	-	-	(37,000)	-	(37,000)
18.3 Others		-	-	-	-	-	-	-	-	(1,189,785)	-	-	-	-	-	-	-	-	-
Balances at the end of the year		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
Current Year – 31 December 2013																			
Balances at the beginning of the year		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 year																			
II. Mergers																			
Associates, Subsidiaries and "Available-for-sale" securities		-	-	-	-	-	-	-	-	-	-	(768,647)	-	-	-	-	(768,647)	-	(768,647)
IV. Hedges for risk management																			
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																			
Others		-	-	-	-	-	-	-	(23,228)	-	-	-	-	-	-	-	(23,228)	-	(23,228)
XVII. Current year's net profit/loss																			
XVIII. Profit distribution																			
18.1 Dividends	V-V-5	-	-	-	-	143,616	-	1,189,475	23,914	1,585,539	-	-	3,075	-	-	-	1,585,539	-	1,585,539
18.2 Transferred to reserves	V-V-5	-	-	-	-	143,616	-	1,189,475	23,914	(100,000)	-	-	3,075	-	-	-	(100,000)	-	(100,000)
18.3 Others		-	-	-	-	-	-	-	-	(1,360,080)	-	-	-	-	-	-	-	-	-
Balances at the end of the year		2,500,000	-	723,918	-	854,240	-	5,889,226	266,115	1,585,539	-	681,326	44,136	71,821	-	-	12,616,321	-	12,616,321

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

	Notes	Audited Current Year 31 December 2013	Audited Prior Year 31 December 2012
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,519,169	3,122,905
1.1.1 Interests received		8,177,914	8,762,501
1.1.2 Interests paid		(4,264,755)	(4,664,904)
1.1.3 Dividends received		29,737	22,793
1.1.4 Fee and commissions received		1,005,406	709,741
1.1.5 Other income		164,946	156,143
1.1.6 Collections from previously written-off loans and other receivables	V-I-5	546,553	426,555
1.1.7 Payments to personnel and service suppliers		(2,566,277)	(2,168,815)
1.1.8 Taxes paid		(363,768)	(358,258)
1.1.9 Others	V-VI-1	(210,587)	237,149
1.2 Changes in operating assets and liabilities		(2,991,443)	(7,809,875)
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		(6,639,045)	(4,759,563)
1.2.4 Net (increase) decrease in loans		(19,867,391)	(11,848,243)
1.2.5 Net (increase) decrease in other assets		(959,553)	(68,859)
1.2.6 Net increase (decrease) in bank deposits		4,104	686,707
1.2.7 Net increase (decrease) in other deposits		14,194,666	5,652,617
1.2.8 Net increase (decrease) in funds borrowed		3,384,029	(768,102)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	V-VI-1	6,889,370	3,295,568
I. Net cash flow from banking operations		(472,274)	(4,686,970)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(3,149,350)	1,255,059
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	V-VI-2	(90,972)	(1,211)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(176,278)	(89,365)
2.4 Proceeds from disposal of tangible assets		257,519	171,788
2.5 Cash paid for purchase of available-for-sale financial assets		(5,224,880)	(1,202,309)
2.6 Proceeds from disposal of available-for-sale financial assets		3,145,750	2,340,733
2.7 Cash paid for purchase of held-to-maturity investments		(2,530,205)	(210,825)
2.8 Proceeds from disposal of held-to-maturity investments	V-I-6	1,507,738	275,294
2.9 Others	V-VI-1	(38,022)	(29,046)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		4,307,941	3,499,543
3.1 Cash obtained from funds borrowed and securities issued		8,726,401	6,157,509
3.2 Cash used for repayment of funds borrowed and securities issued		(4,318,460)	(2,620,966)
3.3 Equity instruments issued		-	-
3.4 Dividends paid	V-V-5	(100,000)	(37,000)
3.5 Repayments for finance leases		-	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	V-VI-1	(8,205)	(1,666)
V. Net increase in cash and cash equivalents		678,112	65,966
VI. Cash and cash equivalents at the beginning of the year	V-VI-4	4,999,872	4,933,906
VII. Cash and cash equivalents at the end of the year	V-VI-4	5,677,984	4,999,872

	Note	Current Year 31 December 2013	Prior Year 31 December 2012
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1 CURRENT YEAR’S PROFIT		1,982,914	1,885,361
1.2 TAXES PAYABLE AND LEGAL DUTIES		(397,375)	(425,281)
1.2.1 Corporate tax (income tax)	V-IV-11	(341,481)	(449,196)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties	V-IV-11	(55,894)	23,915
A. NET PROFIT FOR THE YEAR		1,585,539	1,460,080
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	(23,914)
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		1,585,539	1,436,166
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	(71,808)
1.6 OTHER STATUTORY RESERVES	V-V-5	-	(71,808)
C. NET PROFIT AVAILABLE FOR DISTRIBUTION ^(*)		-	1,292,550
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	100,000
1.7.1 To owners of ordinary shares		-	100,000
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
1.8 DIVIDENDS TO PERSONNEL ^(*)		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
1.11 SECOND LEGAL RESERVES		-	-
1.12 STATUS RESERVES		-	-
1.13 EXTRAORDINARY RESERVES	V-V-5	-	1,189,475
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS	V-V-5	-	3,075
II. DISTRIBUTION FROM RESERVES			
2.1 DISTRIBUTION OF RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENDS TO SHAREHOLDERS		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL ^(*)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES (Per 100 shares)		0.6342	0.5840
3.2 TO OWNERS OF ORDINARY SHARES (%)		63.42	58.40
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES (Per 100 shares)		-	0.04
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	4.00
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

^(*) As at report date, no resolution has been decided regarding about 2013 profit distribution. Accordingly, net profit available for distribution has not been presented.

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”)

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 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.

Within the legal limitations and the regulations of the bank’s internal control, the foreign currency position is being followed, the foreign currency position is established according to the basket equilibrium that is determined by taking into account current market conditions.

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, which are traded in an active market or whose fair value can be reliably measured, 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 are accounted in accordance with TAS 39-*Financial Instruments: Recognition and Measurement* in the unconsolidated financial statements. Associates, 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 then 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 cost values.

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 Rates (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

There are no changes in the 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 then 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.

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 December 2013 is TL 3,254 (full TL) (31 December 2012: TL 3,034 (full TL)).

The Bank calculated and reserved for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

As at 31 December 2013 and 2012, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Year	Prior Year
Discount Rate	9.70%	7.01%
Inflation Rate	6.40%	5.00%
Increase in Real Wage Rate	7.40%	5.00%

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, has been cancelled by the Constitutional Court’s 22 March 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been 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:

- The technical interest rate to be used for the actuarial calculation is 9.80%
- 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. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated 3 May 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 has extended for one year.

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 2014 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 obtained 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 December 2013 and 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 X.

XXII. Other disclosures

Earnings per shares

Earning per share has been calculated by dividing the net profit for the year 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 year ended 31 December 2013, earnings per 100 share is TL 0.6342 (31 December 2012: TL 0.5840).

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.

Changes in Accounting Policies

None.

SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank’s unconsolidated capital adequacy ratio is 13.70% (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

Current Period	31 December 2013									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	49,625,046	-	7,404,139	29,328,116	22,187,404	46,462,916	2,837,152	9,393,300	11,741	-
Risk classifications:										
Claims on sovereigns and Central Banks	41,333,609	-	-	3,872,745	-	-	-	-	-	-
Claims on regional governments or local authorities	15,021	-	1,620,366	195,923	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	29,436	-	-	-	-	368,455	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	6,664,562	-	5,764,189	1,784,983	-	1,486	-	-	-	-
Claims on corporate	329,916	-	-	1,416,370	-	36,980,737	-	-	-	-
Claims included in the regulatory retail portfolios	97,240	-	-	-	22,187,404	1,490,513	-	-	-	-
Claims secured by residential property	-	-	-	22,058,095	-	3,132,085	-	-	-	-
Past due loans	-	-	-	-	-	255,994	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	2,837,152	9,393,300	11,741	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,155,262	-	19,584	-	-	4,233,646	-	-	-	-

Information on unconsolidated capital adequacy ratio

Prior Period	31 December 2012									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	35,862,029	-	2,093,778	24,744,629	19,064,767	36,099,168	1,979,962	4,851,957	-	-
Risk classifications:										
Claims on sovereigns and Central Banks	28,558,222	-	-	3,969,804	-	-	-	-	-	-
Claims on regional governments or local authorities	9,128	-	955,396	137,598	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	13,080	-	-	248	-	22,627	-	-	-	-
Claims on multilateral development banks	82,169	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	5,449,874	-	1,133,933	2,302,272	-	590,020	-	-	-	-
Claims on corporate	541,951	-	-	-	-	30,050,423	-	-	-	-
Claims included in the regulatory retail portfolios	87,961	-	-	-	19,064,767	-	-	-	-	-
Claims secured by residential property	-	-	-	18,334,707	-	1,849,410	-	-	-	-
Past due loans	-	-	-	-	-	265,394	-	-	-	-
Higher risk categories decided by the Agency	-	-	-	-	-	-	1,979,962	4,851,957	-	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other claims	1,119,644	-	4,449	-	-	3,321,294	-	-	-	-

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Capital Obligation Required for credit risk (COCR)	8,185,603	6,069,014
Capital Obligation Required for market risk (COMR)	26,097	48,413
Capital Obligation Required for operational risk (COOR) ^(*)	655,046	587,602
Equity	15,179,536	13,527,730
Equity/ ((COCR+COMR+COOR)*12,5*100)	13.70%	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 incomes for the years ended 2011, 2010 and 2009 into consideration. For the year 2013, value at operational risk is being calculated based on gross incomes 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	7,009,581	5,675,804
Adjustments to Legal Reserves	-	-
Profit	1,585,539	1,460,080
Net current period profit	1,585,539	1,460,080
Prior period profit	-	-
Provision for possible losses up to 25% of core capital	70,915	92,887
Profit on sale of associates, subsidiaries and buildings	44,136	41,061
Primary subordinated loans	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	83,935	67,299
Intangible Assets (-)	108,608	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	11,741,546	10,344,704
SUPPLEMENTARY CAPITAL		
General Provisions	1,190,739	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	71,821	67,318
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loan	1,955,295	1,628,814
45% of value increase fund of financial assets available for sale and associates and subsidiaries	306,597	652,488
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Total Supplementary Capital	3,524,452	3,304,679
TIER III CAPITAL		
CAPITAL	15,265,998	13,649,383
DEDUCTIONS FROM CAPITAL	86,462	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	85,083	121,435
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Others	1,379	218
TOTAL EQUITY	15,179,536	13,527,730

Approach adopted under internal capital adequacy assessment process for monitoring the adequacy of internal capital for current and future activities

In order to identify the internal capital adequacy assessment process and capital adequacy policy “Document on Internal Capital Adequacy Assessment Process” has been constituted and approved by Board of Directors on September 2012. The document includes planning of the capital, procedures and principles on emergency capital and risk reducing plans. The underlying objective of the internal capital adequacy assessment is continuous monitoring and maintaining of the varieties, components and distribution of capital required for eliminating actual and potential risks the Bank faces or might face.

In this process, the effect of market conditions and probable changes in economic environment on capital is evaluated, additionally loan expansion expectations, funding resources, liquidity opportunities issues and risk profile and risk appetite of the Bank are considered in accordance with the strategies and objectives of the Bank. Capital adequacy is evaluated in terms of strategic plan and growth expectations of the Bank for the year 2014 and accordingly capital increasing actions has taken in the year 2013.

In assessment process of internal capital requirement, credit risk, market risk, operational risk, interest rate risk arising from banking accounts, liquidity risk, reputation risk, residual risk, concentration risk, counterparty credit risk, sovereign risk and settlement risk are considered, and policies and implementing procedures for assessing and managing these risks are defined and approved by Board of Directors. Assessment process of internal capital requirement is handled as a developing process, action plans according to aforementioned policies and implementing procedures are formed and studies are in progress.

II. Credit risk

Credit risk is defined as the counterparty’s possibility of failing to fulfil its obligations on the terms set by the agreement. Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement’s requirements and cannot perform its obligations partially or completely on the terms set. It covers the possible risks arising from futures and option agreements and other agreements alike and the credit risks arising from credit transactions that have been defined by the Banking Law.

In compliance with the articles 51 and 54 set forth in Banking Law and ancillary regulation, credit limits are set by the Bank for the financial position and credit requirements of customers within the authorization limits assigned for branches, regional directorates, lending departments, assistant general manager responsible of lending, general manager, credit committee and board of directors and credits are given regarding these limits in order to limit credit risk in lending facilities.

Credit limits are determined separately for the individual customer, company, group of companies, risk groups on a product basis. In accordance with the related Lending Policy, several criteria are used in the course of determining these credit limits. Customers should have a long-standing and a successful business past, a high commercial morality, possess a good financial position and a high morality, the nature of their business should be appropriate to use the credit, possess their commercial operations in an affirmative and a balanced manner, have experience and specialization in their profession, be able to adopt themselves to the economic conditions, to be accredited on the market, have sufficient equity capital, possess the ability to create funds with their operations and finance their placement costs. Also the sector and the geographical position of customers, where they operate and other factors that may effect their operations are considered in the evaluation process of loans. Apart from ordinary intelligence operations, the financial position of the customer is mainly analysed based on the balance sheets and the income statements provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

Collaterals for the credit limits are determined on a customer basis in order to ensure bank placements and their liquidity. The amount and type of the collateral are determined regarding the creditworthiness of the credit users. The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

The Bank has risk control limits for derivative transaction (futures, options, etc.) positions, which effects credit risk and market risk.

For credit risk management purposes, Risk Management Department operates in

- the determination of credit risk policies in coordination with the Bank’s other units,
- the determination and monitoring of the distribution of concentration limits with respect to sector, geography and credit type,
- the contribution to the formation of rating and scoring systems,
- the submitting to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio’s distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses,
- the studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank’s credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of Bank’s risk management concept, long term commitments are accepted more risky than short term commitments. Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

Indemnified non-cash loans are regarded as the same risk weight with the loans that are pastdue and unpaid.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries’ financial conditions, customers and their operations.

The Bank classifies its past due and impaired receivables as shown below in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables and Provisions to be Set Aside”.

- for which recovery of principal and interest or both delays from their terms or due dates are more than ninety days but not more than one hundred eighty days are classified as “Group Three- Loans and Other Receivables With Limited Recovery”,
- for which recovery of principal and interest or both delays from their terms or due dates are more than one hundred and eighty days but not more one year are classified as “Group Four- Loans and Other Receivables With Suspicious Recovery”,
- for which recovery of principal and interest or both delays from their terms or due dates are more than one year are classified as “Group Five - Loans and Other Receivables Having the Nature of Loss”,

Regardless of the guarantees and pledges received, the Bank provides 20% provision for the Loans and Other Receivables classified in Group Three, and 100% provision for the Loans and Other Receivables classified in Group Four and Group Five. The provision amount is recognized in profit and loss statement of the period.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and
For the Year Ended 31 December 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

The Bank’s largest 100 cash loan customers compose 19.74% of the total cash loan portfolio (31 December 2012: 19.23%).

The Bank’s largest 100 non-cash loan customers compose 60.92% of the total non-cash loan portfolio (31 December 2012: 59.34%).

The Bank’s largest 100 cash loan customers compose 12.60% of total assets of the Bank and the Bank’s largest 100 non-cash loan customers compose 11.73% of total off-balance sheet items (31 December 2012: 12.48% and 12.47%).

The Bank’s largest 200 cash loan customers compose 25.43% of the total cash loan portfolio (31 December 2012: 24.69%).

The Bank’s largest 200 non-cash loan customers compose 71.10% of the total non-cash loan portfolio (31 December 2012: 69.80%).

The Bank’s largest 200 cash loan customers compose 16.23% of total assets of the Bank and the Bank’s largest 200 non-cash loan customers compose 13.69% of total off-balance sheet items (31 December 2012: 16.02% ve 14.67%).

The general provision for credit risk amounts to TL 1,190,739 (31 December 2012: TL 956,059).

Risk Classifications:	Current Period Risk Amount	Average Risk Amount^(*)
Claims on sovereigns and Central Banks	45,206,354	38,223,559
Claims on regional governments or local authorities	1,831,310	1,350,015
Claims on administrative bodies and other non-commercial undertakings	397,891	306,869
Claims on multilateral development banks	-	26
Claims on international organizations	-	-
Claims on banks and intermediary institutions	14,215,220	12,825,302
Claims on corporate	38,727,023	33,310,254
Claims included in the regulatory retail portfolios	23,775,157	21,833,328
Claims secured by residential property	25,190,180	23,816,740
Past due loans	255,994	287,109
Higher risk categories decided by the Agency	12,242,193	9,751,510
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other claims	5,408,492	4,577,994

(*)Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2013 period.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

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

Risk Classifications:	Prior Period Risk Amount	Average Risk Amount^(*)
Claims on sovereigns and Central Banks	32,528,026	29,391,321
Claims on regional governments or local authorities	1,102,122	921,682
Claims on administrative bodies and other non-commercial undertakings	35,955	79,132
Claims on multilateral development banks	82,169	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	9,476,099	8,363,245
Claims on corporate	30,592,374	29,184,369
Claims included in the regulatory retail portfolios	19,152,728	17,102,294
Claims secured by residential property	20,184,117	21,508,251
Past due loans	265,394	239,245
Higher risk categories decided by the Agency	6,831,919	6,088,103
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	127,106
Other claims	4,445,387	6,057,191

(*)Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2012 period.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and
For the Year Ended 31 December 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

Risk profile according to the geographical concentration (***)

Current Period	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	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	Total
Domestic	43,363,341	1,831,310	397,891	-	-	4,153,679	38,152,311	23,775,157	25,190,180	255,994	11,931,127	-	-	-	-	5,397,742	154,448,732
EU countries (*)	-	-	-	-	-	9,616,489	-	-	-	-	-	-	-	-	-	-	9,616,489
OECD countries	-	-	-	-	-	54,993	-	-	-	-	-	-	-	-	-	-	54,993
Off-shore banking regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	1,843,013	-	-	-	-	296,916	574,712	-	-	-	-	-	-	-	-	10,750	2,725,391
Other countries	-	-	-	-	-	26,879	-	-	-	-	311,066	-	-	-	-	-	337,945
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	66,264	-	-	-	-	-	-	-	-	-	-	66,264
Undistributed Assets/Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	45,206,354	1,831,310	397,891	-	-	14,215,220	38,727,023	23,775,157	25,190,180	255,994	12,242,193	-	-	-	-	5,408,492	167,249,814

(*) EU countries, OECD countries except USA and Canada.

(**) The assets and liabilities that can not be distributed according to a consistent base.

(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and
For the Year Ended 31 December 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

Prior Period	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	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	Total
Domestic	32,474,530	1,101,497	35,955	-	-	2,031,360	30,402,125	19,225,542	20,183,039	265,390	6,610,588	-	-	-	-	4,445,387	116,775,413
EU countries ^(*)	-	625	-	-	-	5,592,047	19,030	76	276	-	-	-	-	-	-	-	5,612,054
OECD countries	-	-	-	-	-	89,341	41,773	816	416	-	-	-	-	-	-	-	132,346
Off-shore banking regions	-	-	-	-	-	100	-	-	-	-	-	-	-	-	-	-	100
USA, Canada	53,495	-	-	-	-	1,540,337	110,574	-	-	4	-	-	-	-	-	-	1,704,410
Other countries	-	-	-	-	-	222,914	27,296	39	385	-	221,331	-	-	-	-	-	471,965
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/ Liabilities ^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	32,528,025	1,102,122	35,955	-	-	9,476,099	30,600,798	19,226,473	20,184,116	265,394	6,831,919	-	-	-	-	4,445,387	124,696,288

^(*)EU countries, OECD countries except USA and Canada.

^(**)The assets and liabilities that can not be distributed according to a consistent base.

^(***)Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and
For the Year Ended 31 December 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

Risk profile according to sectors and counterparties (*)

Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agricultural	44	27	15,451	-	-	-	967,691	318,992	285,059	-	-	-	-	-	-	-	1,166,654	420,610	1,587,264
<i>Farming and raising livestock</i>	44	27	15,451	-	-	-	637,910	268,394	245,858	-	-	-	-	-	-	-	1,041,004	126,680	1,167,684
<i>Forestry</i>	-	-	-	-	-	-	305,169	30,431	17,202	-	-	-	-	-	-	-	68,506	284,296	352,802
<i>Fishing</i>	-	-	-	-	-	-	24,612	20,167	21,999	-	-	-	-	-	-	-	57,144	9,634	66,778
Manufacturing	-	41	64,494	-	-	-	18,286,642	2,025,240	4,023,585	-	-	-	-	-	-	-	11,657,269	12,742,733	24,400,002
<i>Mining</i>	-	-	19	-	-	-	379,666	67,858	353,435	-	-	-	-	-	-	-	404,441	396,537	800,978
<i>Production</i>	-	21	64,473	-	-	-	12,365,662	1,911,607	3,576,549	-	-	-	-	-	-	-	9,482,613	8,435,699	17,918,312
<i>Electric, Gas, Water</i>	-	20	2	-	-	-	5,541,314	45,775	93,601	-	-	-	-	-	-	-	1,770,215	3,910,497	5,680,712
Construction	269	-	-	-	-	-	5,067,879	1,065,212	3,217,084	-	-	-	-	-	-	-	5,792,755	3,557,689	9,350,444
Services	19,832,981	1,771,202	207,709	-	-	14,211,959	11,837,505	7,890,421	8,033,589	-	311,066	-	-	-	-	-	27,406,058	36,690,374	64,096,432
<i>Wholesale and retail trade</i>	61	134	6,612	-	-	-	5,769,302	4,412,772	4,892,942	-	-	-	-	-	-	-	11,523,547	3,558,276	15,081,823
<i>Hotel, Food and Beverage Services</i>	5	7	5	-	-	-	469,492	221,191	1,300,888	-	-	-	-	-	-	-	840,318	1,151,270	1,991,588
<i>Transportation and Telecommunication</i>	13	-	14,781	-	-	-	3,247,662	2,975,620	981,639	-	-	-	-	-	-	-	4,717,078	2,502,637	7,219,715
<i>Financial Institutions</i>	19,687,863	-	20	-	-	14,211,959	1,549,141	24,861	379,064	-	311,066	-	-	-	-	-	7,271,963	28,892,011	36,163,974
<i>Real Estate and renting services</i>	-	-	-	-	-	-	204,782	57,917	87,625	-	-	-	-	-	-	-	322,441	27,883	350,324
<i>Self-employment services</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Education services</i>	52	6	3,870	-	-	-	141,505	37,174	148,115	-	-	-	-	-	-	-	264,690	66,032	330,722
<i>Health and social services</i>	144,987	1,771,055	182,421	-	-	-	455,621	160,886	243,316	-	-	-	-	-	-	-	2,466,021	492,265	2,958,286
Other	25,373,060	60,040	110,237	-	-	3,261	2,567,306	12,475,292	9,630,863	255,994	11,931,127	-	-	-	-	5,408,492	61,556,770	6,258,902	67,815,672
Total	45,206,354	1,831,310	397,891	-	-	14,215,220	38,727,023	23,775,157	25,190,180	255,994	12,242,193	-	-	-	-	5,408,492	107,579,506	59,670,308	167,249,814

(*) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short term corporate claims on banks and intermediary
- 15- Undertakings for collective investments in mutual funds
- 16- Other receivables

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and
For the Year Ended 31 December 2013
(Currency: Thousands of Turkish Lira (“TL”))

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

Risk profile according to sectors and counterparties (*)

Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total	
Agricultural	-	179	16	-	-	-	1,211,192	128,929	377,581	3,566	-	-	-	-	-	-	1,267,796	453,667	1,721,463	
<i>Farming and raising livestock</i>	-	179	16	-	-	-	908,660	99,132	314,245	3,225	-	-	-	-	-	-	1,165,319	160,138	1,325,457	
<i>Forestry</i>	-	-	-	-	-	-	284,913	8,675	42,518	340	-	-	-	-	-	-	64,543	271,903	336,446	
<i>Fishing</i>	-	-	-	-	-	-	17,619	21,122	20,818	1	-	-	-	-	-	-	37,934	21,626	59,560	
Manufacturing	-	164	3,219	-	-	-	9,470,642	930,560	1,640,496	17,801	-	-	-	-	-	-	3,825,219	8,237,663	12,062,882	
<i>Mining</i>	-	-	-	-	-	-	416,446	83,046	77,539	1,099	-	-	-	-	-	-	307,224	270,906	578,130	
<i>Production</i>	-	55	3,209	-	-	-	6,116,709	539,473	1,518,414	16,111	-	-	-	-	-	-	2,661,495	5,532,476	8,193,971	
<i>Electric, Gas, Water</i>	-	109	10	-	-	-	2,937,487	308,041	44,543	591	-	-	-	-	-	-	856,500	2,434,281	3,290,781	
Construction	430	-	-	-	-	-	4,465,823	591,669	1,591,794	35,883	-	-	-	-	-	-	4,037,431	2,648,168	6,685,599	
Services	11,356,733	6,126	27,966	-	-	-	9,476,099	11,226,829	2,395,087	9,417,685	106,401	-	-	-	-	-	20,645,354	23,367,572	44,012,926	
<i>Wholesale and retail trade</i>	-	270	43	-	-	-	4,970,667	1,272,803	5,096,205	66,544	-	-	-	-	-	-	8,591,535	2,814,997	11,406,532	
<i>Hotel, Food and Beverage Services</i>	75	26	-	-	-	-	698,277	452,424	325,802	3,014	-	-	-	-	-	-	625,489	854,129	1,479,618	
<i>Transportation and Telecommunication</i>	-	-	3,398	-	-	-	2,794,667	272,254	2,590,243	18,134	-	-	-	-	-	-	3,739,149	1,939,547	5,678,696	
<i>Financial Institutions</i>	11,323,156	-	4	-	-	-	9,476,099	16,394	4,445	31,046	-	-	-	-	-	-	4,852,228	15,998,972	20,851,200	
<i>Real Estate and renting services</i>	-	-	17	-	-	-	1,396,050	94,959	160,280	2,183	-	-	-	-	-	-	614,360	1,039,129	1,653,489	
<i>Self-employment services</i>	7,465	5,417	9,863	-	-	-	951,231	208,056	935,394	13,461	-	-	-	-	-	-	1,530,225	600,662	2,130,887	
<i>Education services</i>	121	38	539	-	-	-	136,735	43,304	54,943	905	-	-	-	-	-	-	179,332	57,253	236,585	
<i>Health and social services</i>	25,916	375	14,102	-	-	-	262,808	46,842	223,772	2,104	-	-	-	-	-	-	513,036	62,883	575,919	
Other	21,170,862	1,095,653	4,754	-	-	-	4,226,312	15,180,228	7,156,560	101,743	6,831,919	-	-	-	-	-	4,445,387	54,176,906	60,213,418	
Total	32,528,025	1,102,122	35,955	-	-	-	9,476,099	30,600,798	19,226,473	20,184,116	265,394	6,831,919	-	-	-	-	4,445,387	83,952,706	40,743,582	124,696,288

(*)Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
- 14- Short-term claims and short term corporate claims on banks and intermediary
- 15- Undertakings for collective investments in mutual funds
- 16- Other receivables

Distribution of maturity risk factors according to their outstanding maturities^(*)

Risk Classifications-Current Period	According to their outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
Claims on sovereigns and Central Banks	25,028,822	1,066,798	1,573,671	1,190,052	16,347,011
Claims on regional governments or local authorities	3,985	10,989	11,665	38,725	1,765,946
Claims on administrative bodies and other non-commercial undertakings	8,905	36,099	33,520	59,274	260,093
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	10,191,742	2,167,472	21,015	169,763	1,665,228
Claims on corporate	2,034,009	2,726,245	4,437,032	6,262,877	23,266,860
Claims included in the regulatory retail portfolios	5,197,370	804,177	1,415,796	3,166,087	13,191,727
Claims secured by residential property	737,553	744,859	1,356,481	2,717,731	19,633,556
Past due loans	-	-	-	-	255,994
Higher risk categories decided by the Agency	311,066	-	-	-	11,931,127
Marketable securities secured by mortgages	-	-	-	-	-
Securitization exposures	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other claims	1,174,846	-	-	-	4,233,646
Total	44,688,298	7,556,639	8,849,180	13,604,509	92,551,186

^(*)Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

Risk Classifications-Prior Period	According to their outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
Claims on sovereigns and Central Banks	24,027	3,978	3,708	1,621	32,494,691
Claims on regional governments or local authorities	95,536	8,684	11,845	60,612	925,445
Claims on administrative bodies and other non-commercial undertakings	11,207	1,093	1,711	4,392	17,552
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	1,283,931	152,434	213,780	199,970	7,625,984
Claims on corporate	7,287,253	2,595,895	2,974,509	5,633,044	12,110,097
Claims included in the regulatory retail portfolios	590,150	302,147	376,712	769,351	17,188,113
Claims secured by residential property	2,417,434	886,628	1,253,439	2,871,372	12,755,243
Past due loans	-	-	-	-	265,394
Higher risk categories decided by the Agency	-	-	-	-	6,831,919
Marketable securities secured by mortgages	-	-	-	-	-
Securitization exposures	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other claims	-	-	-	-	4,445,387
Total	11,709,538	3,950,859	4,835,704	9,540,362	94,659,825

(*)Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

Risk balances according to risk weights

Risk Weights											Deductions from the shareholders' equity	
	Current Period	0%	10%	20%	50%	75%	100%	150%	200%	250%		1250%
Pre-Amount of Credit Risk Mitigation	42,488,871	-	12,281,012	31,132,458	22,284,644	46,820,636	2,837,152	9,393,300	11,741	-	-	279,005
Amount after Credit Risk Mitigation	49,625,046	-	7,404,139	29,328,116	22,187,404	46,462,916	2,837,152	9,393,300	11,741	-	-	279,005

Risk Weights											Deductions from the shareholders' equity	
	Prior Period	0%	10%	20%	50%	75%	100%	150%	200%	250%		1250%
Pre-Amount of Credit Risk Mitigation	65,547,259	-	7,964,246	51,175,826	38,291,240	72,750,169	3,959,924	9,703,914	-	-	-	270,699
Amount after Credit Risk Mitigation	35,862,029	-	2,093,778	24,744,629	19,064,767	36,099,168	1,979,962	4,851,957	-	-	-	270,699

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

In determination of counterparty credit risk of the receivables from Banks operated abroad, ratings given by International Credit Rating Agency Fitch Rating are considered. Rating of the same company is also used in the assessment of risks from foreign currency investment securities issued by Turkish Treasury and other foreign currency risks associated with Central Administration of Turkish Republic.

Ratings Matched	Credit Quality Rank	Fitch
Long Term Credit Ratings	1	AAA between AA-
	2	A+ between A-
	3	BBB+ between BBB-
	4	BB+ between BB-
	5	B+ between B-
	6	CCC+ and below
Short Term Credit Ratings	1	F1+ between F1
	2	F2
	3	F3
	4	F3 and below
	5	-
	6	-

Information According to Sectors and Counterparties

Loans				
Current Period	Impaired (*)	Past Due (**)	Value Adjustments	Provisions
Agricultural	75,172	51,378	1,497	70,726
<i>Farming and raising livestock</i>	62,099	48,035	1,400	58,484
<i>Forestry</i>	7,558	1,962	57	7,334
<i>Fishing</i>	5,515	1,381	40	4,908
Manufacturing	948,934	275,140	8,020	917,512
<i>Mining</i>	33,748	9,924	289	33,576
<i>Production</i>	910,917	260,254	7,586	879,785
<i>Electric, Gas, Water</i>	4,269	4,962	145	4,151
Construction	381,103	185,365	5,403	355,654
Services	1,070,391	1,216,644	35,465	961,611
<i>Wholesale and retail trade</i>	628,329	537,467	15,667	567,913
<i>Hotel, Food and Beverage Services</i>	49,015	103,370	3,013	33,599
<i>Transportation and telecommunication</i>	257,698	403,943	11,775	235,968
<i>Financial Institutions</i>	4,379	3,154	92	3,957
<i>Real estate and renting services</i>	8,987	8,945	261	8,280
<i>Self-employment services</i>	92,457	123,479	3,599	84,677
<i>Education services</i>	3,200	9,041	264	2,987
<i>Health and social services</i>	26,326	27,245	794	24,230
Other	1,055,827	1,874,849	54,652	969,929
Total	3,531,427	3,603,376	105,037	3,275,432

(*) Impaired loans are composed of group three, four and five loans.

(**) Past due loans and other receivables consist of loans and other receivables that are past due up to ninety days.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

Loans				
Prior Period	Impaired (*)	Past Due (**)	Value Adjustments	Provisions
Agricultural	43,308	23,675	551	39,742
<i>Farming and raising livestock</i>	33,926	19,647	457	30,701
<i>Forestry</i>	4,766	2,310	54	4,426
<i>Fishing</i>	4,616	1,718	40	4,615
Manufacturing	656,089	294,184	6,843	638,288
<i>Mining</i>	29,682	24,632	573	28,583
<i>Production</i>	623,085	269,552	6,270	606,974
<i>Electric, Gas, Water</i>	3,322	3,748	87	2,731
Construction	294,966	174,129	4,050	259,083
Services	864,562	1,243,677	28,929	758,161
<i>Wholesale and retail trade</i>	491,858	606,977	14,119	425,314
<i>Hotel, Food and Beverage Services</i>	22,857	67,734	1,576	19,843
<i>Transportation and telecommunication</i>	190,754	382,474	8,897	172,620
<i>Financial Institutions</i>	3,470	2,615	61	3,414
<i>Real estate and renting services</i>	36,507	11,825	275	34,324
<i>Self-employment services</i>	103,276	121,366	2,823	89,815
<i>Education services</i>	4,612	8,761	204	3,707
<i>Health and social services</i>	11,228	41,925	975	9,124
Other	866,038	3,108,598	72,309	764,295
Total	2,724,963	4,848,011	112,769	2,459,569

(*) Impaired loans are composed of group three, four and five loans.

(**) Past due loans and other receivables consist of loans and other receivables that are past due up to ninety days.

Current Period	The opening Balance	Provisions amounts set aside during the period	The cancelation of the provisions	Other Adjustments (*)	Close out Balance
Specific Provisions	2,459,569	1,406,520	(590,657)	-	3,275,433
General Provisions	956,059	234,417	-	263	1,190,739

(*) Determined according to exchange rate differences, business combinations, acquisitions and disposals of subsidiaries.

Prior Period	The opening Balance	Provisions amounts set aside during the period	The cancelation of the provisions	Other Adjustments (*)	Close out Balance
Specific Provisions	2,048,257	735,227	(358,648)	34,733	2,459,569
General Provisions	671,180	284,755	-	124	956,059

(*) Determined according to exchange rate differences, business combinations, acquisitions and disposals of subsidiaries.

Fair value of collateral held against impaired loans

	31 December 2013	31 December 2012
Cash collateral (*)	-	-
Mortgage	908,623	731,741
Promissory note (*)	-	-
Others (**)	2,622,804	1,993,222
Total	3,531,427	2,724,963

(*) As a policy, it is aimed to utilize from cash collateral or liquidate promissory note for an impaired loan collateralized by cash collateral or promissory note to cover the credit risk. Hence, cash collateral and promissory note are shown as zero in the table above.

(**) Sureties obtained for impaired loans are presented in this raw to the extent that the amount does not exceed the amount of impaired loans.

The detail of collateral held against performing cash and non-cash loans by the Bank

Cash loans	31 December 2013	31 December 2012
Secured Loans:	63,699,025	50,107,487
Secured by mortgages	18,093,124	19,467,443
Secured by cash collateral	384,250	579,192
Guarantees issued by financial institutions	178,628	220,545
Secured by government institutions or government securities	176,565	172,801
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	44,866,458	29,667,506
Unsecured Loans	22,797,198	17,760,158
Total performing loans	86,496,223	67,867,645

Non-cash loans	31 December 2013	31 December 2012
Secured Loans:	10,500,046	7,664,652
Secured by mortgages	678,781	666,081
Secured by cash collateral	85,525	122,716
Guarantees issued by financial institutions	5,408	7,901
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	9,730,332	6,867,954
Unsecured Loans	12,841,333	9,552,095
Total non-cash loans	23,341,379	17,216,747

III. 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.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	9,862	10,696
(II) Capital Obligation against Specific Risks - Standard Method	22	1,593
Capital to be employed for specific risk in securitisation positions- Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	9,399	33,711
(IV) Capital Obligation against Stocks Risks - Standard Method	-	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	-	-
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	6,814	2,413
(VIII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	26,097	48,413
(X) Value-At-Market Risk (12.5xVIII) or (12.5xIX)	326,213	605,163

Average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	7,612	13,147	3,506	94,937	144,228	12,289
Common Share Risk	65	783	-	935	1,720	-
Currency Risk	62,345	159,223	9,399	45,041	120,350	13,664
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	102	929	-	227	669	-
Counterparty Credit Risk	4,330	10,889	2,048	2,278	2,689	1,594
Total Value at Risk	930,669	2,188,882	326,218	1,778,488	2,272,350	605,163

Information on Counterparty Credit Risk

Counterparty credit risk is the probability of an economic loss that Bank could face because the counterparty to a transaction bringing liabilities to both parties could default before the final settlement of the transaction.

In calculation of the counterparty credit risk “Valuation Method on the Basis of Fair Value” is implemented in the scope of “Regulation on Calculation and Assessment of Capital Adequacy of the Banks”. The counterparty credit risk of the derivatives includes current replacement cost and potential future credit exposure. Replacement cost is calculated on fair value of the contracts, whilst potential future credit risk exposure is calculated by multiplication of contract amounts with the credit conversion rates stated in the appendices of the regulation.

Information about counterparty risk

	Current (*)	Prior (*)
Contracts based on Interest rate	17,566	11,853
Contracts based on currency	102,978	34,636
Contracts based on commodity	-	-
Contracts based on stocks	10	-
Other	-	-
Gross Positive Fair Value	120,554	46,489
Benefits of clarification	-	-
Clarified current risk amount	-	-
The securities which are held	-	-
The net position of derivatives	120,554	46,489

(*)Counterparty risk related to purchase/sale accounts is given.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

*Convenience Translation of Financial Statements**and Related Disclosures and Footnotes**Originally Issued in Turkish, See Section 3 Note I***IV. 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 15% of last three years' actual gross income with 12.5, in line with the effective legislation practices in the country.

Current Period	31 December 2010	31 December 2011	31 December 2012	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	3,704,421	4,205,182	5,191,308	3	15	655,046
Amount subject to operational risk (Total*12,5)						8,188,075

Prior Period	31 December 2009	31 December 2010	31 December 2011	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	3,842,436	3,704,421	4,205,182	3	15	587,602
Amount subject to operational risk (Total*12,5)						7,345,025

V. 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 December 2013 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 year announced by the Bank in TL are as follows:

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	2.1400	2.9489
Foreign currency rates for the days before balance sheet date;		
Day 1	2.0850	2.8644
Day 2	2.0800	2.8687
Day 3	2.0450	2.7980
Day 4	2.0250	2.7688
Day 5	2.0450	2.7982
	US Dollar	Euro
Last 30-days arithmetical average rate	2.0032	2.7356

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

Information on currency risk

Current Year	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	5,785,132	7,616,111	3,764,000	17,165,243
Banks	103,305	2,437,131	58,524	2,598,960
Financial assets at fair value through profit or loss ⁽¹⁾	-	22,999	-	22,999
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	1,039,732	2,696,490	-	3,736,222
Loans and receivables ⁽²⁾	7,413,360	16,746,692	58,133	24,218,185
Associates, subsidiaries and joint-ventures(business combinations)	270,577	-	-	270,577
Held-to-maturity investments	-	45,073	-	45,073
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	1,802	-	1,802
Intangible assets	-	128	-	128
Other assets ⁽³⁾	65,392	683,342	113	748,847
Total assets	14,677,498	30,249,768	3,880,770	48,808,036
Liabilities:				
Bank deposits	599,357	2,169,705	2,371	2,771,433
Foreign currency deposits	8,741,535	9,450,354	1,128,294	19,320,183
Interbank money market takings	580,039	5,882,383	-	6,462,422
Funds borrowed	4,959,813	6,308,683	14,142	11,282,638
Securities issued	29,720	4,471,861	28,065	4,529,646
Miscellaneous payables	156,179	20,837	12,554	189,570
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ⁽¹⁾⁽⁴⁾	73,478	2,998,134	4,128	3,075,740
Total liabilities	15,140,121	31,301,957	1,189,554	47,631,632
Net ‘On Balance Sheet’ Position	(462,623)	(1,052,189)	2,691,216	1,176,404
Net ‘Off-Balance Sheet’ Position	570,050	1,099,915	(2,701,033)	(1,031,068)
Derivative Financial Assets ⁽⁶⁾	1,787,998	8,258,319	1,437,036	11,483,353
Derivative Financial Liabilities ⁽⁶⁾	1,217,948	7,158,404	4,138,069	12,514,421
Non-Cash Loans ⁽⁵⁾	1,526,332	7,179,775	347,230	9,053,337

Prior Year	Euro	US Dollar	Other FCs	Total
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 Financial Assets ⁽⁶⁾	641,648	5,427,272	161,987	6,230,907
Derivative Financial 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 accruals stemming from foreign exchange rates presented under trading purpose derivative financial assets and liabilities are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 2,548,480 (31 December 2012: TL 1,736,458) which are presented as TL in the financial statements have been included.

⁽³⁾ Prepaid expenses amounting to TL 33,487 (31 December 2012: TL 24,885) have not been included.

⁽⁴⁾ Unearned revenues amounting to TL 30,782 (31 December 2012: TL 14,924) have not been included.

⁽⁵⁾ Non-cash loans have not been taken into consideration in the calculation of net ‘off-balance sheet’ position.

⁽⁶⁾ Asset purchase commitments amounting to TL 1,716,686 (31 December 2012: TL 287,531) and asset sales commitments amounting to TL 1,919,728 (31 December 2012: TL 592,925) are included.

Exposure to currency risk

10 percent devaluation of TL against the following currencies as at 31 December 2013 and 2012 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

This analysis has been prepared with the assumption that all other variables, in particular interest rates, remain constant.

	31 December 2013		31 December 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	2,146	2,146	(15,951)	30,655
Euro	(14,941)	(14,941)	(19,325)	(11,676)
Other currencies	(986)	(986)	(638)	(638)
Total, net	(13,781)	(13,781)	(35,914)	18,341

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

10 percent revaluation of TL against the following currencies as at 31 December 2013 and 2012 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 December 2013		31 December 2012	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(510)	(510)	17,587	(29,019)
Euro	14,941	14,941	19,325	11,676
Other currencies	1,489	1,489	1,392	1,392
Total, net	15,920	15,920	38,304	(15,951)

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

VI. 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.

The Bank’s exposure to 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 Year End	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	-	-	-	-	-	18,968,081	18,968,081
Banks	2,010,259	100,755	2,070	-	-	526,053	2,639,137
Financial assets at fair value through profit/loss	167,159	220,696	34,116	11,685	2,034	-	435,690
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	5,314,189	2,386,603	2,692,024	3,207,601	2,677,005	10,765	16,288,187
Loans and receivables	26,066,086	18,855,961	16,370,316	15,638,026	9,565,834	255,994	86,752,217
Held-to-maturity investments	914,868	418,308	2,022,196	495,822	1,552,621	-	5,403,815
Other assets (*)	13,462	85	10,506	72,469	425	4,911,969	5,008,916
Total assets	34,486,023	21,982,408	21,131,228	19,425,603	13,797,919	24,672,862	135,496,043
Liabilities:							
Bank deposits	3,170,922	869,432	103,153	-	-	18,821	4,162,328
Other deposits	39,030,456	19,270,048	5,371,683	40,261	-	13,658,038	77,370,486
Interbank money market takings	12,424,832	237,295	1,005,685	809,269	-	-	14,477,081
Miscellaneous payables	-	-	-	-	-	2,696,105	2,696,105
Securities issued	406,641	1,432,595	1,769,861	3,275,729	-	-	6,884,826
Funds borrowed	553,136	4,525,154	5,516,612	89,542	720,368	-	11,404,812
Other liabilities (**)	125,881	17,423	141,525	410,940	1,502,582	16,302,054	18,500,405
Total liabilities	55,711,868	26,351,947	13,908,519	4,625,741	2,222,950	32,675,018	135,496,043
On balance sheet long position	-	-	7,222,709	14,799,862	11,574,969	-	33,597,540
On balance sheet short position	(21,225,845)	(4,369,539)	-	-	-	(8,002,156)	(33,597,540)
Off-balance sheet long position	572,957	1,733,400	581,537	415,289	166,248	-	3,469,431
Off-balance sheet short position	(26,964)	(250,998)	(658,787)	(1,395,220)	(861,748)	-	(3,193,717)
Net Position	(20,679,852)	(2,887,137)	7,145,459	13,819,931	10,879,469	(8,002,156)	275,714

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

(**) Shareholders’ equity has been included in non-interest bearing column of other liabilities line.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

Prior Year End	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
Funds 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)
Net Position	(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 have been included in non-interest bearing column.

(**) Shareholders' equity has been included in non-interest bearing column of other liabilities line.

Average interest rates applied to monetary financial instruments:

	Euro	US Dollar	Japanese Yen	TL
Current Year	%	%	%	%
Assets:				
Cash and balances with CBT	-	-	-	-
Banks	0.01	0.35	-	10.35
Financial Assets at Fair Value through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	5.63	7.11	-	7.58
Loans and Receivables	5.52	6.92	-	13.50
Held-to-Maturity Investment Securities	-	3.31	-	14.64
Liabilities:				
Bank Deposits	1.00	0.71	-	8.21
Other Deposits	2.82	2.51	-	8.16
Interbank Money Market Takings	0.39	1.19	-	7.61
Miscellaneous Payables	-	-	-	-
Securities Issued	1.53	4.06	-	8.74
Funds Borrowed	1.03	1.55	-	5.57
Prior Year				
	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
Assets:				
Cash and balances 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 Investment Securities	-	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 Frequency 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-Current Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,412,990) / 2,441,246	(15.89%) / 16.08%
2. EURO	200 / (200)	34,736 / 10,115	0.23% / 0.07%
3. USD	200 / (200)	457,473 / (383,076)	3.01% / (2.52%)
Total (For Negative Shocks)	-	2,068,285	13.63%
Total (For Positive Shocks)	-	(1,920,781)	(12.65%)

Currency Unit-Prior Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,133,853) / 2,169,218	(15.8%) / 16.0%
2. EURO	200 / (200)	(28,821) / 22,552	(0.2%) / 0.2%
3. USD	200 / (200)	227,439 / (174,372)	1.7% / (1.3%)
Total (For Negative Shocks)	-	2,017,398	14.90%
Total (For Positive Shocks)	-	(1,935,335)	(14.30%)

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:

Current Period	Comparison		
Stock Investments	Carrying Value	Fair Value	Market Value
Stocks quoted in exchange^(*)	675,754	675,754	675,754
1.Stocks Investments Group A	675,754	675,754	675,754
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	946,004	886,839	-

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

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

Prior Period	Comparison		
Stock Investments	Carrying Value	Fair Value	Market Value
Stocks quoted in exchange^(*)	548,149	548,149	548,149
1.Stocks Investments Group A	548,149	548,149	548,149
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	772,873	731,211	-

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

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

*Convenience Translation of Financial Statements**and Related Disclosures and Footnotes**Originally Issued in Turkish, See Section 3 Note I***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-Current Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Core Capital	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	419,600	-	188,820
3. Other Stocks	-	412,957	185,830	-	-	-
4. Total	-	412,957	185,830	419,600	-	188,820

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

Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Core Capital	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	318,600	-	143,370
3. Other Stocks	-	373,129	167,908	-	-	-
4. Total	-	373,129	167,908	318,600	-	143,370

(*) 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 (“BİST”) 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 December 2013	31 December 2012	
	Equity	Equity	
BİST - 100	10%	45,412	20,786

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

VII. 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 securitisation transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Year End	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Assets:								
Cash and Central Bank	18,968,081	-	-	-	-	-	-	18,968,081
Banks	2,368,926	167,386	100,755	2,070	-	-	-	2,639,137
Fin. Assets at Fair Value through Profit/Loss	-	81,980	96,807	55,986	189,603	11,314	-	435,690
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	662,288	1,004,852	2,195,294	6,951,735	5,463,253	10,765	16,288,187
Loans and Receivables Held-to-Maturity	-	8,968,674	3,241,577	14,968,943	39,881,311	19,435,718	255,994	86,752,217
Investments	-	549,568	104,746	566,620	495,822	3,687,059	-	5,403,815
Other Assets	-	613,536	85	10,506	124,075	425	4,260,289	5,008,916
Total Assets	21,337,007	11,043,432	4,548,822	17,799,419	47,642,546	28,597,769	4,527,048	135,496,043
Liabilities:								
Bank Deposits	18,821	3,170,922	869,432	103,153	-	-	-	4,162,328
Other Deposits	13,658,038	39,030,456	19,270,048	5,371,683	40,261	-	-	77,370,486
Funds Borrowed	-	219,217	738,380	6,176,552	1,877,284	2,393,379	-	11,404,812
Interbank Money Market Takings	-	12,424,832	237,295	1,005,685	809,269	-	-	14,477,081
Securities Issued	-	406,641	1,432,595	1,769,861	3,275,729	-	-	6,884,826
Miscellaneous Payables	-	2,402,513	50,570	-	-	-	243,022	2,696,105
Other Liabilities	-	447,835	84,225	144,583	422,627	1,520,935	15,880,200	18,500,405
Total Liabilities	13,676,859	58,102,416	22,682,545	14,571,517	6,425,170	3,914,314	16,123,222	135,496,043
Liquidity Gap	7,660,148	(47,058,984)	(18,133,723)	3,227,902	41,217,376	24,683,455	(11,596,174)	-
Prior Year End								
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 in short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and shareholder's equity in the liabilities have been included in this column.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

*Convenience Translation of Financial Statements**and Related Disclosures and Footnotes**Originally Issued in Turkish, See Section 3 Note I**Residual contractual maturities of the financial liabilities*

31 December 2013	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	4,162,328	4,173,074	18,821	3,172,488	876,802	104,963	-	-
Other deposits	77,370,486	77,780,892	13,658,038	39,125,612	19,449,353	5,505,354	42,535	-
Funds borrowed	11,404,812	12,044,724	-	219,476	740,950	6,244,484	2,037,282	2,802,532
Money market takings	14,477,081	14,503,549	-	12,428,032	237,537	1,011,566	826,414	-
Issued Securities (Net)	6,884,826	7,626,518	-	406,116	1,441,546	1,818,518	3,960,338	-
Miscellaneous payables	2,696,105	2,696,105	243,022	2,402,513	50,570	-	-	-
Other liabilities	3,394,530	4,386,428	992,300	289,786	24,299	148,355	496,656	2,435,032
Total	120,390,168	123,211,290	14,912,181	58,044,023	22,821,057	14,833,240	7,363,225	5,237,564
Non-Cash Loans	23,341,379	23,341,379	264,268	370,339	13,664,337	5,657,505	2,729,612	655,318

31 December 2012	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	-	-
Securities Issued (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”. Besides, Cash or cash equivalent, treasury bill, government bond 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 in credit risk mitigation.

Information about guarantees according to risk classifications

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

Risk Classification-Current Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	45,206,354	4,179,918	-	-
Claims on regional governments or local authorities	1,831,310	18,209	-	-
Claims on administrative bodies and other non-commercial undertakings	397,891	48,355	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	14,215,220	6,664,579	-	-
Claims on corporate	38,727,023	376,873	-	-
Claims included in the regulatory retail portfolios	23,775,157	112,261	-	-
Claims secured by residential property	25,190,180	-	-	-
Past due loans	255,994	-	-	-
Higher risk categories decided by the Agency	12,242,193	-	-	-
Marketable securities secured by mortgages	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other claims	5,408,492	-	-	-
Total	167,249,814	11,400,195	-	-

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

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

Risk Classification-Prior Period	Amount	Financial Guarantees	Other/Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	32,553,260	2,089,145	-	-
Claims on regional governments or local authorities	1,200,670	2,088	-	-
Claims on administrative bodies and other non-commercial undertakings	58,899	11,622	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	10,228,328	5,439,356	-	-
Claims on corporate	75,820,733	2,823	-	-
Claims included in the regulatory retail portfolios	26,288,465	43	-	-
Claims secured by residential property	20,738,887	-	-	-
Past due loans	265,394	-	-	-
Higher risk categories decided by the Agency	6,831,919	-	-	-
Marketable securities secured by mortgages	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other claims	4,445,387	-	-	-
Total	178,431,942	7,545,077	-	-

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.

VIII. Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
Financial Assets:				
Receivables from Interbank Money Markets	-	-	-	-
Banks	2,639,137	1,954,906	2,639,137	1,954,906
Available-for-Sale Financial Assets	16,288,187	14,127,523	16,288,187	14,127,523
Held-to-Maturity Investments	5,403,815	4,253,606	5,184,485	4,468,399
Loans	86,752,217	68,133,039	86,971,951	68,201,257
Financial Liabilities:				
Bank Deposits	4,162,328	4,157,612	4,162,328	4,157,612
Other Deposits	77,370,486	63,084,678	77,370,486	63,084,678
Funds Borrowed	11,404,812	7,475,483	11,404,812	7,475,483
Securities Issued	6,884,826	2,430,313	6,884,826	2,430,313
Subordinated Loans	1,974,142	1,639,549	1,974,142	1,639,549
Miscellaneous Payables	2,696,105	2,223,602	2,696,105	2,223,602

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of fixed-interest loans are calculated by discounting cash flows with current market interest rates. For the loans with floating interest rate carrying value also represents fair value.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

Classification of Fair Value Measurement

IFRS 7 – Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

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

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	-	435,690	-	435,690
Derivative financial assets held for trading purpose	-	435,690	-	435,690
Available-for-sale financial assets	14,623,200	1,654,222	-	16,277,422
Debt securities	14,623,200	1,654,222	-	16,277,422
Investments in associates and subsidiaries	675,754	-	886,839 ^(*)	1,562,593
Total Financial Assets	15,298,954	2,089,912	886,839	18,275,705
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(200,778)	-	(200,778)
Total Financial Liabilities	-	(200,778)	-	(200,778)

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	-	86,186	-	86,186
Derivative financial assets held for trading purpose	-	86,186	-	86,186
Available-for-sale financial assets	14,116,670	103	-	14,116,773
Debt securities	14,116,670	103	-	14,116,773
Investments in associates and subsidiaries	548,148	-	731,211 ^(*)	1,279,359
Total Financial Assets	14,664,818	86,289	731,211	15,482,318
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(199,692)	-	(199,692)
Total Financial Liabilities	-	(199,692)	-	(199,692)

^(*)This amount consist of fair value of the affiliates and subsidiaries determined by independent valuation companies.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended 31 December 2013 is as follows:

	Level 3 Current Period	Level 3 Prior Period
Balance at the beginning of the year	731,211	492,194
Total gains or losses for the year recognised in profit or loss	-	-
Total gains or losses for the year recognised under equity	155,628	239,017
Balance at the end of the year	886,839	731,211

IX. Transactions carried out on behalf of customers, items held in trust

The Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Bank is not involved in trust activities.

X. 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 has been 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.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira ("TL"))

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	3,108,526	4,455,415	1,598,277	58,352	9,220,570
<i>Interest income from loans</i>	<i>3,108,526</i>	<i>4,455,415</i>	-	-	<i>7,563,941</i>
<i>Interest income from securities portfolio</i>	-	-	<i>1,590,648</i>	-	<i>1,590,648</i>
<i>Interest income from banks</i>	-	-	<i>7,004</i>	-	<i>7,004</i>
<i>Interest income from money market transactions</i>	-	-	<i>625</i>	-	<i>625</i>
<i>Other interest income</i>	-	-	-	<i>58,352</i>	<i>58,352</i>
Interest Expense	1,484,464	2,038,187	769,857	138,445	4,430,953
<i>Interest expense on deposits</i>	<i>1,484,464</i>	<i>2,038,187</i>	-	-	<i>3,522,651</i>
<i>Interest expense on funds borrowed</i>	-	-	<i>134,533</i>	-	<i>134,533</i>
<i>Interest expense on money market transactions</i>	-	-	<i>375,321</i>	-	<i>375,321</i>
<i>Interest expense on securities issued</i>	-	-	<i>260,003</i>	-	<i>260,003</i>
<i>Other interest expenses</i>	-	-	-	<i>138,445</i>	<i>138,445</i>
Net Interest Income	1,624,062	2,417,228	828,420	(80,093)	4,789,617
Net Fees and Commissions Income	357,640	328,871	-	-	686,511
Trading Income/ Losses (Net)	-	-	231,657	-	231,657
Dividend Income	-	-	54,001	-	54,001
Other Income	-	-	-	708,320	708,320
Provision For Losses on Loans and Other Receivables	332,842	1,007,409	145,732	371,256	1,857,239
Other Expenses	-	-	-	2,629,953	2,629,953
Profit Before Taxes	1,648,860	1,738,690	968,346	(2,372,982)	1,982,914
Provision for taxes	-	-	-	(397,375)	(397,375)
Net Profit/ Loss	1,648,860	1,738,690	968,346	(2,770,357)	1,585,539
SEGMENT ASSETS					
Securities Portfolio	-	-	21,692,002	-	21,692,002
Derivative financial assets held for trading purpose	-	-	435,690	-	435,690
Banks and Receivables From Money Markets	-	-	2,639,137	-	2,639,137
Investments in Associates and Subsidiaries	-	-	1,610,993	-	1,610,993
Loans	30,419,715	56,332,502	-	-	86,752,217
Other Assets	-	-	17,951,402	4,414,602	22,366,004
TOTAL ASSETS	30,419,715	56,332,502	44,329,224	4,414,602	135,496,043
SEGMENT LIABILITIES					
Deposits	31,318,886	50,213,928	-	-	81,532,814
Derivative Financial Liabilities Held for Trading Purpose	-	-	200,778	-	200,778
Interbank Money Market	-	-	14,477,081	-	14,477,081
Funds Borrowed	-	-	11,404,812	-	11,404,812
Securities Issued	-	-	6,884,826	-	6,884,826
Other Liabilities	-	-	2,158,084	3,989,068	6,147,152
Provisions and Tax Liabilities	-	-	-	2,232,259	2,232,259
Equity	-	-	-	12,616,321	12,616,321
TOTAL LIABILITIES AND EQUITY	31,318,886	50,213,928	35,125,581	18,837,648	135,496,043

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	2,877,995	4,088,140	1,772,948	17,419	8,756,502
<i>Interest income from loans</i>	2,877,995	4,088,140	-	-	6,966,135
<i>Interest income from securities portfolio</i>	-	-	1,765,558	-	1,765,558
<i>Interest income from banks</i>	-	-	4,462	-	4,462
<i>Interest income from money market transactions</i>	-	-	2,928	-	2,928
<i>Other interest income</i>	-	-	-	17,419	17,419
Interest Expense	1,679,580	2,244,913	660,805	86,610	4,671,908
<i>Interest expense on deposits</i>	1,679,580	2,244,913	-	-	3,924,493
<i>Interest expense on funds borrowed</i>	-	-	136,402	-	136,402
<i>Interest expense on money market transactions</i>	-	-	346,524	-	346,524
<i>Interest expense on securities issued</i>	-	-	177,879	-	177,879
<i>Other interest expenses</i>	-	-	-	86,610	86,610
Net Interest Income	1,198,415	1,843,227	1,112,143	(69,191)	4,084,594
Net Fees and Commissions Income	294,468	153,232	-	-	447,700
Trading Income/ Losses (Net)	-	-	336,542	-	336,542
Dividend Income	-	-	57,078	-	57,078
Other Income	-	-	-	624,680	624,680
Provision For Losses on Loans and Other Receivables	222,533	565,085	180,018	436,422	1,404,058
Other Expenses	-	-	-	2,261,175	2,261,175
Profit Before Taxes	1,270,351	1,431,373	1,325,745	(2,142,108)	1,885,361
Provision for taxes	-	-	-	(425,281)	(425,281)
Net Profit/ Loss	1,270,351	1,431,373	1,325,745	(2,567,389)	1,460,080
SEGMENT ASSETS					
Securities Portfolio	-	-	18,381,129	-	18,381,129
Derivative financial assets held for trading purpose	-	-	86,186	-	86,186
Banks and Receivables From Money Markets	-	-	1,954,906	-	1,954,906
Investments in Associates and Subsidiaries	-	-	1,310,272	-	1,310,272
Loans	24,351,073	43,781,966	-	-	68,133,039
Other Assets	-	-	11,505,087	3,209,644	14,714,731
TOTAL ASSETS	24,351,073	43,781,966	33,237,580	3,209,644	104,580,263
SEGMENT LIABILITIES					
Deposits	25,005,641	42,236,649	-	-	67,242,290
Derivative Financial Liabilities Held for Trading Purpose	-	-	199,692	-	199,692
Interbank Money Market	-	-	8,489,936	-	8,489,936
Funds Borrowed	-	-	7,475,483	-	7,475,483
Securities Issued	-	-	2,430,313	-	2,430,313
Other Liabilities	-	-	52,347	4,808,619	4,860,966
Provisions and Tax Liabilities	-	-	-	1,963,429	1,963,429
Equity	-	-	-	11,918,154	11,918,154
TOTAL LIABILITIES AND EQUITY	25,005,641	42,236,649	18,647,771	18,690,202	104,580,263

SECTION FIVE

Disclosures and Footnotes on Unconsolidated Financial Statements

I. Information and disclosures related to assets

1. Cash and balances with Central Bank

	Current Year		Prior Year	
	TL	FC	TL	FC
Cash	860,452	288,899	792,976	186,191
Central Bank of Turkey ^(*)	922,802	16,870,433	1,452,478	9,870,679
Others	19,584	5,911	4,448	20,853
Total	1,802,838	17,165,243	2,249,902	10,077,723

^(*) TL 14,542,489 (31 December 2012: TL 8,108,813) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals.

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 13% 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% for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer).

Balances at CBT

	Current Year		Prior Year	
	TL	FC	TL	FC
Unrestricted Demand Deposits	922,799	1,043,944	1,449,530	693,866
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits ^(*)	3	1,284,000	2,948	1,068,000
Reserve Deposits	-	14,542,489	-	8,108,813
Total	922,802	16,870,433	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

Trading securities blocked/provided as collateral

None.

Trading securities subject to repurchase agreements

None.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

Derivative financial assets related to positive differences table

	Current Year		Prior Year	
	TL	FC	TL	FC
Forward Transactions	28,203	375	2,063	2,047
Swap Transactions	327,932	77,115	18,318	63,277
Futures	-	-	-	-
Options	15	2,050	208	273
Others	-	-	-	-
Total	356,150	79,540	20,589	65,597

3. Information on banks

	Current Year		Prior Year	
	TL	FC	TL	FC
Banks	40,177	2,598,960	29,360	1,925,546
Domestic	40,177	92,664	29,360	295,752
Foreign	-	2,506,296	-	1,629,794
Foreign Head Offices and Branches	-	-	-	-
Total	40,177	2,598,960	29,360	1,925,546

Due from foreign banks

	Unrestricted Balance		Restricted Balances ^(**)	
	Current Year	Prior Year	Current Year	Prior Year
EU Countries	137,228	244,785	1,793	-
USA, Canada	1,935,066	1,045,663	92,891	102,389
OECD Countries ^(*)	27,089	13,943	-	-
Off-shore Banking Regions	229	100	-	-
Others	312,000	222,914	-	-
Total	2,411,612	1,527,405	94,684	102,389

^(*) OECD countries other than European Union countries, USA and Canada^(**) Restricted balances that occur from securitization loans and other common banking activities**4. Information on available-for-sale financial assets****Available-for-sale financial assets given/ blocked as collateral**

	Current Year		Prior Year	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable	241,746	261,615	6,226	184,493
Others	-	-	-	-
Total	241,746	261,615	6,226	184,493

Available-for-sale financial assets subject to repurchase agreements

	Current Year		Prior Year	
	TL	FC	TL	FC
Government Bonds	8,312,947	-	4,504,521	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	2,988,480	-	3,292,531
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	8,312,947	2,988,480	4,504,521	3,292,531

Information related to available for sale financial assets

	Current Year	Prior Year
Debt instruments	16,626,284	14,213,040
Quoted	16,626,284	14,213,040
Unquoted	-	-
Equity instruments	10,765	10,750
Quoted	-	-
Unquoted	10,765	10,750
Impairment provision (-)	348,862	96,267
Total	16,288,187	14,127,523

5. Information on loans

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

	Current Year		Prior Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to the Bank’s shareholders	-	27,065	-	37,919
Legal entities	-	27,065	-	37,919
Real persons	-	-	-	-
Indirect loans granted to the Bank’s shareholders	-	-	-	-
Loans granted to the employees	79,430	-	68,559	-
Total	79,430	27,065	68,559	37,919

Information about, loans and other receivables classified in groups I and II and restructured or rescheduled loans and other receivables

	Standard loans and other receivables			Loans and other receivables under close monitoring		
	<i>Loans and other receivables</i>	<i>Agreement conditions modified</i>		<i>Loans and other receivables</i>	<i>Agreement conditions modified</i>	
		<i>Payment plan extensions</i>	<i>Other</i>		<i>Payment plan extensions</i>	<i>Other</i>
Cash Loans						
Non-specialized loans	82,872,358	258,558	-	2,740,522	617,028	-
Loans given to enterprises	22,061,967	79,711	-	981,490	320,501	-
Export loans	3,660,020	20,747	-	57,185	8,929	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,941,319	-	-	8	-	-
Consumer loans	25,939,991	149,253	-	884,161	235,730	-
Credit cards	4,201,450	-	-	180,420	6,308	-
Other	25,067,611	8,847	-	637,258	45,560	-
Specialized lending	7,757	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	82,880,115	258,558	-	2,740,522	617,028	-

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

	<i>Standard Loans and Other Receivables</i> ^(*)	<i>Loans and other receivables under close monitoring</i> ^(*)
Number of modifications to extend payment plans		
Extended for 1 or 2 times	258,558	405,924
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	18,699	664
6 - 12 Months	3,093	1,280
1-2 Years	19,890	13,328
2-5 Years	212,305	349,660
5 Years and Over	4,571	40,992

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

Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	<i>Loans and Other Receivables</i>	<i>Restructured or Rescheduled Loans and Other Receivables</i>	<i>Loans and Other Receivables</i>	<i>Restructured or Rescheduled Loans and Other Receivables</i>
Cash loans				
Short-term Loans and Other Receivables	23,782,604	21,852	755,501	73,076
Loans	23,782,604	21,852	755,501	73,076
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium, Long-term Loans and Other Receivables	59,097,511	236,706	1,985,021	543,952
Loans	59,089,754	236,706	1,985,021	543,952
Specialization loans	7,757	-	-	-
Other Receivables	-	-	-	-

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	327,979	25,621,990	25,949,969
Housing Loans	3,722	13,297,230	13,300,952
Automobile Loans	5,018	581,114	586,132
General Purpose Loans	232,869	9,209,554	9,442,423
Others	86,370	2,534,092	2,620,462
Consumer Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Retail Credit Cards – TL	3,219,884	12,379	3,232,263
With Installment	1,798,326	11,675	1,810,001
Without Installment	1,421,558	704	1,422,262
Retail Credit Cards – FC	810	-	810
With Installment	-	-	-
Without Installment	810	-	810
Personnel Loans – TL	2,007	32,070	34,077
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	1,986	32,070	34,056
Others	21	-	21
Personnel Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Credit Cards – TL	45,249	36	45,285
With Installment	21,506	35	21,541
Without Installment	23,743	1	23,744
Personnel Credit Cards – FC	68	-	68
With Instalment	-	-	-
Without Installment	68	-	68
Overdraft Checking Accounts – TL (Real persons)	1,225,000	-	1,225,000
Overdraft Checking Accounts – FC (Real persons)	89	-	89
Total	4,821,086	25,666,475	30,487,561

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	799,041	16,102,317	16,901,358
Real Estate Loans	1,361	294,693	296,054
Automobile Loans	22,182	1,511,674	1,533,856
General Purpose Loans	775,498	14,295,950	15,071,448
Others	-	-	-
Installment-based Commercial Loans – FC-indexed	27,831	621,928	649,759
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	27,831	621,928	649,759
Others	-	-	-
Installment-based Commercial Loans – FC	503	2,593,156	2,593,659
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	503	2,593,156	2,593,659
Corporate Credit Cards – TL	1,109,721	31	1,109,752
With Installment	586,929	31	586,960
Without Installment	522,792	-	522,792
Corporate Credit Cards – FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Checking Accounts – TL (Corporate)	402,000	-	402,000
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	2,339,096	19,317,432	21,656,528

Allocation of loan customers

	Current Year	Prior Year
Public Sector	1,092,102	809,413
Private Sector	85,404,121	67,058,232
Total	86,496,223	67,867,645

Allocation of domestic and foreign loans

	Current Year	Prior Year
Domestic Loans	86,333,859	67,761,778
Foreign Loans	162,364	105,867
Total	86,496,223	67,867,645

Loans granted to associates and subsidiaries

	Current Year	Prior Year
Direct Loans Granted to Associates and Subsidiaries	68,800	111,074
Indirect Loans Granted to Associates and Subsidiaries	-	-
Total	68,800	111,074

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

Specific provisions for loans

	Current Year	Prior Year
Provisions for Loans and Receivables with Limited Collectibility	63,999	66,348
Provisions for Loans and Receivables with Doubtful Collectibility	659,768	519,461
Provisions for Uncollectible Loans and Receivables	2,551,666	1,873,760
Total	3,275,433	2,459,569

Information on non-performing loans (Net)*Information on restructured or rescheduled non-performing loans and other receivables*

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year	46,682	72,045	65,263
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	46,682	72,045	65,263
Prior Year	37,448	55,374	67,590
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	37,448	55,374	67,590

Movements in 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
Prior Year End Balance	331,742	519,461	1,873,760
Additions (+)	1,445,091	50,496	47,203
Transfers from other categories of loans under follow-up (+) ^(*)	-	1,267,949	955,626
Transfers to other categories of loans under follow-up (-) ^(*)	1,279,971	1,029,812	103,565
Collections (-)	176,869	148,326	221,358
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Year End Balance	319,993	659,768	2,551,666
Specific Provision (-)	63,999	659,768	2,551,666
Net Balance on Balance Sheet	255,994	-	-

^(*) 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 other receivables are collected through liquidation of collaterals and legal follow-up.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

Information on non-performing loans granted in foreign currencies

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year			
Period End Balance	33,864	1,980	301,479
Specific Provision (-)	6,773	1,980	301,479
Net Balance on Balance Sheet	27,091	-	-
Prior Year			
Period End Balance	11,163	13,737	261,851
Specific Provision (-)	2,233	13,737	261,851
Net Balance on Balance Sheet	8,930	-	-

Non-performing loans granted in foreign currencies are followed in Turkish Lira accounts.

Write-off policy for uncollectible loans and receivables

None.

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 Year (Net)	255,994	-	-
Consumer and Commercial Loans (Gross)	317,165	653,115	2,499,959
Specific Provision (-)	63,433	653,115	2,499,959
Consumer and Commercial Loans (Net)	253,732	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,828	6,653	50,156
Specific Provision (-)	566	6,653	50,156
Other Loans and Receivables (Net)	2,262	-	-
Prior Year (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

Public sector debt securities classified as held-to-maturity investments

	Current Year		Prior Year	
	TL	FC	TL	FC
Government Bonds	5,358,742	-	4,198,301	-
Treasury Bills	-	-	-	-
Other Government Securities	-	2,234	-	1,858
Total	5,358,742	2,234	4,198,301	1,858

Information on held-to-maturity investments

	Current Year	Prior Year
Debt Securities	5,461,175	4,324,945
Quoted at Stock Exchange	5,418,336	4,271,498
Unquoted at Stock Exchange	42,839	53,447
Impairment Losses (-)	57,360	71,339
Total	5,403,815	4,253,606

The movement of held-to-maturity investments

	Current Year	Prior Year
Balances at the Beginning of the Year	4,253,606	5,971,527
Foreign Currency Differences On Monetary Assets	52,537	(114,082)
Purchases During the Year	2,530,205	210,825
Transfers to available for sale portfolio ^(*)	-	(1,474,294)
Disposals Through Sales/Redemptions	(1,507,738)	(275,294)
Impairment Losses	13,979	(29,209)
Change in Amortized Costs ^(**)	61,226	(35,867)
Balances at the End of the Year	5,403,815	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 Euro 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 about held-to-maturity investments

Current Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/Blocked Investments	287,360	42,800	281,131	42,839
Investments subject to Repurchase Agreements	4,716,595	-	4,831,384	-
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others ^(*)	247,800	2,140	246,227	2,234
Total	5,251,755	44,940	5,358,742	45,073

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

Prior Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized / Blocked Investments	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 Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
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. Investments in associates

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

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Years' Profit/Loss	Fair Value
1	799,141	66,183	10,051	46,345	3,615	2,263	3,587	-
2	12,784,757	1,987,799	267,779	310,940	167,932	254,863	246,137	1,990,998
3	2,195,033	407,036	304,993	22,370	-	30,555	61,905	-
4	33,001	23,773	19,197	347	14	4,171	4,238	-
5	91,353	78,926	48,825	1,784	-	28,150	24,044	-
6	130,087	1,053	90,284	292	-	(7,114)	(1,649)	-
7	99,318	26,007	94,127	-	-	(10,855)	2,373	-
8	3,202	562,169	20,150	78,695	2,750	53,588	45,429	-
9	277,342	271,721	3,178	7,385	-	10,746	6,692	-
10	1,560	(46,400)	-	2	-	(4,369)	(3,639)	-

(*) Financial information as at and for the nine-month period ended 30 September 2013 has been presented for these associates.

(**) Figures are obtained from reviewed financial statements as at and for the nine-month period ended 30 September 2013 disclosed in Public Disclosure Platform.

Movement table of investments in associates

	Current Year	Prior Year
Balance at the beginning of the year	398,063	219,527
Movements during the year	(152,540)	178,536
Transfers	(155,712)	-
Acquisitions	8,745	1,211
Bonus shares received	25,500	26,514
Income/Loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	(31,073)	150,811
Impairment losses	-	-
Balance at the end of the year	245,523	398,063
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

The liquidation process of World Vakıf UBB Ltd, an associate of the Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed. Thus, the company’s name has been changed as “World Vakıf UBB Ltd in Liquidation”.

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, an associate 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 Parent 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 associates. 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 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. In year 2010, due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified “Investments in associates”.

Sectoral distribution of investments and associates and related carrying values

	Current Year	Prior Year
Banks	229,912	226,740
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	4,211	159,923
Total	234,123	386,663

Quoted associates

	Current Year	Prior Year
Quoted to domestic stock exchanges	197,122	367,151
Quoted to international stock exchanges	-	-
Total	197,122	367,151

Investments in associates sold during the current year

There is no disposal in associates during the current year.

Investments in associates acquired during the current year

There is not any associate acquired in the current period.

In the current period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total. The share of the Bank amounting to TL 8,745 is presented as bonus shares received and TL 8,745 is presented as acquisitions and capital increases in the movement table of investments in associates.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ, 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.

The capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, considered as an associate of the Bank in year 2012, 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 Gayrimenkul Yatırım Ortaklığı AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Finans Factoring Hizm. AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf B Tipi Menkul Kıymetler Yat. Ort. AŞ	Vakıf Portföy Yönetimi AŞ
Paid in Capital	114,483	65,000	106,200	35,000	22,400	150,000	26,500	15,000	3,000
Share Premium	-	-	9,759	-	-	-	-	19	-
Adjustment to paid-in capital	-	353	21,599	137	28,831	1,448	10,424	92	16
Valuation changes in marketable securities	(1,663)	2,553	-	18,451	-	122,640	755	-	-
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	-	17,734	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business	-	-	-	-	-	59	191	-	-
Legal Reserves	5,958	3,814	3,440	4,814	4,988	17,178	13,013	395	770
Extraordinary Reserves	-	35,609	52,037	3,788	32,280	19,246	32,827	-	4,063
Other Profit Reserves	116,261	-	-	2,308	-	-	-	16	-
Profit/Loss	88,332	3,835	3,277	6,265	2,406	(121,156)	60,292	(2,264)	1,433
<i>Prior Years' Profit/Loss</i>	83,548	-	-	698	-	(76,851)	34,639	(1,100)	-
<i>Current Years' Profit/Loss</i>	4,784	3,835	3,277	5,567	2,406	(44,305)	25,653	(1,164)	1,433
Minority Rights	-	81	-	-	-	-	-	-	-
Total Core Capital	323,371	111,245	196,312	70,763	90,905	207,149	144,002	13,258	9,282
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	323,371	111,245	196,312	70,763	90,905	207,149	144,002	13,258	9,282
NET AVAILABLE EQUITY	323,371	111,245	196,312	70,763	90,905	207,149	144,002	13,258	9,282

(*)BRSA financial statements as at and for the period ended 30 September 2013 are presented.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

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 2013, there is no capital requirement for the subsidiaries mentioned.

Investments in subsidiaries

Company	Address (City / Country)	Bank’s Share – Voting Rights, If Different (%)	Bank’s Risk Group Share (%)
1 Güneş Sigorta AŞ ^(**)	Istanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik AŞ ^(*)	Istanbul/Turkey	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ ^(*)	Istanbul/Turkey	78.39	86.97
4 Vakıf Finansal Kiralama AŞ ^(**)	Istanbul/Turkey	58.71	64.40
5 Vakıf Yatırım Menkul Değerler AŞ ^(*)	Istanbul/Turkey	99.00	99.44
6 Vakıfbank International AG ^(*)	Wien/Austaria	90.00	90.00
7 Vakıf Portföy Yönetimi AŞ ^(*)	Istanbul/Turkey	99.99	99.99
8 Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı AŞ ^(**)	Istanbul/Turkey	11.75	21.77
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ ^(**)	Istanbul/Turkey	27.63	29.47
10 Vakıf Enerji ve Madencilik AŞ ^(***)	Ankara/Turkey	65.50	84.92
11 Taksim Otelcilik AŞ ^(*)	Istanbul/Turkey	51.00	51.52
12 Vakıf Pazarlama Sanayi ve Ticaret AŞ ^(*)	Istanbul/Turkey	69.33	74.98
13 Vakıf Gayrimenkul Değerleme AŞ ^(*)	Ankara/Turkey	54.29	58.54

	Total Assets	Shareholder’s Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Years’ Profit/(Loss)	Fair Value
1	1,092,911	288,510	383,818	9,579	824	(65,402)	(13,369)	288,015
2	2,240,382	156,439	61,625	22,098	162	21,424	22,216	439,809
3	221,414	90,905	2,529	13,010	-	2,406	8,445	111,245
4	1,064,197	111,245	5,914	48,217	12	3,835	4,154	62,402
5	292,979	70,763	269	10,821	215	5,567	1,956	62,131
6	2,435,035	323,371	1,809	44,667	7,207	4,784	13,866	300,641
7	9,651	9,282	172	465	10	1,433	1,538	29,006
8	13,758	13,258	50	182	(260)	(1,164)	446	12,503
9	198,186	196,312	141,747	1,144	2,091	3,277	3,688	1,215,464
10	15,690	7,329	1,066	179	-	(548)	(130)	12,500
11	243,871	240,645	112,384	5,909	1	4,836	8,439	243,431
12	45,699	36,611	11,132	305	94	1,475	6,942	41,626
13	29,079	23,127	725	1,097	48	5,790	197	33,567

^(*) Financial information as at and for the nine-month period ended 30 September 2013 has been presented for these subsidiaries.

^(**) Figures are obtained from reviewed financial statements as at and for the nine-month period ended 30 September 2013 disclosed in Public Disclosure Platform.

^(***) Financial information as at and for the six-month period ended 30 June 2013 has been presented for these subsidiaries.

Movement of investments in subsidiaries

	Current Year	Prior Year
Balance at the beginning of the year	912,209	644,998
Movements during the year	453,261	267,211
Transfers	155,712	-
Acquisitions	82,227	-
Bonus shares received	60,443	7,771
Dividends from current year profit	(16,155)	(15,203)
Sales and liquidations	-	-
Fair value changes	217,617	274,643
Impairment losses	(46,583)	-
Balance at the end of year	1,365,470	912,209
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

Valuation methods of investments in subsidiaries

	Current Year	Prior Year
Valued at Cost	-	-
Valued at Fair Value	1,365,470	912,209
Valued by Equity Method of Accounting	-	-
Total	1,365,470	912,209

Sectoral distribution of financial investments in subsidiaries

	Current Year	Prior Year
Banks	270,577	205,380
Insurance Companies	341,750	311,390
Factoring Companies	87,205	76,750
Leasing Companies	36,636	57,773
Finance Companies	-	-
Other Financial Subsidiaries	427,815	105,219
Total	1,163,983	756,512

Quoted subsidiaries

	Current Year	Prior Year
Quoted at Domestic Stock Exchanges	478,632	180,998
Quoted at International Stock Exchanges	-	-
Total	478,632	180,998

Investments in subsidiaries disposed during the current year

There is no disposal in subsidiaries in the current period.

Investments in subsidiaries purchased during the current year

There is no subsidiary acquired in the current period.

In the current period, subsequent to the approval of the decision to increase the paid capital of Taksim Otelcilik AŞ, a subsidiary of the Bank, from TL 97,150 to TL 269,257, by the Extraordinary General Assembly of the company on 27 August 2013, the share of the Bank is increased from TL 49,547 to TL 137,324 (TL 57,176 from retained earnings and TL 30,601 from cash, in total TL 87,777) and the share portion of the Bank is remained the same. TL 7,650 is paid on 13 September 2013 and TL 22,950 is paid on 2 December 2013 from TL 30,601 which is Bank’s share of cash capital commitment. The share of the Bank amounting to TL 57,176 is presented in the bonus shares received and TL 30,601 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

In the current period, 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 60,000 to TL 65,000, by the General Assembly of the company, the share of the Bank amounting to TL 2,936 is presented as bonus shares received in the movement table of investments in subsidiaries.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf International AG, a subsidiary of the Bank, from EUR 45,000 (in thousands) to EUR 70,000 (in thousands), by the General Assembly of the company, the share of the Bank amounting to TL 51,626 is presented in acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, subsequent to approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, a subsidiary of the Bank, from TL 105,000 to TL 106,200, by the General Assembly of the company, the share of the Bank amounting to TL 331 is presented as bonus shares received in movement table of investments in subsidiaries.

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.

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 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

None.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	1,181,231	153,232	49,389	631,279	2,015,131
Accumulated depreciation(-)	274,234	137,171	30,236	418,976	860,617
Impairment	19,947	-	-	-	19,947
Net book value	887,050	16,061	19,153	212,303	1,134,567
Balance at the end of the current year:					
Net book value at the beginning of the current year	887,050	16,061	19,153	212,303	1,134,567
Additions	258,116	-	-	151,956	410,072
Cost of the disposals	225,344	16,117	1,628	11,874	254,963
Depreciation of the disposals (-)	29,343	15,906	1,554	4,487	51,290
Depreciation of the current year (-)	32,666	4,849	6,470	69,446	113,431
Impairment (-)	4,000	-	-	-	4,000
Cost at the end of the current year	1,214,003	137,115	47,761	771,361	2,170,240
Accumulated depreciation at the end of the year (-)	277,557	126,114	35,152	483,935	922,758
Impairment (-) ^(*)	23,947	-	-	-	23,947
Net book value at the end of the current year	912,499	11,001	12,609	287,426	1,223,535

(*) In conjunction with the 5th subclause of “Regulation on the procedures and principles for sales and purchase of precious metal and disposal of tangible assets that have been acquired due to receivables by Banks” of BRSA which has been published in the Official Gazette no. 26333 on 1 November 2006, in case assets that are not subject to amortization are not disposed within three years following the acquisition date, they shall be amortized through recording provisions at a rate of 5% for each year after the acquisition date. In this frame, the Bank has booked TL 23,947 provision as at 31 December 2013 (31 December 2012: TL 19,947) taking the temporary clause of the regulation defining the acquisition date into account.

13. Information on intangible assets

Bank’s intangible assets consist of computer softwares. The estimated useful life of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Bank divides the extinction share of intangible assets according to inflation adjusted values.

In the current year an intangible asset that presents severity for the financial statements does not exist.

The Bank does not have intangible assets, which are obtained by government incentives, recorded at fair value, have utilisation restrictions or have been pledged.

The Bank did not declared a commitment to purchase intangible assets.

14. Information on investment property

None.

15. Information on deferred tax asset

Items generating deferred tax assets or liabilities as at 31 December 2013 and 2012 are as follows:

	Current Year	Prior Year
Deferred tax assets:	161,089	180,592
Provision for employee termination benefits and unused vacations	69,685	58,516
Other provisions	42,708	39,137
Valuation differences of associates and subsidiaries	23,456	23,456
BRSA - Tax Code depreciation differences	8,789	12,997
Valuation differences of financial assets and liabilities	14,557	44,771
Others	1,894	1,715
Deferred tax liabilities:	(109,483)	(60,967)
Valuation differences of financial assets and liabilities	(63,656)	(25,130)
Valuation differences for associates and subsidiaries	(45,827)	(35,837)
Deferred tax assets, net	51,606	119,625

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

*Convenience Translation of Financial Statements**and Related Disclosures and Footnotes**Originally Issued in Turkish, See Section 3 Note I***16. Assets held for sale and assets related to the discounted operations**

None.

17. Information on other assets

Details of other assets as at 31 December 2013 and 2012 are as follows:

	Current Year	Prior Year
Receivables from credit cards	596,284	387,146
Prepaid expenses	516,014	408,984
Guarantees given for repurchase agreements	392,641	9,707
Receivables from term sale of assets	96,948	47,410
Receivables from derivative financial instruments	61,219	134,520
Others	351,068	63,400
Total	2,014,174	1,051,167

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

Current Year	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	2,981,927	-	303,254	15,576,713	1,449,324	403,340	180,434	-	20,894,992
Foreign Currency Deposits	1,992,924	-	2,002,090	9,024,414	1,264,688	1,363,669	2,613,593	-	18,261,378
Residents in Turkey	1,664,304	-	1,997,406	8,786,795	1,124,231	1,183,491	981,537	-	15,737,764
Residents in Abroad	328,620	-	4,684	237,619	140,457	180,178	1,632,056	-	2,523,614
Public Sector Deposits	3,132,866	-	1,811,779	5,896,887	595,073	330,113	173,382	-	11,940,100
Commercial Deposits	1,759,439	-	2,931,949	10,834,940	1,312,786	418,441	114,238	-	17,371,793
Others	2,732,077	-	908,535	2,707,201	526,608	949,011	19,986	-	7,843,418
Precious Metal Deposits	1,058,805	-	-	-	-	-	-	-	1,058,805
Bank Deposits	18,821	-	2,178,793	1,282,805	375,303	213,701	92,905	-	4,162,328
CBT	297	-	-	-	-	-	-	-	297
Domestic Banks	637	-	2,012,419	323,664	281,629	30,992	-	-	2,649,341
Foreign Banks	11,351	-	166,374	959,141	93,674	182,709	92,905	-	1,506,154
Participation Banks	6,536	-	-	-	-	-	-	-	6,536
Others	-	-	-	-	-	-	-	-	-
Total	13,676,859	-	10,136,400	45,322,960	5,523,782	3,678,275	3,194,538	-	81,532,814

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

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 Year	Prior Year	Current Year	Prior Year
Saving Deposits	10,798,600	7,156,786	10,096,392	9,934,191
Foreign Currency Saving Deposits	3,422,906	2,158,935	7,000,952	5,755,729
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	14,221,506	9,315,721	17,097,344	15,689,920

Saving deposits out of insurance coverage limits

	Current Year	Prior Year
Deposits and other accounts at foreign branches	16,584	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	2,354	2,352
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purposes**Negative fair values of trading purpose derivatives**

	Current Year		Prior Year	
	TL	FC	TL	FC
Forwards	27,806	362	2,134	2,063
Swaps	83,783	86,762	4,853	190,187
Futures	-	-	-	-
Options	15	2,050	178	277
Others	-	-	-	-
Total	111,604	89,174	7,165	192,527

3. Information on banks and other financial institutions

	Current Year		Prior Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	122,174	160,072	86,974	201,248
Foreign Bank, Institutions and Funds	-	11,122,566	-	7,187,261
Total	122,174	11,282,638	86,974	7,388,509

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	82,786	6,746,799	68,245	4,257,409
Medium and Long term (*)	39,388	4,535,839	18,729	3,131,100
Total	122,174	11,282,638	86,974	7,388,509

(*) The maturity profile of funds borrowed has been presented taking the original maturities into account.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 9.28% (31 December 2012: 8.10%) 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 US Dollar 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 ING Bank N.V. on 18 September 2012. The loan’s payment was realized on 20 September 2013 and as at the same date the loan has been renewed with a syndicated loan at the amount of US Dollar 166 million and Euro 471 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year, with the participation of 27 banks with the coordination and agency of ING Bank N.V. London.

On 28 March 2011, the Bank has obtained syndication loan of US Dollar 192.5 million and Euro 573.5 million with one year maturity at the cost Libor + 1.10% for US Dollar and Euribor + 1.10% for Euro, with the participation of 34 banks under the coordination of West LB AG, the loan was repaid on 29 March 2012. 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

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,412,839	4,514,167	1,562,105	890,000
Cost	2,309,056	4,487,936	1,505,896	880,210
Net Book Value	2,355,180	4,529,646	1,539,176	891,137

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note 1

Current Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,284,000	1,276,706	1,288,123
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,070,000	1,058,230	1,073,882
TRQVKFB51438	Discounted	-	TL	08.11.2013	02.05.2014	175	626,276	602,694	609,857
TRQVKFB61411	Discounted	-	TL	20.12.2013	06.06.2014	168	648,497	623,153	624,930
TRQVKFB21415	Discounted	-	TL	06.09.2013	28.02.2014	175	655,558	627,236	645,975
TRQVKFB21423	Discounted	-	TL	06.09.2013	28.02.2014	175	187,216	179,130	184,485
TRQVKFB11416	Discounted	-	TL	18.01.2013	17.01.2014	364	145,464	136,844	144,999
XS0957643801	Fixed	1.9	USD	06.08.2013	06.02.2014	184	154,508	154,462	155,705
XS0960939857	Fixed	1.97	USD	15.08.2013	13.02.2014	182	118,984	118,966	119,884
XS0963672950	Fixed	1.95	USD	20.08.2013	13.02.2014	177	117,700	117,688	118,550
XS0977254621	Fixed	1.66	USD	02.10.2013	09.01.2014	99	43,442	43,437	43,624
XS0976659234	Fixed	1.73	USD	03.10.2013	03.04.2014	182	64,200	64,161	64,458
XS0979045886	Fixed	1.67	USD	07.10.2013	06.01.2014	91	51,360	51,356	51,565
XS0982276528	Fixed	1.67	USD	11.10.2013	16.01.2014	97	64,200	64,192	64,443
XS0986042439	Fixed	1.62	USD	28.10.2013	21.01.2014	85	63,344	63,340	63,528
TRQVKFB51412	Discounted	-	TL	17.05.2013	16.05.2014	364	63,635	60,211	62,280
TRQVKFB51420	Discounted	-	TL	05.07.2013	16.05.2014	315	53,415	49,922	51,859
XS0987355939	Fixed	5	USD	31.10.2013	31.10.2018	1,826	1,070,000	1,063,045	1,072,420
XS0993260933	Fixed	1.25	USD	12.11.2013	10.02.2014	90	47,080	47,080	47,162
XS0973201444	Fixed	1.83	USD	20.09.2013	24.03.2014	185	41,516	41,512	41,731
XS0997543896	Fixed	1.49	USD	22.11.2013	28.05.2014	187	23,540	23,534	23,574
XS0974147695	Fixed	1.66	USD	23.09.2013	06.01.2014	105	38,306	38,302	38,482
TRQVKFB81419	Discounted	-	TL	06.09.2013	22.08.2014	350	32,778	29,866	30,795
XS0943035328	Floating	1.53	EUR	14.06.2013	16.06.2014	367	29,489	29,445	29,720
XS0942820803	Fixed	1	CHF	12.06.2013	13.06.2014	366	27,914	27,900	28,065
XS1000211968	Fixed	1.3	USD	04.12.2013	06.03.2014	92	118,984	118,984	119,104
XS1008673540	Fixed	1.59	USD	24.12.2013	23.06.2014	181	85,600	85,596	85,626
Total							6,927,006	6,796,992	6,884,826

Prior Period									
ISIN Code	Security Type	Coupon Rate	Currency Type	Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	890,000	880,210	891,137
TRSVKFB61318	Floating	-	TL	01.06.2012	10.06.2013	374	101,796	101,796	102,305
TRQVKFB11317	Discounted	-	TL	27.07.2012	18.01.2013	175	633,496	608,279	630,987
TRQVKFB31315	Discounted	-	TL	21.09.2012	15.03.2013	175	166,395	160,716	163,998
TRQVKFB51313	Discounted	-	TL	27.11.2012	17.05.2013	171	511,348	496,269	499,318
TRQVKFB61312	Discounted	-	TL	27.07.2012	10.06.2013	318	97,822	90,745	94,168
TRQVKFBK1314	Discounted	-	TL	27.11.2012	08.11.2013	346	51,248	48,091	48,400
Total							2,452,105	2,386,106	2,430,313

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 financial leases

None.

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

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	1,004,336	786,341
-Additional provision for loans with extended payment plans	13,327	7,033
Provisions for loans and receivables in Group II	105,037	112,769
-Additional provision for loans with extended payment plans	3,297	9,331
Provisions for non-cash loans	76,647	53,713
Others	4,719	3,236
Total	1,190,739	956,059

Provision for currency exchange loss on foreign currency indexed loans

	Current Year	Prior Year
Provision for currency exchange gain/loss on foreign currency indexed loans	90	16,623

The Bank has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 90 (31 December 2012: TL 16,623) and has 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 December 2013, Bank has recorded TL 54,771 (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 December 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 70,915 (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 Year	Prior Year
Provision for loans under follow-up	70,915	92,887
Specific provisions for non-cash loans	54,771	36,173
Provisions for World Vakıf UBB Ltd with regard to its negative equity	38,047	28,329
Provisions for cheques	26,363	7,021
Provisions for lawsuits against the Bank	14,673	14,673
Provisions for credit card promotions	9,469	8,571
Others	65,960	39,850
Total	280,198	227,504

8. Taxation

Current Taxes

Tax provision

As at and for the year ended 31 December 2013, the tax provision was amounted to TL 254,525 (31 December 2012: TL 509,000). As at 31 December 2013, corporate tax liabilities of the Bank was amounted to TL 59,926 (31 December 2012: TL 168,792), after deducting prepaid taxes paid during temporary tax periods amounted to TL 194,599 (31 December 2012: TL 340,208).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	59,926	168,792
Taxation on securities	89,264	94,433
Capital gains tax on property	1,891	1,568
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	44,809	39,325
Value added tax payable	2,198	2,103
Others	18,151	14,648
Total	216,239	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	579	495
Unemployment insurance- employer share	1,157	989
Others	-	-
Total	1,736	1,484

Information on deferred tax liability

Disclosed in Note 15 of information and disclosures for assets.

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

None.

10. Information on subordinated loans

The Bank has issued bond having the secondary subordinated loan 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 Bank, has realized second trance 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 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 shareholders’ equity

Paid-in capital

	Current Year	Prior Year
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
Basic 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 of the Board of Directors.

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

There is no share capital increase in the current and previous year.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following year

None.

Prior year 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 marketable securities

	Current Year		Prior Year	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	753,211	79,346	595,111	96,618
Fair value differences of available-for-sale securities	(324,958)	124,294	196,422	542,552
Foreign exchange differences	49,433	-	19,270	-
Total	477,686	203,640	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 Year	Prior Year
Commitments for credit card limits	6,261,117	4,938,035
Loan granting commitments	6,730,503	4,950,300
Commitments for cheque payments	1,320,438	1,154,273
Asset purchase commitments	4,175,776	1,694,352
Other	261,822	344,648
Total	18,749,656	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 has provided specific provision amounting to TL 54,771 (31 December 2012: TL 36,173) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 114,834 (31 December 2012: TL 82,825).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Year	Prior Year
Provisional Letters of Guarantee	780,782	563,770
Final Letters of Guarantee	6,262,616	4,468,018
Letters of Guarantee for advances	2,617,441	2,269,159
Letters of Guarantee given to Customs Offices	650,221	379,638
Other Letters of Guarantee	7,584,524	4,951,533
Total	17,895,584	12,632,118

2. Non-cash Loans

	Current Year	Prior Year
Non-Cash Loans Given for Cash Loan Risks	1,424,617	1,061,650
With Original Maturity of 1 Year or Less	915,858	582,779
With Original Maturity of More Than 1 Year	508,759	478,871
Other Non-Cash Loans	21,916,762	16,155,097
Total	23,341,379	17,216,747

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

Convenience Translation of Financial Statements

and Related Disclosures and Footnotes

Originally Issued in Turkish, See Section 3 Note I

3. Sectoral risk concentrations of non-cash loans

	Current Year				Prior Year			
	TL	%	FC	%	TL	%	FC	%
Agricultural	82,111	0.58	102,147	1.13	92,687	0.88	84,945	1.27
Farming and Stockbreeding	73,609	0.52	88,829	0.98	81,708	0.78	82,840	1.24
Forestry	6,919	0.05	11,003	0.12	9,635	0.09	72	0.00
Fishing	1,583	0.01	2,315	0.03	1,344	0.01	2,033	0.03
Manufacturing	6,294,048	44.05	4,055,439	44.79	4,280,981	40.62	3,512,758	52.62
Mining	157,070	1.10	65,192	0.72	77,796	0.74	36,845	0.55
Production	3,598,968	25.19	3,836,908	42.38	2,844,747	26.99	3,313,737	49.64
Electric, gas and water	2,538,010	17.76	153,339	1.69	1,358,438	12.89	162,176	2.43
Construction	2,676,835	18.73	2,194,165	24.24	1,723,297	16.35	1,180,504	17.68
Services	4,954,666	34.68	2,661,023	29.39	4,039,704	38.32	1,568,703	23.50
Wholesale and retail trade	1,995,623	13.97	1,149,683	12.70	1,683,751	15.97	616,199	9.23
Hotel, food and beverage services	100,888	0.71	19,908	0.22	60,022	0.57	10,776	0.16
Transportation and telecommunication	833,163	5.83	1,405,343	15.52	506,082	4.80	666,350	9.98
Financial institutions	1,344,214	9.41	33,321	0.37	1,219,537	11.57	43,323	0.65
Real estate and renting services	185,000	1.29	14,871	0.16	106,847	1.01	154,104	2.31
“Self-employment” type services	373,920	2.62	24,229	0.27	326,272	3.10	65,459	0.98
Education services	15,556	0.11	1,644	0.02	11,853	0.11	-	-
Health and social services	106,302	0.74	12,024	0.13	125,340	1.19	12,492	0.19
Others	280,382	1.96	40,563	0.45	404,033	3.83	329,135	4.93
Total	14,288,042	100.00	9,053,337	100.00	10,540,702	100.00	6,676,045	100.00

4. Information on non-cash loans classified as Group I and II

Current Year	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	14,118,035	3,573,362	85,579	5,476
Confirmed Bills of Exchange and Acceptances	12,129	1,039,635	-	514
Letters of Credit	7,866	4,381,798	-	232
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	1,919	-	-
Non-cash Loans	14,138,030	8,996,714	85,579	6,222

Prior Year	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 derivative transactions

	Current Year	Prior Year
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	18,209,192	9,798,641
Currency Forwards	1,334,135	915,345
Currency Swaps	16,534,197	7,806,705
Currency Futures	-	-
Currency Options	340,860	1,076,591
Interest Rate Derivative Transactions (II)	4,145,148	2,926,862
Interest Rate Forwards	-	-
Interest Rate Swaps	4,145,148	2,926,862
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Trading Derivatives (III)	3,963,577	1,671,932
A. Total Trading Derivatives (I+II+III)	26,317,917	14,397,435
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	26,317,917	14,397,435

	31 December 2013					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	6,237,606	2,221,184	536,697	-	-	8,995,487
Sale	3,505,768	979,438	535,505	-	-	5,020,711
Currency forwards:						
Purchase	224,713	147,847	294,718	-	-	667,278
Sale	224,586	147,772	294,499	-	-	666,857
Cross currency interest rate swaps:						
Purchase	-	353,100	107,000	936,756	-	1,396,856
Sale	-	250,998	77,250	792,895	-	1,121,143
Interest rate swaps:						
Purchase	-	-	-	1,044,578	1,027,996	2,072,574
Sale	-	-	-	1,044,578	1,027,996	2,072,574
Options:						
Purchase	32,224	14,002	124,204	-	-	170,430
Sale	32,224	14,002	124,204	-	-	170,430
Other trading derivatives:						
Purchase	1,000	-	-	-	-	1,000
Sale	2,724,841	1,237,736	-	-	-	3,962,577
Total purchases	6,495,543	2,736,133	1,062,619	1,981,334	1,027,996	13,303,625
Total sales	6,487,419	2,629,946	1,031,458	1,837,473	1,027,996	13,014,292
Total	12,982,962	5,366,079	2,094,077	3,818,807	2,055,992	26,317,917

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2013

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

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

	31 December 2012					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	2,811,915	166,135	381,334	101,297	-	3,460,681
Sale	1,115,655	166,111	375,288	101,114	-	1,758,168
Currency forwards:						
Purchase	188,955	144,204	124,587	-	-	457,746
Sale	188,895	144,156	124,548	-	-	457,599
Cross currency interest rate swaps:						
Purchase	-	106,800	44,500	1,175,757	-	1,327,057
Sale	-	90,990	38,250	1,131,559	-	1,260,799
Interest rate swaps:						
Purchase	-	-	-	766,705	696,726	1,463,431
Sale	-	-	-	766,705	696,726	1,463,431
Options:						
Purchase	444,751	61,477	32,067	-	-	538,295
Sale	444,746	61,483	32,067	-	-	538,296
Other trading derivatives:						
Purchase	-	-	-	-	-	-
Sale	1,671,932	-	-	-	-	1,671,932
Total purchases	3,445,621	478,616	582,488	2,043,759	696,726	7,247,210
Total sales	3,421,228	462,740	570,153	1,999,378	696,726	7,150,225
Total	6,866,849	941,356	1,152,641	4,043,137	1,393,452	14,397,435

6. Contingent assets and liabilities

Bank allocates TL 14,673 as provision for lawsuits against Bank (31 December 2012: TL 14,673).

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 and disclosures related to the income statement

1. Interest income

Information on interest income received from loans

	Current Year		Prior Year	
	TL	FC	TL	FC
Short-term Loans	2,020,502	148,584	2,025,777	185,032
Medium and Long-term Loans	4,473,542	769,916	3,928,578	702,588
Loans under follow-up	151,397	-	124,160	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	6,645,441	918,500	6,078,515	887,620

Information on interest income received from banks

	Current Year		Prior Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	3,220	894	1,187	1,269
Foreign Banks	78	2,812	32	1,974
Foreign Head Office and Branches	-	-	-	-
Total	3,298	3,706	1,219	3,243

Information on interest income received from securities portfolio

	Current Year		Prior Year	
	TL	FC	TL	FC
Trading Financial Assets	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	-	-	-	-
Available-for-Sale Financial Assets	995,976	191,793	909,313	196,521
Held-to-Maturity Investments	402,262	617	595,970	63,754
Total	1,398,238	192,410	1,505,283	260,275

Information on interest income received from associates and subsidiaries

	Current Year	Prior Year
Interest Received from Associates and Subsidiaries	3,987	13,084

2. Interest Expense

Interest expenses on funds borrowed

	Current Year		Prior Year	
	TL	FC	TL	FC
Banks	6,547	117,720	6,895	120,507
Central Bank of Turkey	-	-	-	-
Domestic Banks	6,547	3,269	6,895	4,550
Foreign Banks	-	114,451	-	115,957
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	10,266	-	9,000
Total	6,547	127,986	6,895	129,507

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	32,881	39,039

Interest expense on securities issued

	Current Year		Prior Year	
	TL	FC	TL	FC
Interest expense on securities issued	149,608	110,395	141,509	36,370

Maturity structure of interest expense on deposits

Account Description	Time Deposit							Total
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira:								
Bank Deposits	-	60,848	-	-	-	-	-	60,848
Saving Deposits	16	14,008	1,068,716	143,107	33,770	10,949	-	1,270,566
Public Sector Deposits	336	99,774	419,263	51,417	23,920	1,892	-	596,602
Commercial Deposits	63	140,738	544,528	127,197	48,747	4,846	-	866,119
Other Deposits	3	31,115	162,324	58,773	54,161	1,206	-	307,582
7 Days Notice Deposits	-	-	-	-	-	-	-	-
Total	418	346,483	2,194,831	380,494	160,59	18,893	-	3,101,717
Foreign Currency:								
Foreign Currency Deposits	94	16,343	228,408	49,240	27,918	70,981	-	392,984
Bank Deposits	-	27,950	-	-	-	-	-	27,950
7 Days Notice Deposits	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-
Total	94	44,293	228,408	49,240	27,918	70,981	-	420,934
Grand Total	512	390,776	2,423,239	429,734	188,51	89,874	-	3,522,651

Prior Period	Time Deposit							Total
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira:								
Bank Deposits	-	70,907	-	-	-	-	-	70,907
Saving Deposits	39	23,879	1,215,201	161,458	12,914	9,484	-	1,422,975
Public Sector Deposits	380	86,230	451,591	83,202	4,794	2,243	-	628,440
Commercial Deposits	177	150,806	519,112	212,134	39,254	290	-	921,773
Other Deposits	3	41,089	188,838	101,340	7,807	997	-	340,074
7 Days Notice Deposits	-	-	-	-	-	-	-	-
Total	599	372,911	2,374,742	558,134	64,769	13,014	-	3,384,169
Foreign Currency:								
Foreign Currency Deposits	221	30,641	338,505	62,398	19,121	53,870	-	504,756
Bank Deposits	-	35,568	-	-	-	-	-	35,568
7 Days Notice Deposits	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-
Total	221	66,209	338,505	62,398	19,121	53,870	-	540,324
Grand Total	820	439,120	2,713,247	620,532	83,890	66,884	-	3,924,493

3. Dividend Income

	Current Year	Prior Year
Trading Purpose Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	134	322
Others	53,867	56,756
Total	54,001	57,078

4. Trading income/losses

	Current Year	Prior Year
Income	5,557,829	1,748,628
Income from capital market transactions	180,350	254,411
Income from derivative financial instruments	995,528	367,347
Foreign exchange gains	4,381,951	1,126,870
Losses	(5,326,172)	(1,412,086)
Losses from capital market transactions	(7,727)	(5,222)
Losses from derivative financial instruments	(909,086)	(391,468)
Foreign exchange losses	(4,409,359)	(1,015,396)
Trading income/losses, net	231,657	336,542

Net gains arising from changes in foreign exchange rate that relate to the Bank’s derivative financial instruments based on foreign exchange rate is TL 50,138 for the year ended 31 December 2013 (31 December 2012: net gain amounting to TL 12,869).

5. Other operating income

	Current Year	Prior Year
Income from reversal of specific provisions for loans	455,693	419,267
Communication income	85,215	81,146
Gain on sale of assets	53,540	26,122
Rent income	956	8,412
Other income	112,916	89,733
Total	708,320	624,680

6. Provision expenses for losses on loans and other receivables

	Current Year	Prior Year
Specific Provisions on Loans and Other Receivables	1,260,000	735,227
<i>Loans and Receivables in Group III</i>	256,705	177,105
<i>Loans and Receivables in Group IV</i>	963,028	535,664
<i>Loans and Receivables in Group V</i>	40,267	22,458
Non-performing Commissions and Other Receivables	-	-
General Provision Expenses	234,417	284,755
Provision for Possible Losses	8,871	43,006
Impairment Losses on Financial Assets	88,459	112,920
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Available-for-Sale Financial Assets</i>	88,459	112,920
Other Impairment Losses:	53,581	64,111
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Held-to-Maturity Investments</i>	53,581	64,111
Others ^(*)	211,911	164,039
Total	1,857,239	1,404,058

^(*) Other provision expenses amounting to TL 211,911 (31 December 2012: TL 164,039) is comprised of provision expenses for dividends to the personnel amounting to TL 118,800 (31 December 2012: TL 105,300), provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 37,941 (31 December 2012: TL 52,391), free provision expenses amounting to TL 30,750 and other provision expenses amounting to TL 24,420 (31 December 2012: TL 6,348).

7. Other operating expenses

	Current Year	Prior Year
Personnel Costs	1,111,975	917,233
Reserve for Employee Termination Benefits	17,644	53,041
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	102,658	104,015
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	10,886	9,465
Impairment Losses on Assets to be Disposed	4,000	5,341
Depreciation Expenses on Assets to be Disposed	10,773	12,799
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,064,835	945,540
<i>Operational lease related expenses</i>	<i>158,880</i>	<i>136,043</i>
<i>Repair and maintenance expenses</i>	<i>23,016</i>	<i>17,200</i>
<i>Advertisement expenses</i>	<i>88,009</i>	<i>68,629</i>
<i>Other expenses</i>	<i>794,930</i>	<i>723,668</i>
Loss on sale of assets	1,057	389
Others	306,125	213,352
Total	2,629,953	2,261,175

^(*) Other operating expenses amounting to TL 306,125 (31 December 2012: TL 213,352) is comprised of tax, fees and funds expenses amounting to TL 87,311 (31 December 2012: TL 75,532), “Saving Deposits Insurance Fund” expenses amounting to TL 91,780 (31 December 2012: TL 60,450), “Competition Authority” penalty amounting to TL 61,630 and other operating expenses amounting to TL 65,404 (31 December 2012: TL 77,370).

8. Information on income/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-7 in this section.

9. Information on tax provision from discontinued and continuing operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

10. Information on net profit/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information on net profit/loss from continuing operations is presented in disclosures 1-13 in this section.

11. Provision for taxes on income

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

In the current year, the Bank recorded current tax provision of TL 341,481 (31 December 2012: TL 449,196) from the net taxable profit calculated in accordance the loss and regulations in effects.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

Sources of deferred tax benefit/charge	Current Year	Prior Year
Arising from Origination/(Reversal) of Deductible Temporary Differences	(37,040)	5,327
Arising from (Origination)/Reversal of Taxable Temporary Differences	(18,854)	18,588
Arising from Origination/(Reversal) of Tax Losses	-	-
Arising from Change in Tax Rate	-	-
Total	(55,894)	23,915

12. 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 9,220,570 interest income, TL 686,511 net fees and commissions income and incurred TL 4,430,953 interest expenses, from ordinary banking transactions (31 December 2012: TL 8,756,502 interest income, TL 447,700 net fees and commissions income TL 4,671,908 interest expenses).

Any changes in estimations that might have a material effect on current and subsequent year results

None.

13. Information related to the components of other items in the income statement 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 statement of changes in shareholders’ equity

1. Information on increases of revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of available-for-sale assets, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Year	Prior Year
Valuation differences at the beginning of the year	738,974	(67,933)
Fair value changes in the current year	(772,630)	914,839
Effect of deferred and corporate taxes	85,605	(67,930)
Valuation differences transferred to the statement of income	(246,196)	(33,821)
Effect of deferred and corporate taxes	(6,417)	(6,181)
Valuation differences at the end of the year	(200,664)	738,974

Valuation Difference of the Subsidiaries and Affiliates	Current Year	Prior Year
Valuation differences at the beginning of the year	710,999	321,237
Fair value changes in the current year	179,963	410,251
Effect of deferred and corporate taxes	(8,972)	(20,489)
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	881,990	710,999

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on differences in shareholders’ equity accounts due to inflation accounting

In compliance with BRSA’s Circular on 28 April 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at 31 December 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for “capital reserves from inflation adjustments”. The balance of “capital reserves from inflation adjustments” account is transferred to “other capital reserves” account. In 2006, the Bank has increased its paid in capital through “other capital reserves” by TL 605,763.

5. Information on profit distribution

As per the resolution of 59th Annual General Assembly held on 29 March 2013, the net profit of the year 2012 which amounts to TL 1,436,165 after deferred tax income deducted is decided to be distributed as legal reserves amounting to TL 143,616, extraordinary reserves amounting to TL 1,189,475, special funds amounting to TL 3,075 and dividends to equity holders of the Bank amounting to TL 100,000.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with decrease in the current year. Detailed information about the decreases is explained above in Note 1.

VI. Information and disclosures on statement of cash flows

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” balance under the “operating profit before changes in operating assets and liabilities” amounting to TL (210,587) (31 December 2012: TL 237,149) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

“Net increase/decrease in other liabilities” amounting to TL 6,889,370 (31 December 2012: TL 3,295,568) under “changes in operating assets and liabilities” is mainly comprised of cash inflows from repurchase agreements.

“Other” balance under “net cash flow from investing activities” amounting to TL 38,022 (31 December 2012: TL 29,046) is comprised of purchases of intangible assets.

Since unrealized gains and losses arising from foreign exchange rate changes are not regarded as cash flows, the effect of changes in foreign exchange rate on cash and cash equivalents in foreign currency has been calculated as TL (8,205) (31 December 2012: TL 1,666) and presented in the statement of cash flows in order to reconcile cash and cash equivalents balances at the beginning and end of the year.

2. Cash outflows from acquisition of associates, subsidiaries and joint-ventures

In the current period, subsequent to the approval of the decision to increase the paid capital of Taksim Otelcilik AŞ, a subsidiary of the Bank, from TL 97,150 to TL 269,257, by the Extraordinary General Assembly of the company on 27 August 2013, the share of the Bank is increased from TL 49,547 to TL 137,324 (TL 57,176 from retained earnings and TL 30,601 from cash, in total TL 87,777) and the share portion of the Bank is remained the same. TL 7,650 is paid on 13 September 2013 and TL 22,950 is paid on 2 December 2013 from TL 30,601 which is Bank’s share of cash capital commitment. The share of the Bank amounting to TL 57,176 is presented in the bonus shares received and TL 30,601 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf International AG, a subsidiary of the Bank, from EUR 45,000 (in thousands) to EUR 70,000 (in thousands), by the General Assembly of the company, the share of the Bank amounting to TL 51,626 is presented in acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, the capital of İstanbul Takas ve Saklama Bankası, an associate of the Bank, has been increased from TL 60,000 to TL 420,000, TL 180,000 is paid from its own resources and TL 180,000 is paid in cash amounting to TL 360,000 in total. The share of the Bank amounting to TL 8,745 is presented as bonus shares received and TL 8,745 is presented as acquisitions and capital increases in the movement table of investments in associates.

The Bank has paid TL 1,000 of amount capital commitment to its associate Kredi Garanti Fonu AŞ with respect to funding requirement of the associate in the current year. Per General Assembly of the Kredi Garanti Fonu a subsidiary 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. The related amount has been presented in “Cash paid for purchase of associates, subsidiaries and joint-ventures” line of “Net cash flow from investing activities” section of the Cash flow statement.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

There is no disposal in associates, subsidiaries and joint-ventures in the current year.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Current Year 31 December 2012	Prior Year 31 December 2011
Cash on hand	979,167	711,295
Cash in TL	792,976	604,222
Cash in foreign currency	186,191	107,073
Cash equivalents	4,020,705	4,222,611
CBT	11,323,157	6,424,827
Banks	1,954,906	2,129,590
Receivables from money markets	-	190,127
Other	25,301	998
Loans and advances to banks having maturity of more than 3 months	-	(4,000)
Restricted cash and cash equivalents	(9,282,127)	(4,518,564)
Unrealised foreign exchange rate differences on cash equivalents	(532)	(367)
Total	4,999,872	4,933,906

Information on cash and cash equivalents at the end of the year

	Current Year 31 December 2013	Prior Year 31 December 2012
Cash on hand	1,149,351	979,167
Cash in TL	860,452	792,976
Cash in foreign currency	288,899	186,191
Cash equivalents	4,528,633	4,020,705
CBT – Unrestricted demand deposit	17,793,235	11,323,157
Banks	2,639,137	1,954,906
Receivables from money markets	-	-
Other	25,495	25,301
Loans and advances to banks having maturity of more than 3 months	(8,000)	-
Restricted cash and cash equivalents	(15,921,172)	(9,282,127)
Unrealized foreign exchange rate differences on cash equivalents	(62)	(532)
Total	5,677,984	4,999,872

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBT amounting to TL 15,826,492 as at 31 December 2013 (31 December 2012: TL 9,179,761) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 94,680 (31 December 2012: TL 102,366) is blocked due to securitization loans and other ordinary banking operations of the Bank.

VII. 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 year end and income and expenses in the current year

Current Year	Associates and 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 Year	111,074	579,546	-	37,919	9,372	16,538
Balance at the End of the Year	68,800	692,352	-	27,065	26,101	24,502
Interest and Commission Income Received	3,987	1,053	-	24	679	43

Prior Year	Associates and 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 Year	293,552	614,114	-	6,572	4,443	1,540
Balance at the End of the Year	111,074	579,546	-	37,919	9,372	16,538
Interest and Commission Income Received	13,084	720	-	37	570	41

Information on deposits held by the Bank’s risk group

Bank’s Risk Group	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Deposits						
Balance at the Beginning of the Year	1,033,752	1,085,232	443,105	728,474	84,276	92,454
Balance at the End of the Year	1,014,201	1,033,752	968,601	443,105	46,810	84,276
Interest on Deposits	32,881	39,039	39,882	47,919	691	729

Information on forward and option agreements and similar agreements made with the Bank’s risk group

Bank’s Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions held for trading purpose:						
Purchase balance at the beginning of the period	-	-	-	-	-	-
Sales balance at the beginning of the period	-	-	-	-	-	-
Purchase balance at the end of the period	43,792	-	-	-	-	-
Sales balance at the end of the period	42,800	-	-	-	-	-
Total Profit/ (Loss)	5	-	-	-	-	-

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

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

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

The branches of the Bank engage with insurance agency activities in relation with the operations of Güneş Sigorta AŞ and Vakıf Emeklilik AŞ, subsidiaries operating in the insurance sector. Vakıf Yatırım Menkul Değerler engages with the management of the funds established by the Bank.

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 extended to the the risk group to the overall cash and non-cash loans are 0.11% (31 December 2012: 0.18%) and 3.19% (31 December 2012: 3.68%)

Current Year	Amount	Compared with the Financial Statement Amount %
Cash Loans	94,901	0.11
Non-Cash Loans	743,919	3.19
Deposits	2,029,612	2.49
Forward and Option Agreements	86,592	0.33

Prior Year	Amount	Compared with the 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	-	-

VIII. Information on domestic, foreign and off-shore branches or investments and foreign representative offices

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches^(*)	856	14,900			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Capital
Foreign Branches	1	23	USA	2,938,068	35,310
	1	16	Iraq	336,628	14,980
Off-shore Branches	1	4	Bahrain	16,070,869	-

^(*) Free zone branches in Turkey is included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2013, 115 new domestic branches (2012: 65 domestic branches) have been opened and no branches haven't been closed (2012: none).

SECTION SIX

Other Disclosures

I. Other explanations on the Bank’s operations

None.

II. Information on the Bank’s ratings given by international institutions

February 2014 (*)	Standard & Poors
Foreign Currency Credit Rating	BB+ / Negative / B
Foreign Currency Deposit Rating	BB+ / Negative / B
National	trAA+ / -- / trA-1
Continuance Rating	NR

May 2013 (*)	Moody’s Investors’ Service
Financial Strength Rating	D+(ba1)
Local Currency Deposit Rating	Baa2 / P-2
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Baa3 / P-3
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
Support	2
Base Support Rating	BBB-

March 2013 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Outlook	Stable

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

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

In the scope of issuing TL 4,300,000,000 bond and/or bill, Bank has carried out book-building process to issue bond on 13-14-15 January 2014, TL 300 million nominal with 154 days of maturity at 20 June 2014. As a result, Bank has confirmed to issue bond with TRQVKFB61429 ISIN code, TL 450,000,000 nominal, 154 days maturity, 20 June 2014 maturity date, annual compound interest rate 9,5677%, simple interest rate 9,3156% and issue price 96,218.

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

None.

SECTION SEVEN

I. Independent Auditors’ Report

1. Information on the independent auditors’ report

The Bank’s unconsolidated financial statements and footnotes as at 31 December 2013 , have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International) and positive opinion has been declared in their independent auditors’ report dated 13 February 2014.

2. Disclosures and footnotes prepared by the independent auditor

None.