

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT 31 MARCH 2016
TOGETHER WITH LIMITED REVIEW REPORT**

**(Convenience Translation of Publicly Announced
Unconsolidated
Financial Statements and Limited Review Report Originally
Issued in Turkish, See in Note I. of Section Three)**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

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

Introduction

We have reviewed the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") at 31 March 2016 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı at 31 March 2016 and of the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VIII, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.**

a member of
PricewaterhouseCoopers

**Zeynep Uras, SMMM
Partner**

Istanbul, 5 May 2016

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

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The unconsolidated financial report as at and for the three month ended 31 March 2016, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

5 May 2016

Ramazan GÜNDÜZ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Deputy Chairman of the
Board and Audit
Committee Member

Sabahattin BİRDAL
Board member and
Audit Committee Member

Halil AYDOĞAN
General Manager and
Board Member

Metin Recep ZAFER
Assistant General Manager

Ferkan MERDAN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

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

SECTION ONE

GENERAL INFORMATION

I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS

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

II. THE BANK’S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK’S RISK GROUP

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

As at 31 March 2016 and 31 December 2015, 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 Kr 1.

The Bank’s shareholders structure as at 31 March 2016 is as 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	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,224,785	386,225	15.45
Other appendant foundations (Group B)	3,080,407	3,081	0.12
Other registered foundations (Group B)	1,448,543	1,448	0.06
Other real persons and legal entities (Group C)	1,532,753	1,533	0.06
Publicly traded (Group D)	630,102,206	630,102	25.21
Total	2,500,000,000	2,500,000	100.00

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

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

GENERAL INFORMATION (Continued)

III. INFORMATION ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Ramazan GÜNDÜZ	Chairman	29 March 2013	University	38 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	33 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	39 years
İsmail ALPTEKİN	Member	6 April 2009	University	18 years
Dr.Adnan ERTEM	Member	28 October 2010	PHD	28 years
Sabahattin BİRDAL	Member	31 March 2014	University	39 years
Öztürk ORAN	Member	30 April 2014	University	41 years
Dilek YÜKSEL	Member	29 March 2016	University	4 years
<u>Audit Committee</u>				
Mehmet Emin ÖZCAN	Member	4 April 2014	University	33 years
Sabahattin BİRDAL	Member	4 April 2014	University	39 years
<u>Auditor</u>				
Yunus ARINCI	Auditor	19 March 2010	Master	19 years
Mehmet Emin BAYSA	Auditor	4 April 2014	Master	15 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	20 years
Hasan ECESÖY	Treasury, International Relations and Investor Relations, Coordination of Foreign Branches	18 June 2010	PHD	22 years
Serdar SATOĞLU	Private Banking, Associates	2 July 2010	PHD	20 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	19 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	Master	25 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	20 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations	28 October 2013	University	22 years
Mehmet Emin KARAAĞAÇ	Loans and Follow-up, Legal Affairs	8 November 2013	University	26 years

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**

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

GENERAL INFORMATION (Continued)

III. INFORMATION ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK (Continued)

At the resolution of the 62nd Ordinary Meeting of the General Assembly dated 29 March 2016, Şeref AKSAÇ who was a member of Board of Directors and Mehmet HALTAŞ who was a member of audit committee have left their position. Based on the decision taken at the same meeting Dilek YÜKSEL has been assigned to member of Board of Directors and Mehmet Emin BAYSA has been assigned to audit committee member.

İsmail Alptekin, member of the Board of Directors, holds 59 unquoted shares of Group C of the Bank. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS

Name Surname/ Title	Share Amount (Nominal)	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Registered foundations represented by the General Directorate of the Foundations (Group A)	1,075,058	43.00	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	16.10	402,553	-
Registered foundations represented by the General Directorate of the Foundations (Group B)	386,225	15.45	386,225	-

The shareholder holding control over the Bank is the General Directorate of the Foundations and Appendant foundations represented by the General Directorate of the Foundations having 58.45% of the Bank’s outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Bank.

V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE BANK

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

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

As at 31 March 2016, the Bank has 917 domestic, 3 foreign, in total 920 branches (31 December 2015: 917 domestic, 3 foreign, in total 920 branches). As at 31 March 2016, the Bank has 15,314 employees (31 December 2015: 15,410 employees).

VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION TWO
**UNCONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2016**

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

ASSETS	Notes	Reviewed Current Period 31 March 2016			Audited Prior Period 31 December 2015		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	2,737,673	21,190,755	23,928,428	2,133,980	19,350,809	21,484,789
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	767,567	371,341	1,138,908	739,339	146,128	885,467
2.1 Financial assets held for trading purpose		767,567	371,341	1,138,908	739,339	146,128	885,467
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	767,567	371,341	1,138,908	739,339	146,128	885,467
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 Loans		-	-	-	-	-	-
2.2.4 Other securities		-	-	-	-	-	-
III. BANKS	V-I-3	2	6,692,345	6,692,347	370,201	4,864,065	5,234,266
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	13,558,509	4,601,282	18,159,791	12,100,346	4,673,623	16,773,969
5.1 Equity securities		15	80,457	80,472	15	79,238	79,253
5.2 Debt securities issued by the governments		13,558,494	4,520,825	18,079,319	12,100,331	4,594,385	16,694,716
5.3 Other securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	V-I-5	90,214,238	35,423,766	125,638,004	88,430,947	35,349,706	123,780,653
6.1 Performing loans and receivables		89,418,693	35,423,766	124,842,459	87,624,772	35,349,706	122,974,478
6.1.1 Loans provided to risk group	V-VII-1	86,731	60,630	147,361	86,394	60,304	146,698
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Other		89,331,962	35,363,136	124,695,098	87,538,378	35,289,402	122,827,780
6.2 Loans under follow-up		5,123,955	-	5,123,955	4,850,213	-	4,850,213
6.3 Specific provisions (-)		4,328,410	-	4,328,410	4,044,038	-	4,044,038
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	7,351,873	141,031	7,492,904	7,546,748	130,981	7,677,729
8.1 Debt securities issued by the governments		7,351,873	-	7,351,873	7,546,748	-	7,546,748
8.2 Other securities		-	141,031	141,031	-	130,981	130,981
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	295,652	-	295,652	270,290	-	270,290
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		295,652	-	295,652	270,290	-	270,290
9.2.1 Financial associates		284,252	-	284,252	258,890	-	258,890
9.2.2 Non-Financial associates		11,400	-	11,400	11,400	-	11,400
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	1,192,501	416,223	1,608,724	1,170,175	434,144	1,604,319
10.1 Unconsolidated financial subsidiaries		938,352	416,223	1,354,575	916,026	434,144	1,350,170
10.2 Unconsolidated non-financial subsidiaries		254,149	-	254,149	254,149	-	254,149
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 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		1,395,241	6,528	1,401,769	1,378,858	4,292	1,383,150
XV. INTANGIBLE ASSETS (Net)		181,195	-	181,195	171,277	-	171,277
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		181,195	-	181,195	171,277	-	171,277
XVI. INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII. TAX ASSETS		-	-	-	15,421	-	15,421
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-13	-	-	-	15,421	-	15,421
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	1,025,159	-	1,025,159	994,964	-	994,964
18.1 Assets held for sale		1,025,159	-	1,025,159	994,964	-	994,964
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	1,695,602	570,463	2,266,065	1,638,950	1,031,880	2,670,830
TOTAL ASSETS		120,415,212	69,413,734	189,828,946	116,961,496	65,985,628	182,947,124

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2016**

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

			Reviewed Current Period 31 March 2016			Audited Prior Period 31 December 2015		
LIABILITIES AND EQUITY		Notes	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	79,697,297	35,808,271	115,505,568	76,470,518	33,452,016	109,922,534
1.1	Deposits of the risk group	V-VII-1	2,281,668	236,413	2,518,081	1,625,019	185,477	1,810,496
1.2	Other deposits		77,415,629	35,571,858	112,987,487	74,845,499	33,266,539	108,112,038
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	190,193	224,886	415,079	139,504	150,085	289,589
III.	FUNDS BORROWED	V-II-3	329,925	18,174,259	18,504,184	332,783	18,223,214	18,555,997
IV.	INTERBANK MONEY MARKET		12,623,252	1,932,614	14,555,866	9,340,604	3,403,437	12,744,041
4.1	Interbank money market takings		1,000,292	-	1,000,292	1,150,343	-	1,150,343
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		11,622,960	1,932,614	13,555,574	8,190,261	3,403,437	11,593,698
V.	SECURITIES ISSUED (Net)	V-II-3	3,007,503	6,545,379	9,552,882	3,128,044	7,419,715	10,547,759
5.1	Bills		3,007,503	-	3,007,503	3,128,044	-	3,128,044
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	6,545,379	6,545,379	-	7,419,715	7,419,715
VI.	FUNDS		3,994	-	3,994	4,228	-	4,228
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Other		3,994	-	3,994	4,228	-	4,228
VII.	MISCELLANEOUS PAYABLES		3,631,993	616,835	4,248,828	3,539,365	620,852	4,160,217
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	608,013	1,701,667	2,309,680	601,292	1,770,238	2,371,530
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	2,828,866	16,535	2,845,401	2,906,753	17,019	2,923,772
12.1	General provisions	V-II-7	1,974,372	13,054	1,987,426	1,944,150	13,453	1,957,603
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		550,180	-	550,180	674,894	-	674,894
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	304,314	3,481	307,795	287,709	3,566	291,275
XIII.	TAX LIABILITIES	V-II-8	410,661	53,022	463,683	488,757	1,678	490,435
13.1	Current tax liabilities		410,661	1,987	412,648	488,757	1,678	490,435
13.2	Deferred tax liabilities	V-I-15	-	51,035	51,035	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	4,053,032	4,053,032	-	4,169,474	4,169,474
XVI.	EQUITY		16,897,678	473,071	17,370,749	16,336,411	431,137	16,767,548
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		2,118,568	473,071	2,591,639	1,972,304	431,137	2,403,441
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	544,115	473,071	1,017,186	399,276	431,137	830,413
16.2.4	Revaluation surplus on tangible assets		831,574	-	831,574	830,149	-	830,149
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		69,222	-	69,222	69,222	-	69,222
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		(50,261)	-	(50,261)	(50,261)	-	(50,261)
16.3	Profit reserves		11,762,447	-	11,762,447	9,933,998	-	9,933,998
16.3.1	Legal reserves		1,367,022	-	1,367,022	1,174,010	-	1,174,010
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		9,964,966	-	9,964,966	8,329,529	-	8,329,529
16.3.4	Other profit reserves		430,459	-	430,459	430,459	-	430,459
16.4	Profit or loss		516,663	-	516,663	1,930,109	-	1,930,109
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		516,663	-	516,663	1,930,109	-	1,930,109
TOTAL LIABILITIES AND EQUITY			120,229,375	69,599,571	189,828,946	113,288,259	69,658,865	182,947,124

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED OFF-BALANCE SHEET ITEMS
AS AT 31 MARCH 2016**

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

	Notes	Reviewed Current Period 31 March 2016			Audited Prior Period 31 December 2015		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		60,872,843	70,659,836	131,532,679	54,047,046	63,505,765	117,552,811
I. GUARANTEES AND SURETIES	V-III-2-4	22,184,578	10,518,430	32,703,008	22,083,837	10,984,524	33,068,361
1.1 Letters of guarantee		22,095,351	4,722,518	26,817,869	21,980,769	4,810,034	26,790,803
1.1.1 Guarantees subject to State Tender Law		2,446,147	2,266,522	4,712,669	2,542,809	2,199,589	4,742,398
1.1.2 Guarantees given for foreign trade operations		1,028,744	-	1,028,744	1,030,530	-	1,030,530
1.1.3 Other letters of guarantee		18,620,460	2,455,996	21,076,456	18,407,430	2,610,445	21,017,875
1.2 Bank acceptances		86,049	804,124	890,173	86,762	1,389,251	1,476,013
1.2.1 Import letter of acceptance		-	214,923	214,923	1,590	189,471	191,061
1.2.2 Other bank acceptances		86,049	589,201	675,250	85,172	1,199,780	1,284,952
1.3 Letters of credit		3,178	4,979,380	4,982,558	16,306	4,772,403	4,788,709
1.3.1 Documentary letters of credit		3,178	4,979,380	4,982,558	16,306	4,772,403	4,788,709
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	2,243	2,243	-	2,314	2,314
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Republic of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	10,165	10,165	-	10,522	10,522
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		22,398,753	14,481,397	36,880,150	21,439,019	13,120,948	34,559,967
2.1 Irrevocable commitments		19,998,410	5,689,610	25,688,020	19,031,959	3,730,953	22,762,912
2.1.1 Asset purchase commitments	V-III-1	459,940	5,689,610	6,149,550	112,420	3,730,953	3,843,373
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	8,374,726	-	8,374,726	8,482,816	-	8,482,816
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	1,991,904	-	1,991,904	1,805,569	-	1,805,569
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	7,862,328	-	7,862,328	7,399,361	-	7,399,361
2.1.10 Commitments for credit card and banking operations promotions		232,856	-	232,856	196,037	-	196,037
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		1,076,656	-	1,076,656	1,035,756	-	1,035,756
2.2 Revocable commitments		2,400,343	8,791,787	11,192,130	2,407,060	9,389,995	11,797,055
2.2.1 Revocable loan granting commitments		2,400,343	8,791,787	11,192,130	2,407,060	9,389,995	11,797,055
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		16,289,512	45,660,009	61,949,521	10,524,190	39,400,293	49,924,483
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		16,289,512	45,660,009	61,949,521	10,524,190	39,400,293	49,924,483
3.2.1 Forward foreign currency purchases/sales		469,368	433,832	903,200	211,514	257,246	468,760
3.2.1.1 Forward foreign currency purchases		235,109	216,972	452,081	106,014	128,693	234,707
3.2.2.2 Forward foreign currency sales		234,259	216,860	451,119	105,500	128,553	234,053
3.2.2 Currency and interest rate swaps		14,491,098	35,696,340	50,187,438	9,442,940	30,544,698	39,987,638
3.2.2.1 Currency swaps-purchases		8,478,605	13,602,560	22,081,165	4,382,013	12,050,672	16,432,685
3.2.2.2 Currency swaps-sales		5,012,493	10,063,952	15,076,445	4,160,927	6,080,268	10,241,195
3.2.2.3 Interest rate swaps-purchases		500,000	6,014,914	6,514,914	450,000	6,206,879	6,656,879
3.2.2.4 Interest rate swaps-sales		500,000	6,014,914	6,514,914	450,000	6,206,879	6,656,879
3.2.3 Currency, interest rate and security options		360,678	381,482	742,160	258,134	255,396	513,530
3.2.3.1 Currency call options		113,194	249,306	362,500	65,004	185,976	250,980
3.2.3.2 Currency put options		247,484	132,176	379,660	193,130	69,420	262,550
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Other		968,368	9,148,355	10,116,723	611,602	8,342,953	8,954,555
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		944,071,704	418,273,460	1,362,345,164	899,689,613	421,931,972	1,321,621,585
IV. ITEMS HELD IN CUSTODY		74,752,714	3,251,710	78,004,424	74,007,877	3,193,339	77,201,216
4.1 Customers' securities held		-	-	-	-	28,306	28,306
4.2 Investment securities held in custody		63,970,543	119,921	64,090,464	63,189,794	118,086	63,307,880
4.3 Checks received for collection		8,914,533	2,338,167	11,252,700	8,967,543	2,282,378	11,249,921
4.4 Commercial notes received for collection		1,082,386	370,689	1,453,075	1,065,285	310,417	1,375,702
4.5 Other assets received for collection		2,152	113	2,265	2,152	116	2,268
4.6 Assets received through public offering		-	-	-	-	-	-
4.7 Other items under custody		309	44,582	44,891	309	48,883	49,192
4.8 Custodians		782,791	378,238	1,161,029	782,794	405,153	1,187,947
V. PLEDGED ITEMS		248,509,572	78,352,861	326,862,433	235,391,497	82,272,386	317,663,883
5.1 Securities		1,086,650	13,047	1,099,697	435,193	14,171	449,364
5.2 Guarantee notes		760,529	399,275	1,159,804	792,339	429,076	1,221,415
5.3 Commodities		29,539,960	674,365	30,214,325	28,164,121	681,732	28,845,853
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		202,889,390	64,018,920	266,908,310	191,738,765	67,309,165	259,047,930
5.6 Other pledged items		13,617,710	13,094,456	26,712,166	13,683,901	13,683,601	27,341,502
5.7 Pledged items-depository		615,333	152,798	768,131	603,178	154,641	757,819
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		620,809,418	336,668,889	957,478,307	590,290,239	336,466,247	926,756,486
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,004,944,547	488,933,296	1,493,877,843	953,736,659	485,437,737	1,439,174,396

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF INCOME
FOR THE THREE-MONTH ENDED 31 MARCH 2016**

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

	Notes	Revised Current Period 1 January 2016- 31 March 2016	Revised Prior Period 1 January 2015- 31 March 2015
I. INTEREST INCOME		3,916,177	3,029,168
1.1 Interest income from loans	V-IV-1	3,246,647	2,600,996
1.2 Interest income from reserve deposits		28,593	2,186
1.3 Interest income from banks	V-IV-1	5,528	1,538
1.4 Interest income from money market transactions		-	-
1.5 Interest income from securities portfolio	V-IV-1	634,023	423,477
1.5.1 Trading financial assets		-	-
1.5.2 Financial assets designated at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets		423,044	304,786
1.5.4 Held-to-maturity investments		210,979	118,691
1.6 Finance lease income		-	-
1.7 Other interest income		1,386	971
II. INTEREST EXPENSE		2,365,200	1,789,005
2.1 Interest expense on deposits	V-IV-2	1,814,526	1,347,763
2.2 Interest expense on funds borrowed	V-IV-2	74,172	67,162
2.3 Interest expense on money market transactions		235,673	174,917
2.4 Interest expense on securities issued	V-IV-2	154,345	134,970
2.5 Other interest expenses		86,484	64,193
III. NET INTEREST INCOME (I – II)		1,550,977	1,240,163
IV. NET FEES AND COMMISSIONS INCOME		227,031	228,679
4.1 Fees and commissions received		349,737	333,685
4.1.1 Non-cash loans		52,975	42,784
4.1.2 Others		296,762	290,901
4.2 Fees and commissions paid		122,706	105,006
4.2.1 Non-cash loans		9	35
4.2.2 Others		122,697	104,971
V. DIVIDEND INCOME		38,257	62,130
VI. TRADING INCOME/LOSSES (Net)	V-IV-3	19,145	59,378
6.1 Trading account income/losses	V-IV-3	9,367	51,021
6.2 Income/losses from derivative financial instruments	V-IV-3	(16,934)	(7,141)
6.3 Foreign exchange gains/losses	V-IV-3	26,712	15,498
VII. OTHER OPERATING INCOME	V-IV-4	245,403	279,257
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,080,813	1,869,607
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-5	509,147	449,394
X. OTHER OPERATING EXPENSES (-)	V-IV-6	932,056	855,312
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		639,610	564,901
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)		639,610	564,901
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-7	(122,947)	(130,274)
16.1 Current tax charges		(102,648)	(72,801)
16.2 Deferred tax credits		(20,299)	(57,473)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-8	516,663	434,627
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-8	516,663	434,627
Profit/Loss per 100 shares (full TL)		0.2067	0.1739

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS
ACCOUNTED UNDER SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH ENDED 31 MARCH 2016**

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

	Reveiwed Current Period 1 January 2016- 31 March 2016	Reveiwed Prior Period 1 January 2015- 31 March 2015
GAINS AND LOSSES RECOGNIZED IN EQUITY		
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	228,308	(165,419)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	(247)	-
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	4,634	(57,587)
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	(46,157)	35,483
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	186,538	(187,523)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	516,663	434,627
11.1 Change in fair value of securities (transfers to the statement of income)	5,262	47,864
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	511,401	386,763
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	703,201	247,104

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH ENDED 31 MARCH 2016**

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

REVIEWED	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustmen ts to Paid- in Capital	Share Premium	Share Cancellati on Profits	Legal Reserves	Status Reserve:	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 31 March 2015																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	1,012,796	-	7,214,708	235,227	-	1,753,273	1,216,969	45,637	69,222	-	-	14,771,750	-	14,771,750
II.	Corrections made according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	The effect of corrections of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	The effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted beginning balance (I-II)	2,500,000	-	723,918	-	1,012,796	-	7,214,708	235,227	-	1,753,273	1,216,969	45,637	69,222	-	-	14,771,750	-	14,771,750
Changes during the period																			
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(187,523)	-	-	-	-	(187,523)	-	(187,523)
VI.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current period's net profit/loss	-	-	-	-	-	-	-	-	434,627	-	-	-	-	-	-	434,627	-	434,627
XX.	Profit distribution	-	-	-	161,214	-	-	1,114,821	141,116	-	(1,753,273)	-	236,122	-	-	-	(100,000)	-	(100,000)
20.1	Dividends	VI-1	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	(100,000)	-	(100,000)
20.2	Transferred to reserves	VI-1	-	-	-	161,214	-	1,114,821	141,116	-	(1,653,273)	-	236,122	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	1,174,010	-	8,329,529	376,343	434,627	-	1,029,446	281,759	69,222	-	-	14,918,854	-	14,918,854

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH ENDED 31 MARCH 2016**

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

REVIEWED	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
CURRENT PERIOD- 31 March 2016																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	1,174,010	-	8,329,529	380,198	-	1,930,109	830,413	830,149	69,222	-	-	16,767,548	-	16,767,548
	Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	186,773	-	-	-	-	186,773	-	186,773
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	(235)	-	-	-	(235)	-	(235)
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.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	516,663	-	-	-	-	-	-	-	-	516,663
XVIII.	Profit distribution	-	-	-	-	193,012	-	1,635,437	-	-	(1,930,109)	-	1,660	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	VI-1	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	VI-1	-	-	-	193,012	-	1,635,437	-	-	(1,830,109)	-	1,660	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period	2,500,000	-	723,918	-	1,367,022	-	9,964,966	380,198	516,663	-	1,017,186	831,574	69,222	-	-	17,370,749	-	17,370,749

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH ENDED AT 31 MARCH 2016**

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

	Notes	Reveiwed Current Period 31 March 2016	Reveiwed Prior Period 31 March 2015
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		720,136	313,331
1.1.1 Interests received		3,697,474	2,809,466
1.1.2 Interests paid		(2,153,598)	(1,589,073)
1.1.3 Dividends received		4,398	36,072
1.1.4 Fee and commissions received		349,737	333,685
1.1.5 Other income		24,203	23,281
1.1.6 Collections from previously written-off loans and other receivables		227,276	176,466
1.1.7 Payments to personnel and service suppliers		(411,930)	(368,357)
1.1.8 Taxes paid		(247,283)	(279,952)
1.1.9 Other		(770,141)	(828,257)
1.2 Changes in operating assets and liabilities		4,201,705	(2,451,654)
1.2.1 Net (increase) decrease in financial assets held for trading purpose		-	619
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		(935,741)	(1,817,695)
1.2.4 Net (increase) decrease in loans		(2,370,079)	(8,256,707)
1.2.5 Net (increase) decrease in other assets		447,937	(59,566)
1.2.6 Net increase (decrease) in bank deposits		1,239,072	25,663
1.2.7 Net increase (decrease) in other deposits		4,150,177	7,803,290
1.2.8 Net increase (decrease) in funds borrowed		(74,620)	238,573
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		1,744,959	(385,831)
I. Net cash flow from banking operations		4,921,841	(2,138,323)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(757,105)	(853,707)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(57,746)	(25,524)
2.4 Proceeds from disposal of tangible assets		82,845	18,699
2.5 Cash paid for purchase of available-for-sale financial assets		(1,681,378)	(1,934,173)
2.6 Proceeds from disposal of available-for-sale financial assets		642,794	1,095,346
2.7 Cash paid for purchase of held-to-maturity investments		(406,138)	(99,800)
2.8 Proceeds from disposal of held-to-maturity investments		677,558	107,478
2.9 Other		(15,040)	(15,733)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(1,212,435)	1,800,172
3.1 Cash obtained from funds borrowed and securities issued		296,967	3,594,150
3.2 Cash used for repayment of funds borrowed and securities issued		(1,509,402)	(1,693,978)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	(100,000)
3.5 Repayments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents		13,882	129,636
V. Net increase in cash and cash equivalents		2,966,183	(1,062,222)
VI. Cash and cash equivalents at the beginning of the period		8,200,424	8,182,469
VII. Cash and cash equivalents at the end of the period		11,166,607	7,120,247

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THREE-MONTH ENDED 31 MARCH 2016**

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 “Interim Financial Reporting Standard”, and Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” and amendments to this Communiqué.

The preparation of financial statements requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date or amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management’s best judgment, actual results can vary from these estimates. Judgments and estimates are explained in related notes.

The accounting policies and valuation principles applied in the preparation of these financial statements are explained in detail below.

The amendments to TAS and TFRS, effective from 1 January 2016, have no material impact on the Bank’s accounting policies, financial position and performance. The amendments to TAS and TFRS, except for TFRS 9 Financial Instruments (2011 Version), which have been published but not came into force as of financial statement date, will have no impact on the accounting policies, financial condition and performance of the Bank. The Bank assesses the impact of TFRS 9 Financial Instruments standard.

Additional paragraph for convenience translation to English

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

II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN CURRENCY TRANSACTIONS

Strategy for the use of financial instruments

Core operations of the Bank, are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking in accordance with the requirements of its economic development while utilizing foundation resources. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank accepts deposits consisting various maturities as the main source of funding with deposits being in high return as well as carefully utilizing them in high quality financial activities.

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

ACCOUNTING POLICIES (Continued)

II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN CURRENCY TRANSACTIONS (Continued)

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 gives 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 to liquidity risk, exchange 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 and have lower return. The Bank can take various positions on 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

Foreign currency transactions are recorded in TL which is the functional currency of the Bank. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Turkish Lira by using the prevailing exchange. 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, they are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

III. INFORMATION OF 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, are recorded at fair value.

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.

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

ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

The derivative transactions mainly consist of currency and interest rate swaps, precious metals 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. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Subsequent to initial recognition derivative transactions are measured at their fair value and, if the fair value is positive, it is recorded in the balance sheet under “Derivative financial assets held for trading purpose” or if the fair value is negative, it is recorded in the balance sheet under “Derivative financial liabilities held for trading purpose”. As the result of related measurements to fair value changes of derivative transactions are recognized in the statement of income.

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Interest income and expense are recognized according to the effective interest method based on accrual basis. According to the TAS 39 - Financial Instruments: Recognition and Measurement, 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 with transactions costs and is not modified thereafter.

In accordance with Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

VI. INFORMATION ON FEES AND COMMISSIONS

Banking service income is recorded as income when they are collected. Other fee and commission income are transferred to profit/loss accounts according to the principle of periodicity on the basis of accrual using the principle of the effective interest method. Fee and commission expenses are recorded as expense at the time they are paid.

VII. INFORMATION ON FINANCIAL ASSETS AND FOOTNOTES

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.

According to TAS 39 – Financial Instruments: Recognition and Measurement, 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.

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE THREE-MONTH ENDED 31 MARCH 2016**

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

ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS AND FOOTNOTES (Continued)

Financial assets at fair value through profit or loss

The financial assets included in this group are, "Trading financial assets" and "Financial assets at fair value through profit or loss classified as financial assets" as it is divided into two separate titles.

Financial assets held for trading are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Financial assets at fair value through profit or loss classified as financial assets are financial assets which are not acquired for trading, however during initial recognition with transaction costs and classified as fair value through profit or loss. Such an asset is not present in our Bank's portfolio.

Both 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.

Available-for-sale financial assets

Available-for-sale financial assets are the financial assets other than loans and receivables, held-to-maturity investments and financial assets at fair value through profit or loss. 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 valuation differences under shareholder's equity are transferred directly to the statement of income.

Held to maturity investments

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.

Financial assets classified as held to maturity investment however sold before its' maturity or reclassified, are not allowed to be classified as held to maturity investment for two years with respect to TAS 39 rules. There are no financial assets in the Bank's portfolio contradictory to the standard.

Held-to-maturity investments, subsequent to initial recognition, are measured at amortized cost using effective interest method after deducting impairments, if any.

Loans and receivables

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, which are not quoted in an active market and not classified as a securities.

Loans are initially recognized with their purchase and carried at their amortized costs using the internal rate of return at the subsequent recognition.

Foreign currency ("FC") granted loans are recognized in original currency and is subject to evaluation with the buying rate of Turkish Lira. Foreign currency indexed loans, are converted to Turkish Lira (TP) at the rate of the opening date and in the following periods, according to changes in period exchange rate on the income statement in the foreign exchange gains / losses are recorded in the accounts.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

A financial asset or group of financial assets, can be considered as impaired only if one or multiple events (damage/loss event) occur and in the conclusion of the impact to related financial asset or financial assets estimation in a reliable manner to the estimated future cash flows after its initial recognition. In such a situation, the financial asset is exposed to impairment and impairment loss occurs. The matters of determination of impairment and provision must be considered within the scope of TAS 36 - Impairment of Assets.

In circumstances of impairment in financial assets at fair value through profit/loss or in financial assets available for sale, the impairment should be recognized under “Impairment Losses on Securities” account.

In case of impairment losses on investment securities held-to-maturity occurs related loss amount to be discounted at the original effective interest rate of the asset's estimated future cash flows are measured as the difference between the present value and the book value of the asset through to be recognized as loss of the said difference amount book value is reduced.

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.

20% specific provision for non performing loans for Third Group and 100% specific provision for non performing loans for Fourth and Fifth Group used to be reserved on condition of not being less than the minimum required rates specified within the related Regulation, 50% specific provision is reserved for the non performing loans that are transferred to Fourth Group according to changes in accounting policy about specific provisions of non performing loans that are transferred to Fourth Group as of 30 September 2015 accounting period.

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are reported in the balance sheet as net amount in the cases of the Bank's right and right to sanction to finalize and have the intention to receive/pay related financial asset or liability over the recognized amount or have the right to finalize the related asset and liability simultaneously.

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements (“repo”) are classified under “Held for trading purpose”, “Available for sale” and/or “Held-to-maturity” portfolios according to their holding purposes in the Bank's portfolio, and they are valued based on the revaluation principles of the related portfolios. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis of balance sheet date.

Securities purchased under resale agreements (“reverse repo”) are classified in balance sheet under “Money Market Takings” separately. The income accrual is calculated for the securities purchased under resale agreements via the difference between buying and selling prices on the balance sheet date.

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ACCOUNTING POLICIES (Continued)

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on “Methods, Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated 1 November 2006 and these assets are subject to revaluation by no means.

A discontinued operation is a part of the Bank’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Bank has no discontinued operations.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill on financial statements.

The Bank’s intangible assets consist of software. Intangible assets are initially recorded at their costs in compliance with the TAS 38 – *Intangible Assets*.

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

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

Estimated useful lives of the Bank’s intangible assets are 3-15 years, and amortisation rates are between 6.67% and 33.33%.

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ACCOUNTING POLICIES (Continued)

XIII. 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 were recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any. The Bank decided to pursue the properties for use according to their fair values in terms of separating the land and buildings within the context of TAS 16 “Turkish Accounting Standard on Property, Plant and Equipment” after the change in the accounting policy as of 30 September 2015.

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 costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. Depreciation rates and estimated useful lives are:

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

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

At each reporting date, the Bank evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 - *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES

Leasing activities

Risks and benefits on leasing activities that belongs to lessee is termed TAS 17- Leasing activities that belongs to financial leasing.

- *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 an 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. Provision for losses is calculated for decrease of the value of the assets that is obtained by this way. Depreciation for assets obtained through financial lease, is calculated in the same manner as tangible assets.

- *Finance leasing transactions as lessor*

The Bank does not perform as a lessor on leasing transactions.

Operational leases

Operational leasing is defined as activities except financial leasing. Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding”.

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 unplanned or unexpected 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.

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ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 March 2016 is TL 4,093 (full TL) (31 December 2015: TL 3,828 (full TL)).

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

As at 31 March 2016 and 31 December 2015, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	10.20%	10.20%
Estimated Inflation Rate	7.10%	7.10%
Increase in Real Wage Rate	8.10%	8.10%

Other benefits to employees

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period (unused vacations, premium and dividend) as per services rendered in compliance with TAS 19 in the accompanying unconsolidated financial statements.

According to TAS 19, actuarial gains and losses have been accounted in “Other Capital Reserves” shown under Equity associated with The Statement of Gains and Losses Recognized in Equity for the respective reporting periods.

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ACCOUNTING POLICIES (Continued)

**XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS
(Continued)**

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.

As part of Social Security Law’s 506 numbered, temporary article no.23, monthly income or salary is eligible for those disabled with fund’s associates, senility and death insurance is subjected according to 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:

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

Law requires the transfer to be completed in three years beginning from 1 January 2008. The three year period has expired on 8 May 2011; however, it has been extended to 8 May 2013 with the decision of Council of Ministers published in Official Gazette dated 9 April 2011. 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 published in Official Gazette dated 30 April 2014 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 numbered 29335.

The employer of pension fund participants 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 “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated 31 December 2015 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at 31 December 2015.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

Corporate tax rate is 20% in Turkey according to Article 32 of the Corporate Taxes Law No. 5520. 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.

75% of the associate shares that hold at least 2 years and profits from property sales are exceptional from corporate taxes if there is a capital increase according to Corporate Tax Law or it is hold for a 5 years on special fund account. The Bank follows these profits in “Revaluation surplus on tangible assets” under the equity.

75% revenue of the sales from the firms that follows up for their debts and their guarantors’ and mortgagor’ properties, associate shares, founder shares, redeemed shares and privileges are exceptional from the corporate taxes.

Advance tax that is calculated 20% of the profit from the quarterly period has to be paid on 17th in the two months followed which is declared on 14th of the same month. Advance tax which is paid during the year is to be set off on corporate taxes that calculates on corporate tax return. Taxes paid is to collect in cash or is to set off on other financial debts.

According to tax legislation, financial losses which are not exceed over 5 years can be deducted from profit of the company. Losses can not be set off from retained earnings.

There is no practice about reaching an agreement with laws in Turkey. Corporate taxes are paid on 25th of the fourth month that is followed form the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records and change the amount if there is a wrong transaction.

Corporation tax legislation for the foreign branches

Bahrain (Manama)

Bahrain branch is non taxable because there is no corporate tax practice in that country. Bahrain branch’ income is added to headquarters income and it is taxed in Turkey according to Law No. 5520 on Corporate Tax Laws published in the Official Gazette dated 05.06.2012, numbered B.07.1.GİB.4.99.16.02-KVK-5/1-b-128.

North Iraq (Erbil)

Erbil branch is taxable according to the country’s law legislation. Declaration of financial records and their tax payments are differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

USA (New York)

New York branch is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Turkey.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Banking and Insurance Transaction Tax

Banking and insurance transaction tax is arranged by the Law No. 6802 on Expenditure Taxes Law. Excluding the banks’ and insurance companies’ transactions according to Law No. 3226 on Leasing Law Legislation which is dated 10.6.1985, the collecting money in cash or by approximation is subject to banking and insurance transaction tax. Those amounts are up to 5% banking and insurance transaction tax according to Law No. 6802 on Expenditure Taxes Law’s 33. Notice and Article No. 98/11591.

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, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

According to 8 December 2004 BRSA DZM 2/13/1-a-3 notice;

- There is no deferred tax assets on general provision.
- Deferred tax income is not considered on distribution on profit.

Deferred taxes’ book value is revised in every balance sheet date. Deferred tax book value can be reduced if there is improbable to create revenue.

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.

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ACCOUNTING POLICIES (Continued)

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XIX. 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 obtain funds through domestic and international bonds since August 2011.

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

The bank is not hedging about debt instruments.

XX. 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.

XXI. 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.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at 31 March 2016 and 31 December 2015, the Bank does not have any government incentives.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Segment reporting was selected as a fundamental section reporting method considering Bank’s risk and return structure and key sources. It is disclosed in Section 4 Note VII.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS

Earnings per shares

Earnings 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 three month ended 31 March 2016, earnings per 100 shares are full TL 0.2067 (31 March 2015: full TL 0.1739).

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 V.

Classifications

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. INFORMATION ON EQUITY ITEMS

Calculation of Equity and Capital Adequacy Standard Ratio are calculated according to “Regulation on Bank’s Capital Adequacy Assessment of the Measurement“, “Communique on Credit Risk Mitigation“, ”BRSA Regulation on Bank’s Shareholder Equity“, “Regulations on Systemically Important Banks“, “Regulation on Capital Conservation and Cyclical Capital Buffer“. As of 31 March 2016 Bank’s capital adequacy ratio is 14.08% (31 December 2015: 14.52%).

	Current Period 31.03.2016	Amount as per the regulation before 1/1/2014(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	2,500,000	
Share Premium	723,918	
Reserves	11,762,447	
Income recognized under equity in accordance with TAS	1,978,651	
Profit	516,663	
Current Period’s Profit	516,663	
Prior Period’s Profit	-	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period’s profit	69,222	
Common Equity Tier 1 Capital Before Deductions	17,550,901	
Deductions from Common Equity Tier 1 Capital	-	-
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	180,152	-
Leasehold Improvements on Operational Leases	99,982	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	108,717	181,195
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	388,851	
Common Equity Tier 1 capital (CET1)	17,162,050	
Additional Tier 1 capital: instruments	-	
Premiums that are not included in Common Equity Tier 1 capital	-	
Bank’s borrowing instruments and related issuance premium	-	

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EQUITY ITEMS (Continued)

	Current Period 31.03.2016	Amount as per the regulation before 1/1/2014(*)
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	-	-
Deductions from Additional Tier 1 Capital	-	-
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Threshold of Common Equity Tier 1 Capital	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	72,478	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	-	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	17,089,572	-
TIER 2 CAPITAL	-	-
Bank's borrowing instruments and related issuance premium	2,382,875	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	977,288	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1,697,314	-
Tier 2 Capital Before Deductions	4,080,189	-
Deductions From Tier 2 Capital	-	-
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	4,080,189	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	21,169,761	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	133,974	-
Other items to be defined by the BRSA (-)	664	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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I. EQUITY ITEMS (Continued)

	Current Period 31.03.2016	Amount as per the regulation before 1/1/2014(*)
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	21,035,123	-
Total Risk Weighted Amounts	149,350,417	-
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	11.49%	-
Tier 1 Capital Adequacy Ratio (%)	11.44%	-
Capital Adequacy Ratio (%)	14.08%	-
BUFFERS		
Total buffer requirement	0.904%	-
Capital conservation buffer requirement (%)	0.625%	-
Bank specific counter-cyclical buffer requirement (%)	0.279%	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.96%	-
Amounts below deduction thresholds	-	-
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,987,426	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1,697,314	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(*) Represents the amounts taken into consideration according to transition clauses.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Prior Period

Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10,807,979
Capital Requirement for Market Risk (MRCR)	99,515
Capital Requirement for Operational Risk (ORCR) ^(*)	879,185
Shareholders' Equity	21,398,645
Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	14.52
Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	11.19
Common Equity Tier I Capital/((CRCR+MRCR+ORCR) *12.5*100)	11.26

^(*) Equity and capital adequacy ratio calculation is changed in accordance with the "Regulation on the Amendment to the Regulation of Bank's Shareholder Equity" which came into force as of 31 March 2016. Prior period information is calculated within the framework of abolished regulations.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EQUITY ITEMS (Continued)

	Prior Period
COMMON EQUITY TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation After All Creditors	2,500,000
Share Premium	723,918
Share Cancellation Profits	-
Reserves	9,933,998
Other Comprehensive Income according to TAS	1,925,054
Profit	1,930,109
Current Period Profit	1,930,109
Previous Period Profit	-
General Reserves for Possible Losses	-
Bonus Shares from Associates, Subsidiaries, and Joint-Ventures not Accounted in Current Period’s Profit	69,222
Common Equity Tier I Capital Before Deductions	17,082,301
Deductions from Common Equity Tier I Capital	
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted Under Equity According to TAS(-)	314,753
Leasehold Improvements on Operational Leases(-)	103,893
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	68,511
Net Deferred Tax Asset/Liability (-)	-
Shares Obtained Against Article 56, Paragraph 4 of the Banking Law(-)	-
Direct and Indirect Investments of the Bank on Its Own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or less of Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More of Issued Share Capital Exceeding the 10% Threshold of Above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets Arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More Than the Issued Share Capital not Deducted from Tier I Capital(-)	-
Mortgage Servicing Rights not Deducted (-)	-
Excess Amount Arising from Deferred Tax Assets from Temporary Differences (-)	-
Other Items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in Cases Where There Are No Adequate Additional Tier I or Tier II Capitals (-)	-
Total Deductions from Common Equity Tier I Capital	487,157
Total Common Equity Tier I Capital	16,595,144
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Defined by the BRSA (Issued or Obtained after 01.01.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 01.01.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on Its Own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of Above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns More of 10% of the Issued Share Capital (-)	-
Other items to be Defined by the BRSA (-)	-
The Amount to be Deducted from Additional Tier I Capital (-)	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EQUITY ITEMS (Continued)

	Prior Period
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	102,766
Goodwill and Other Intangible Assets and Related Deferred Taxes not Deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	102,766
Net Deferred Tax Asset/Liability not Deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total Core Capital	16,492,378
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	1,450,446
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	1,905,885
Pledged Assets of the Shareholders to be Used for the Bank's Capital Increases	-
General Provisions	1,688,747
Tier II Capital before Deductions	5,045,078
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on Its Own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of the Issued Share Capital Exceeding the 10% or More of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other Items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	5,045,078
CAPITAL	21,537,456
Loans Granted Against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	138,557
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other Items to be Defined by the BRSA (-)	254
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or Less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not Deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or More Than the Issued Share Capital Exceeding the 10% Threshold of Above Tier I Capital not Deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More of the Issued Capital, of the Net Deferred Tax Assets Arising from Temporary Differences and of the Mortgage Servicing Rights not Deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	21,398,645
Amounts Lower than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns More Than 10% or Less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	15,421

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. EQUITY ITEMS (Continued)

Issuer	T.Vakıflar Bankası T.A.O.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91 XS1175854923/ US90015WAC73
Governing law(s) of the instrument	Debt Instrument Communique numbered CMB-II-31.1 BRSA regulation on bank's shareholder equity
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	XS0849728190/ US90015NAB91 is subject to deduction. XS1175854923/ US90015WAC73 is not subject to deduction.
Eligible at solo/group/group&solo	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	2,383
Par value of instrument (in million)	3,948
Accounting classification	347011/Subordinated Liabilities
Original date of issuance	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Perpetual or dated	XS0849728190/ US90015NAB91 Dated (10 years) Maturity Date: 1 November 2022 XS1175854923/ US90015WAC73 Dated (10 years) Maturity Date: 3 February 2025
Issue date	XS0849728190/ US90015NAB91 1 November 2012 XS1175854923/ US90015WAC73 2 February 2015
Issuer call subject to prior supervisory approval	Yes
Call option dates, conditioned call dates and call amount	XS0849728190/ US90015NAB91 Not available XS1175854923/ US90015WAC73 early call date at 3 February 2020 is available.
Subsequent call dates, if applicable	XS0849728190/ US90015NAB91 Not available XS1175854923/ US90015WAC73 only one call option is available.
Coupons / dividends*	
Fixed or floating dividend/coupon	Fixed/Interest payment once in six month, principal payment at the maturity date
Coupon rate and any related index	XS0849728190/ US90015NAB91 6% fixed interest rate XS1175854923/ US90015WAC73 6.875% fixed interest rate
Existence of a dividend stopper	Nil
Fully discretionary, partially discretionary or mandatory	Nil
Existence of step up or other incentive to redeem	Nil
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	
If convertible, conversion trigger (s)	Nil
If convertible, fully or partially	Nil
If convertible, conversion rate	Nil
If convertible, mandatory or optional conversion	Nil
If convertible, specify instrument type convertible into	Nil
If convertible, specify issuer of instrument it converts into	Nil
Write-down feature	
If write-down, write-down trigger(s)	XS0849728190/ US90015NAB91 Not available. XS1175854923/ US90015WAC73 available Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events
If write-down, full or partial	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has full or partial write down feature.
If write-down, permanent or temporary	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has permanent write down feature.
If temporary write-down, description of write-up mechanism	XS0849728190/ US90015NAB91 not available XS1175854923/ US90015WAC73 has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before debt instruments included in Tier II Capital after deposit and other receivables
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7

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I. EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	31 Mart 2016
Shareholders’ equity	17,370,749
Leasehold improvements on operational leases	(99,982)
Goodwill and intangible assets	(108,717)
General provision (1.25% of the amount that subject to credit risk)	1,697,314
Subordinated debt	2,382,875
Deductions from shareholders’ equity	(207,116)
Capital	21,035,123

II. 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 and the capital obligation is calculated at that amount.

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

As at 31 March 2016 and 31 December 2015 the Bank does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	2.8200	3.2148
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	2.7900	3.1521
Day 2	2.8150	3.1489
Day 3	2.8200	3.1477
Day 4	2.8250	3.1544
Day 5	2.8300	3.1620
Last 30-days arithmetical average rate	US Dollar 2.8492	Euro 3.1597

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of Republic of Turkey	2,813,210	13,645,474	4,732,071	21,190,755
Banks	779,068	5,703,057	210,220	6,692,345
Financial assets at fair value through profit or loss ⁽¹⁾	-	145,176	-	145,176
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	850,452	3,750,830	-	4,601,282
Loans and receivables ⁽²⁾	12,858,649	25,919,392	43,777	38,821,818
Associates, subsidiaries and joint-ventures	416,223	-	-	416,223
Held-to-maturity investments	-	141,031	-	141,031
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	6,528	-	6,528
Intangible assets	-	-	-	-
Other assets ⁽³⁾	15,215	489,212	2	504,429
Total assets	17,732,817	49,800,700	4,986,070	72,519,587
Liabilities:				
Bank deposits	551,619	3,470,738	280,002	4,302,359
Foreign currency deposits	11,569,990	19,282,259	653,663	31,505,912
Interbank money market takings	-	1,932,614	-	1,932,614
Other funding	8,236,214	9,937,024	1,021	18,174,259
Securities issued	1,910,612	4,622,194	12,573	6,545,379
Miscellaneous payables	541,046	47,051	28,738	616,835
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ^{(1) (4)}	97,534	5,840,665	2,621	5,940,820
Total liabilities	22,907,015	45,132,545	978,618	69,018,178
Net 'on balance sheet' position	(5,174,198)	4,668,155	4,007,452	3,501,409
Net 'off-balance sheet' position	5,560,296	(3,206,475)	(3,990,100)	(1,636,279)
Derivative assets ⁽⁶⁾	8,264,616	14,370,851	2,221,203	24,856,670
Derivative liabilities ⁽⁶⁾	2,704,320	17,577,326	6,211,303	26,492,949
Non-cash loans ⁽⁵⁾	3,133,493	7,151,609	233,328	10,518,430
Prior Period				
Total assets	16,729,564	48,320,696	4,455,279	69,505,539
Total liabilities	21,515,163	46,753,502	865,489	69,134,154
Net 'on balance sheet' position	(4,785,599)	1,567,194	3,589,790	371,385
Net 'off-balance sheet' position	5,449,875	(441,420)	(3,577,895)	1,430,560
Derivative assets ⁽⁶⁾	7,542,857	12,701,193	2,036,853	22,280,903
Derivative liabilities ⁽⁶⁾	2,092,982	13,142,613	5,614,748	20,850,343
Non-cash loans ⁽⁵⁾	3,006,375	7,731,618	246,531	10,984,524

⁽¹⁾ Derivative financial assets amounting to TL 226,165 (31 December 2015: TL 51,275) and liabilities amounting to TL 2,799 (31 December 2015: TL (12,881)) resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 3,398,052 (31 December 2015: TL 3,530,360) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 66,034 (31 December 2015: TL 61,724) is not included.

⁽⁴⁾ Unearned revenues amounting to TL 105,523 (31 December 2015: TL 106,455) and equities amounting to TL 473,071 (31 December 2015: TL 431,137) are not included.

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

⁽⁶⁾ Asset purchase commitments amounting to TL 2,732,446 (31 December 2015: TL 1,835,888) and asset sales commitments amounting to TL 2,957,164 (31 December 2015: TL 1,895,065) are included.

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II. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the three month ended 31 March 2016 and 2015 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

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

	31 March 2016		31 March 2015	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(144,281)	(144,281)	53,079	53,079
Euro	3,013	3,013	(8,316)	(8,316)
Other currencies	(1,735)	(1,735)	200	200
Total, net (**)	(143,003)	(143,003)	44,963	44,963

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

(**) Associates, subsidiaries, joint ventures, tangible and intangible assets are not included to the analysis.

10 percent appreciation of the TL against the following currencies as at and for the three month ended 31 March 2016 and 2015 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 March 2016		31 March 2015	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	145,515	145,515	(51,598)	(51,598)
Euro	(3,013)	(3,013)	8,316	8,316
Other currencies	1,735	1,735	(73)	(73)
Total, net (**)	144,237	144,237	(43,355)	(43,355)

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

(**) Associates, subsidiaries, joint ventures, tangible and intangible assets are not included to the analysis.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. INTEREST RATE RISK

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

Bank's interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBRT	14,835,195	-	-	-	-	9,093,233	23,928,428
Banks	5,889,456	162,621	-	-	-	640,270	6,692,347
Financial assets at fair value through profit/loss	330,093	55,314	93,337	541,821	118,343	-	1,138,908
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	1,975,135	3,117,974	5,154,268	5,535,145	2,296,797	80,472	18,159,791
Loans and receivables	41,422,780	33,319,252	20,885,018	19,023,405	10,192,004	795,545	125,638,004
Held-to-maturity investments	778,628	3,415,629	1,805,009	1,266,591	227,047	-	7,492,904
Other assets (*)	10,269	33	3,016	20,069	185	6,744,992	6,778,564
Total assets	65,241,556	40,070,823	27,940,648	26,387,031	12,834,376	17,354,512	189,828,946
Liabilities:							
Bank deposits	5,276,237	1,204,091	156,908	-	-	211,789	6,849,025
Other deposits	60,614,424	21,144,742	5,721,532	28,538	-	21,147,307	108,656,543
Interbank money market takings	1,932,614	-	797,798	6,793,984	5,031,470	-	14,555,866
Miscellaneous payables	-	-	-	-	-	4,248,828	4,248,828
Securities issued	2,136,181	716,084	729,218	5,971,399	-	-	9,552,882
Funds borrowed	3,686,935	8,936,903	3,915,659	831,413	1,133,274	-	18,504,184
Other liabilities (**)	133,703	29,115	193,233	932,877	3,183,177	22,989,513	27,461,618
Total liabilities	73,780,094	32,030,935	11,514,348	14,558,211	9,347,921	48,597,437	189,828,946
On balance sheet long position	-	8,039,888	16,426,300	11,828,820	3,486,455	-	39,781,463
On balance sheet short position	(8,538,538)	-	-	-	-	(31,242,925)	(39,781,463)
Off-balance sheet long position	1,207,068	2,297,615	-	-	-	-	3,504,683
Off-balance sheet short position	-	-	(315,011)	(1,725,656)	(902,100)	-	(2,942,767)
Net Position	(7,331,470)	10,337,503	16,111,289	10,103,164	2,584,355	(31,242,925)	561,916

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBRT	12,781,073	-	-	-	-	8,703,716	21,484,789
Banks	4,848,363	77,170	-	-	-	308,733	5,234,266
Financial assets at fair value through profit/loss	368,553	361,605	4,068	82,838	68,403	-	885,467
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	2,379,177	2,467,096	4,688,228	5,082,470	2,077,745	79,253	16,773,969
Loans and receivables	42,177,039	26,147,770	26,070,684	18,329,170	10,249,815	806,175	123,780,653
Held-to-maturity investments	1,010,446	1,774,694	3,360,520	1,301,192	230,877	-	7,677,729
Other assets (*)	14,341	304	2,856	26,777	289	7,065,684	7,110,251
Total assets	63,578,992	30,828,639	34,126,356	24,822,447	12,627,129	16,963,561	182,947,124
Liabilities:							
Bank deposits	4,509,576	555,665	151,903	-	-	385,739	5,602,883
Other deposits	58,717,429	19,396,268	6,282,049	31,684	-	19,892,221	104,319,651
Interbank money market takings	11,133,014	1,148,950	-	397,450	64,627	-	12,744,041
Miscellaneous payables	-	-	-	-	-	4,160,217	4,160,217
Securities issued	1,179,387	1,235,096	2,114,466	6,018,810	-	-	10,547,759
Fund borrowed	3,369,498	7,405,733	4,832,221	554,645	2,393,900	-	18,555,997
Other liabilities (**)	45,764	92,325	231,607	903,262	3,190,333	22,553,285	27,016,576
Total liabilities	78,954,668	29,834,037	13,612,246	7,905,851	5,648,860	46,991,462	182,947,124
On balance sheet long position	-	994,602	20,514,110	16,916,596	6,978,269	-	45,403,577
On balance sheet short position	(15,375,676)	-	-	-	-	(30,027,901)	(45,403,577)
Off-balance sheet long position	1,207,068	2,297,615	-	-	-	-	3,504,683
Off-balance sheet short position	-	-	(315,011)	(1,725,656)	(902,100)	-	(2,942,767)
Net Position	(14,168,608)	3,292,217	20,199,099	15,190,940	6,076,169	(30,027,901)	561,916

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

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

Average interest rates applied to monetary financial instruments (*):

Current Period	Euro %	US Dollar %	Yen %	TL %
Assets:				
Cash and balance with CBRT	-	0.49	-	3.90
Banks	0.02	0.57	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.30	6.61	-	7.18
Loans and receivables	3.98	5.18	-	12.60
Held-to-maturity investments	-	2.11	-	5.42
Liabilities:				
Bank deposits	0.43	0.52	-	13.26
Other deposits	1.71	2.39	-	10.98
Interbank money market takings	-	0.72	-	8.94
Miscellaneous payables	-	-	-	-
Securities issued	3.11	4.75	0.93	10.86
Funds borrowed	0.89	1.91	-	10.01

(*) The rates above are calculated over financial instruments with interest rates.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. INTEREST RATE RISK (Continued)

Prior Period	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	0.49	-	3.81
Banks	0.10	0.36	-	11.27
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.25	6.76	-	6.98
Loans and receivables	4.03	4.89	-	12.39
Held-to-maturity investments	-	3.59	-	5.58
Liabilities:				
Bank deposits	0.71	0.67	-	13.07
Other deposits	1.73	2.07	-	10.77
Interbank money market takings	-	1.08	-	8.42
Miscellaneous payables	-	-	-	-
Securities issued	2.72	4.44	0.93	10.93
Funds borrowed	0.90	1.79	-	9.92

(*) The rates above are calculated over financial instruments with interest rates.

IV. STOCK POSITION RISKS

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 strategically reasons, accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

The accounting applications regarding to share investment that qualifications in associate and subsidiary of are disclosed in Section 3 Note III.

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(*)		596,541	596,541	596,541
1.Stocks Investments Group A		596,541	596,541	596,541
2.Stock Investments Group B		-	-	-
3.Stock Investment Group C		-	-	-
Stocks unquoted in exchange(**)		1,388,307	1,255,694	-

(*) 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.

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IV. STOCK POSITION RISKS (Continued)

Prior Period Stock Investments	Carrying Value	Comparison	
		Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	548,852	548,852	548,852
1.Stocks Investments Group A	548,852	548,852	548,852
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	1,405,010	1,273,616	-

(*) 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.

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

Total unearned 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
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	118,409	118,409
3. Other Stocks	-	821,472	821,472	-	-
4. Total	-	821,472	821,472	118,409	118,409

(*) 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
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	97,259	97,259
3. Other Stocks	-	837,276	837,276	-	-
4. Total	-	837,276	837,276	97,259	97,259

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. STOCK POSITION RISKS (Continued)

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	596,541	596,541	47,723
3.Other Stocks	1,388,307	1,388,307	111,065
4. Total	1,984,848	1,984,848	158,788

Portfolio-Prior Period	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	548,852	548,852	43,908
3.Other Stocks	1,405,010	1,405,010	112,401
4. Total	1,953,862	1,953,862	156,309

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the bank. The framework of liquidity risk of the bank is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Bank is managing liquidity risk according to risk capacity and the Bank’s risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Bank monitors the net liquidity position and liquidity requirements continuously and facing the future. The Bank takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Bank (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

Liquidity management in the Bank is carried out under Treasury Department in regard to the Bank’s strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, Bank’s balance sheet and income goals and strategies defined to meet these goals. Daily, weekly, and monthly cash flow statements are prepared in accordance with principles of profitability and prudence in the Bank’s liquidity management. Cash flow statements are evaluated and the Bank’s liquidity is managed in line with Treasury Department policies, daily TL and FC liquidity position Bank balance sheet and income goals.

Scenarios about where to make replacement funding in case of high amount outflows in daily liquidity management are made regularly, effects of probable outflows on liquidity level and legal ratios are evaluated and liquidity management is carried out by taking necessary actions.

The Bank makes use of liquidity gap analysis reports and liquidity stress tests in the internal measurement of liquidity risk. In Liquidity gap analysis and liquidity stress scenarios, the Bank’s compensation level of net cash outflows which are more likely to happen in short term are presented. Measurements regarding liquidity risk are performed by Risk Management Department and measurement results are reported regularly to performer units responsible of management of the related risk and top management and the Board of Directors.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

It is taken as a basis that the Bank consistently monitors TL and FC liquidity positions and funding strategies. Necessary precautions are taken in line with liquidity needs by following stress circumstances. “Liquidity Emergency Action Plan” which is an important part of liquidity risk management of our Bank, consists of early warning indicators which play an important role in monitoring increases in liquidity risk and the prevention of a possible crisis, action plans to prevent a possible crisis and to be applied during a crisis. Furthermore, to fulfill our banks reserve deposits liability that it has to allocate in the presence of CBRT, alternative fund sources to provide liquidity that is needed in various stress circumstances and under which circumstances to apply these sources, precautions to minimize time maturity mismatch and provide necessary funds on time, how the mechanism is going to operate in cases of crisis and stress is included in the plan.

The Bank’s Foreign Currency (FC) and total (TL+FC) liquidity coverage ratio (LCR) averages for current period. The highest value and the lowest value occurred in this period are given below:

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	08.01.2016	103.61	08.01.2016	150.60
The highest value	11.03.2016	113.20	12.02.2016	190.83

Liquidity Coverage Ratio

Current Period		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			28,830,586	18,345,442
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	49,015,313	17,407,146	3,885,530	1,516,232
3	Stable deposits	20,320,031	4,489,654	1,016,002	224,483
4	Less stable deposits	28,695,282	12,917,492	2,869,528	1,291,749
5	Unsecured wholesale funding, of which:	55,524,535	16,152,970	22,760,341	8,590,971
6	Operational deposits	38,736,549	7,907,334	9,684,137	1,976,834
7	Non-operational deposits	10,719,870	5,991,891	7,283,578	4,379,735
8	Unsecured debt	6,068,116	2,253,745	5,792,626	2,234,402
9	Secured wholesale funding			-	-
10	Additional requirements of which:	13,583,750	11,845,707	13,583,750	11,845,707
11	Outflows related to derivative exposures and other collateral requirements	13,583,750	11,845,707	13,583,750	11,845,707
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	14,077,621	13,588,387	703,881	679,419
15	Other contingent funding obligations	41,371,425	12,262,688	6,513,273	1,659,361
16	TOTAL CASH OUTFLOWS			47,446,775	24,291,690
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	12,329,040	6,459,786	9,205,310	5,929,843
19	Other cash inflows	11,729,732	7,624,892	11,729,732	7,624,892
20	TOTAL CASH INFLOWS	24,058,772	14,084,678	20,935,042	13,554,735
				Upper Limit Applied Values	
21	TOTAL HQLA			28,830,586	18,345,442
22	TOTAL NET CASH OUTFLOWS			26,511,733	10,736,955
23	LIQUIDITY COVERAGE RATIO (%)			108.88	172.14

(*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking weekly simple arithmetic average.

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V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Prior Period		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			28,685,961	19,080,631
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	47,000,587	17,301,374	3,731,637	1,507,532
3	Stable deposits	19,368,439	4,452,105	968,422	222,605
4	Less stable deposits	27,632,148	12,849,269	2,763,215	1,284,927
5	Unsecured wholesale funding, of which:	56,964,767	17,007,270	24,077,564	9,130,630
6	Operational deposits	39,077,820	8,563,008	9,769,455	2,140,752
7	Non-operational deposits	11,500,011	6,314,138	8,043,800	4,884,740
8	Unsecured debt	6,386,936	2,130,124	6,264,309	2,105,138
9	Secured wholesale funding			-	-
10	Additional requirements of which:	12,161,941	10,353,586	12,161,941	10,353,586
11	Outflows related to derivative exposures and other collateral requirements	12,161,941	10,353,586	12,161,941	10,353,586
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	11,692,693	11,197,196	584,635	559,860
15	Other contingent funding obligations	41,049,749	12,616,503	6,408,586	1,602,636
16	TOTAL CASH OUTFLOWS			46,964,363	23,154,244
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	12,711,460	6,817,505	9,415,639	6,073,582
19	Other cash inflows	10,364,930	7,662,569	10,364,930	7,662,569
20	TOTAL CASH INFLOWS	23,076,390	14,480,074	19,780,569	13,736,151
				Upper Limit Applied Values	
21	TOTAL HQLA			28,685,961	19,080,631
22	TOTAL NET CASH OUTFLOWS			27,183,794	9,418,093
23	LIQUIDITY COVERAGE RATIO (%)			105.53	202.60

(*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking weekly simple arithmetic average.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

With the “Liquidity Coverage Rate” which is prepared under the framework of “Regulations Regarding Banks’ Calculations of Liquidity Coverage Rate” published by BRSA, the balance between banks’ net cash outflows and high quality liquid asset stock.

Bank’s high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Republic of Turkey Undersecretariat of Treasury.

Whereas the Banks’ important fund sources are deposits, funds obtained from other financial institutions, marketable securities issued and funds obtained from repo transactions.

Derivatives transactions with 30 or less days to maturity are included into liquidity coverage calculation with cash outflows created by the transactions as of the calculated liquidity coverage rate. In case of a liability resulting from derivatives transactions and security fulfillment liability resulting from other liabilities, actions are taken accordingly to the related regulation.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Maturity analysis of assets and liabilities according to remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Assets:								
Cash and balance with CBRT	23,928,428	-	-	-	-	-	-	23,928,428
Banks	5,939,660	590,066	162,621	-	-	-	-	6,692,347
Financial assets at fair value through profit/loss	-	330,093	55,314	93,337	541,821	118,343	-	1,138,908
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	4,044	396,937	2,784,068	8,247,593	6,646,677	80,472	18,159,791
Loans and receivables	-	12,389,443	4,478,672	24,908,175	52,307,237	30,758,932	795,545	125,638,004
Held-to-maturity investments	-	141,031	-	588,541	3,189,140	3,574,192	-	7,492,904
Other assets	10,865	948,229	33	3,016	20,069	185	5,796,167	6,778,564
Total assets	29,878,953	14,402,906	5,093,577	28,377,137	64,305,860	41,098,329	6,672,184	189,828,946
Liabilities:								
Bank deposits	211,789	5,276,237	1,204,091	156,908	-	-	-	6,849,025
Other deposits	21,147,307	60,614,424	21,144,742	5,721,532	28,538	-	-	108,656,543
Funds borrowed	-	3,406,815	1,155,192	5,762,575	3,275,637	4,903,965	-	18,504,184
Interbank money market takings	-	1,932,614	-	797,798	6,793,984	5,031,470	-	14,555,866
Securities issued	-	2,028,887	660,249	624,838	6,238,908	-	-	9,552,882
Miscellaneous payables	-	3,218,736	70,303	-	-	-	959,789	4,248,828
Other liabilities	-	703,009	162,356	27,074	165,297	4,242,824	22,161,058	27,461,618
Total liabilities	21,359,096	77,180,722	24,396,933	13,090,725	16,502,364	14,178,259	23,120,847	189,828,946
Liquidity gap	8,519,857	(62,777,816)	(19,303,356)	15,286,412	47,803,496	26,920,070	(16,448,663)	-
Net Off Balance Sheet Position								
Receivables from Derivative Financial Instruments	-	269,967	47,117	102,415	423,491	355,253	-	1,198,243
Payables from Derivative Financial Instruments	-	15,133,576	3,781,488	2,060,710	5,693,099	4,905,009	-	31,573,882
Non-cash Loans	-	14,863,609	3,734,371	1,958,295	5,269,608	4,549,756	-	30,375,639
Non-cash Loans	2,453,384	864,981	19,455,135	5,511,099	3,720,544	697,865	-	32,703,008
Prior Period								
Total assets	25,422,750	15,036,713	4,496,759	26,883,402	63,886,607	40,286,125	6,934,768	182,947,124
Total liabilities	20,277,960	79,732,057	23,375,688	17,727,452	9,736,178	9,556,749	22,541,040	182,947,124
Liquidity gap	5,144,790	(64,695,344)	(18,878,929)	9,155,950	54,150,429	30,729,376	(15,606,272)	-
Net Off Balance Sheet Position								
Receivables from Derivative Financial Instruments	-	37,789	(15,679)	79,335	496,019	374,145	-	971,609
Payables from Derivative Financial Instruments	-	10,214,707	3,472,683	1,297,251	5,540,752	4,922,653	-	25,448,046
Non-cash Loans	-	10,176,918	3,488,362	1,217,916	5,044,733	4,548,508	-	24,476,437
Non-cash Loans	2,663,320	951,139	19,396,626	5,498,569	4,034,068	524,639	-	33,068,361

(*) 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 the "Undistributed" column.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Residual contractual maturities of the financial liabilities

Current Period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	6,849,025	6,868,614	211,789	5,279,858	1,217,480	159,487	-	-
Other deposits	108,656,543	115,432,917	21,147,307	65,486,149	22,834,610	5,935,737	29,114	-
Funds borrowed	18,504,184	19,995,720	-	3,423,382	1,162,162	5,816,496	3,732,520	5,861,160
Money market takings	14,555,866	14,563,314	-	1,933,070	-	798,355	6,798,382	5,033,507
Issued Securities (Net)	9,552,882	10,184,954	-	2,035,082	668,017	645,681	6,836,174	-
Miscellaneous payables	4,248,828	4,248,828	959,789	3,218,736	70,303	-	-	-
Other liabilities	6,532,320	8,280,799	1,644,408	408,595	44,122	27,074	114,262	6,042,338
Total	168,899,648	179,575,146	23,963,293	81,784,872	25,996,694	13,382,830	17,510,452	16,937,005
Non-Cash Loans	32,703,008	32,703,008	2,453,384	864,981	19,455,135	5,511,099	3,720,544	697,865

Prior Period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	5,602,883	5,617,785	385,739	4,514,733	562,204	155,109	-	-
Other deposits	104,319,651	159,034,343	19,892,221	90,652,689	33,501,072	14,911,861	76,500	-
Funds borrowed	18,555,997	20,025,703	-	299,282	704,682	9,491,948	3,333,188	6,196,603
Money market takings	12,744,041	12,759,688	-	11,143,452	1,151,513	-	399,406	65,317
Issued Securities (Net)	10,547,759	11,297,272	-	1,185,490	1,246,388	1,897,286	6,968,108	-
Miscellaneous payables	4,160,217	4,160,217	834,101	3,258,356	67,760	-	-	-
Other liabilities	6,530,395	8,450,423	1,711,193	377,119	37,965	39,193	83,026	6,201,927
Total	162,460,943	221,345,431	22,823,254	111,431,121	37,271,584	26,495,397	10,860,228	12,463,847
Non-Cash Loans	33,068,361	33,068,361	2,663,320	951,139	19,396,626	5,498,569	4,034,068	524,639

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.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. LEVERAGE RATIO

**Information on Issues that Cause Differences between Current Period and Previous Period
Leverage Ratios**

The Bank’s unconsolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as 6.82%. Increase in balance sheet assets and off-balance sheet transactions resulted in change in comparison with previous period (31.12.2015: 6.81%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

Leverage ratio common disclosure template

		Current Period^(*)	Prior Period^(*)
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs; including collateral)	186,417,216	182,236,355
2	Assets deducted in determining Basel III Tier 1 capital	(536,949)	(568,612)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	185,880,267	181,667,743
Derivative exposures			
4	Replacement cost	2,706,163	956,386
5	Add-on amount	1,007,592	365,598
6	Total derivative exposures	3,713,755	1,321,984
Securities financing transaction exposures			
7	Gross SFT assets (with no recognition of accounting netting)	877,455	779,859
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	877,455	779,859
Other off-balance sheet exposures			
10	Off-balance sheet exposures with gross nominal amount	54,930,691	53,969,900
11	Adjustment amount off-balance sheet exposures with credit conversion factor	1,148,746	1,025,968
12	Total off-balance sheet exposures	56,079,437	54,995,868
Capital and total exposures			
13	Tier 1 capital	16,807,610	16,253,544
14	Total exposures	246,550,914	238,765,454
Leverage ratio			
15	Leverage ratio	6.82	6.81

(*) Calculated by using 3 month average of balances in Leverage Rate Notification table.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. SEGMENT REPORTING

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	1,153,993	1,853,709	907,089	1,386	3,916,177
<i>Interest income from loans</i>	<i>1,153,993</i>	<i>1,853,709</i>	<i>238,945</i>	-	<i>3,246,647</i>
<i>Interest income from reserve deposits</i>	-	-	<i>28,593</i>	-	<i>28,593</i>
<i>Interest income from securities portfolio</i>	-	-	<i>634,023</i>	-	<i>634,023</i>
<i>Interest income from banks</i>	-	-	<i>5,528</i>	-	<i>5,528</i>
<i>Interest income from money market transactions</i>	-	-	-	-	-
<i>Other interest income</i>	-	-	-	<i>1,386</i>	<i>1,386</i>
Interest Expense	793,608	975,027	571,613	24,952	2,365,200
<i>Interest expense on deposits</i>	<i>793,608</i>	<i>972,402</i>	<i>48,516</i>	-	<i>1,814,526</i>
<i>Interest expense on funds borrowed</i>	-	<i>2,625</i>	<i>71,547</i>	-	<i>74,172</i>
<i>Interest expense on money market transactions</i>	-	-	<i>235,673</i>	-	<i>235,673</i>
<i>Interest expense on securities issued</i>	-	-	<i>154,345</i>	-	<i>154,345</i>
<i>Other interest expenses</i>	-	-	<i>61,532</i>	<i>24,952</i>	<i>86,484</i>
Net Interest Income	360,385	878,682	335,476	(23,566)	1,550,977
Net Fees and Commissions Income	99,714	111,981	15,336	-	227,031
Trading Income/ Losses (Net)	-	-	19,145	-	19,145
Dividend Income	-	-	38,257	-	38,257
Other Income (*)	-	-	-	245,403	245,403
Provision For Losses on Loans and Other Receivables	67,615	396,726	10,693	34,113	509,147
Other Expenses (**)	-	-	-	932,056	932,056
Profit Before Taxes	392,484	593,937	397,521	(744,332)	639,610
Provision for taxes	-	-	-	(122,947)	(122,947)
Net Profit/ Loss	392,484	593,937	397,521	(867,279)	516,663
SEGMENT ASSETS					
Securities Portfolio	-	-	25,652,695	-	25,652,695
Derivative Financial Assets Held for Trading Purpose	-	-	1,138,908	-	1,138,908
Banks and Receivables From Money Markets	-	-	6,692,347	-	6,692,347
Investments in Associates and Subsidiaries	-	-	1,904,376	-	1,904,376
Loans and Receivables	37,684,727	70,748,752	17,204,525	-	125,638,004
Other Assets	-	-	22,778,058	6,024,558	28,802,616
TOTAL ASSETS	37,684,727	70,748,752	75,370,909	6,024,558	189,828,946
SEGMENT LIABILITIES					
Deposits	38,993,841	69,662,702	6,849,025	-	115,505,568
Derivative Financial Liabilities Held for Trading Purpose	-	-	415,079	-	415,079
Interbank Money Market Takings	-	-	14,555,866	-	14,555,866
Funds Borrowed	-	535,590	17,968,594	-	18,504,184
Securities Issued	-	-	9,552,882	-	9,552,882
Other Liabilities	-	-	4,636,361	5,979,173	10,615,534
Provisions and Tax Liabilities	-	-	-	3,309,084	3,309,084
Equity	-	-	-	17,370,749	17,370,749
TOTAL LIABILITIES AND EQUITY	38,993,841	70,198,292	53,977,807	26,659,006	189,828,946

(*) TL163,057 amount of TL245,403 shown in other income line consists of rejecting reserves from previous periods, TL34,476 of income from sale of Bank's assets, TL12,267 from communications income and remaining TL35,603 of other income.

(**) TL369,286 amount of TL932,056 shown in other expenses line consists of personnel expenses, TL354,150 of other operating expenses, TL42,704 of depreciation expenses, TL35,636 of dividend reserves expenses to be given to personnel, TL32,357 of Savings Deposit Insurance Fund (SDIF) expenses, TL31,093 of taxes and funds expenses, and the remaining TL66,830 of other expenses.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. SEGMENT REPORTING (Continued)

Prior Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	991,120	1,609,876	427,201	971	3,029,168
<i>Interest income from loans</i>	<i>991,120</i>	<i>1,609,876</i>	-	-	<i>2,600,996</i>
<i>Interest Income from reserve deposits</i>	-	-	2,186	-	<i>2,186</i>
<i>Interest income from securities portfolio</i>	-	-	423,477	-	<i>423,477</i>
<i>Interest income from banks</i>	-	-	1,538	-	<i>1,538</i>
<i>Interest income from money market transactions</i>	-	-	-	-	-
<i>Other interest income</i>	-	-	-	971	<i>971</i>
Interest Expense	550,013	750,655	472,802	15,535	1,789,005
<i>Interest expense on deposits</i>	<i>550,013</i>	<i>750,655</i>	<i>47,095</i>	-	<i>1,347,763</i>
<i>Interest expense on funds borrowed</i>	-	-	67,162	-	<i>67,162</i>
<i>Interest expense on money market transactions</i>	-	-	174,917	-	<i>174,917</i>
<i>Interest expense on securities issued</i>	-	-	134,970	-	<i>134,970</i>
<i>Other interest expenses</i>	-	-	48,658	15,535	<i>64,193</i>
Net Interest Income	441,107	859,221	(45,601)	(14,564)	1,240,163
Net Fees and Commissions Income	148,215	80,464	-	-	228,679
Trading Income/ Losses (Net)	-	-	59,378	-	59,378
Dividend Income	-	-	62,130	-	62,130
Other Income (*)	-	-	-	279,257	279,257
Provision For Losses on Loans and Other Receivables	96,370	189,648	11,543	151,833	449,394
Other Expenses (**)	-	-	-	855,312	855,312
Profit Before Taxes	492,952	750,037	64,364	(742,452)	564,901
Provision for taxes	-	-	-	(130,274)	(130,274)
Net Profit/ Loss	492,952	750,037	64,364	(872,726)	434,627
SEGMENT ASSETS					
Securities Portfolio	-	-	24,451,698	-	24,451,698
Derivative Financial Assets Held for Trading Purpose	-	-	885,467	-	885,467
Banks and Receivables From Money Markets	-	-	5,234,266	-	5,234,266
Investments in Associates and Subsidiaries	-	-	1,874,609	-	1,874,609
Loans and Receivables	36,849,266	69,990,429	16,940,958	-	123,780,653
Other Assets	-	-	20,379,948	6,340,483	26,720,431
TOTAL ASSETS	36,849,266	69,990,429	69,766,946	6,340,483	182,947,124
SEGMENT LIABILITIES					
Deposits	45,072,299	59,247,352	5,602,883	-	109,922,534
Derivative Financial Liabilities Held for Trading Purpose	-	-	289,589	-	289,589
Interbank Money Market Takings	-	-	12,744,041	-	12,744,041
Funds Borrowed	-	371,535	18,184,462	-	18,555,997
Securities Issued	-	-	10,547,759	-	10,547,759
Other Liabilities	-	-	4,759,494	5,945,955	10,705,449
Provisions and Tax Liabilities	-	-	-	3,414,207	3,414,207
Equity	-	-	-	16,767,548	16,767,548
TOTAL LIABILITIES AND EQUITY	45,072,299	59,618,887	52,128,228	26,127,710	182,947,124

(*) TL 206,909 amount of TL 279,257 shown in other income line consists of rejecting reserves from previous periods, TL18,162 of income from sale of Bank's assets, TL 12,241 from communications income and remaining TL 41,945 of other income.

(**) TL 333,347 amount of TL 855,312 shown in other expenses line consists of personnel expenses, TL 307,138 of other operating expenses, TL 38,181 of depreciation expenses, TL 32,054 of dividend reserves expenses to be given to personnel, TL 27,008 of Savings Deposit Insurance Fund (SDIF) expenses, TL 30,427 of taxes and funds expenses, and the remaining TL 87,157 of other expenses.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview of Risk Weighted Amounts

Explanations regarding “Explanations Communiqué on Explanations to the Public Regarding Banks Risk Management” published in the Official Gazette no.29511 dated 23 October 2015 is given below and other statements related with Internal Rating Based approach are not included in this report because Standardised approach (SA) is used for calculation of capital requirements.

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk) (*)	132,817,539	134,199,244	10,625,403
2	Standardised approach	132,817,539	134,199,244	10,625,403
3	Internal rating based approach	-	-	-
4	Counterparty Credit Risk	2,967,544	1,087,039	237,403
5	Standardised approach for counterparty credit risk	2,967,544	1,087,039	237,403
6	Internal model method	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% weighted risk approach	-	-	-
11	Settlement Risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	1,275,085	1,041,963	102,007
17	Standardised approach	1,275,085	1,041,963	102,007
18	Internal model approaches	-	-	-
19	Operational Risk	12,290,249	10,989,807	983,220
20	Basic Indicator Approach	12,290,249	10,989,807	983,220
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	15,421	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	149,350,417	147,333,473	11,948,033

(*) Except for the amount of the discount threshold under the equity

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1,203,938	270,690	1,157,743	277,106
Central Bank of the Republic of Turkey ^(*)	1,346,738	20,909,930	778,712	19,055,634
Other	186,997	10,135	197,525	18,069
Total	2,737,673	21,190,755	2,133,980	19,350,809

^(*) TL 19,262,940 (31 December 2015: TL 18,422,690) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from 5% to 11.5% (31 December 2015: ranging from 5% to 11.5%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 6% to 20% in US Dollar or Euro (31 December 2015: ranging from 6% to 20%).

According to 2014-72 numbered and 21 October 2014 dated announcement of Central Bank of the Republic of Turkey, interest has been started to be paid for Turkish Lira reserve deposit beginning from November 2014.

According to 2015-35 numbered and 2 May 2015 dated announcement of Central Bank of Republic of Turkey, interest has started to be paid for US Dollar denominated reserve deposits beginning from May 2015.

Balances with the Central Bank of Republic of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,318,140	1,646,990	760,146	632,944
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	4	-	105	-
Reserve Deposits	28,594	19,262,940	18,461	18,422,690
Total	1,346,738	20,909,930	778,712	19,055,634

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

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

None.

Trading securities subject to repurchase agreements

None.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	8,236	27	2,087	624
Swap Transactions	758,436	371,159	737,149	145,264
Futures	-	-	-	-
Options	895	155	103	240
Other	-	-	-	-
Total	767,567	371,341	739,339	146,128

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2	6,692,345	370,201	4,864,065
Domestic	2	573,995	370,201	269,123
Foreign	-	6,118,350	-	4,594,942
Foreign Head Offices and Branches	-	-	-	-
Total	2	6,692,345	370,201	4,864,065

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,521,129	1,511,823	1,571,646	1,516,438
Other	-	-	-	-
Total	1,521,129	1,511,823	1,571,646	1,516,438

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	5,503,224	-	3,621,980	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	2,261,750	-	2,647,350
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	5,503,224	2,261,750	3,621,980	2,647,350

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on available-for-sale financial assets

	Current Period	Prior Period
Debt securities	18,155,852	16,870,435
Quoted on a Stock Exchange	18,155,852	16,870,435
Unquoted	-	-
Equity securities	80,472	79,253
Quoted on a Stock Exchange	-	-
Unquoted	80,472	79,253
Provision for impairment on available-for-sale financial assets (-)	76,533	175,719
Total	18,159,791	16,773,969

5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	29,090	-	28,550
Legal entities	-	29,090	-	28,550
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	106,595	-	102,886	-
Total	106,595	29,090	102,886	28,550

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information about loans classified in the first and second group and other receivables and loans that have been restructured or rescheduled

Cash Loan	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
		Payment plan extensions			Payment plan extensions	
		Other	Other		Other	Other
Non-specialized loans	117,862,160	796,526	-	5,079,876	1,102,397	-
Loans given to enterprises	34,855,861	318,496	-	1,565,356	812,691	-
Export loans	4,750,247	-	-	170,594	4,669	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2,294,631	-	-	100	-	-
Consumer loans	31,525,473	152,851	-	1,615,302	235,934	-
Credit cards	4,876,661	-	-	368,091	10,046	-
Other	39,559,287	325,179	-	1,360,433	39,057	-
Specialized lending	1,500	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	117,863,660	796,526	-	5,079,876	1,102,397	-

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

Number of modifications to extend payment plans	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
Extended for 1 or 2 times	796,526	859,734
Extended for 3,4 or 5 times	-	-
Extended for more than 5 times	-	-

Extended period of time	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
0-6 Months	4,260	2,136
6 - 12 Months	160	2,649
1-2 Years	7,359	7,987
2-5 Years	503,271	259,498
5 Years and Over	281,476	587,464

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

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	346,692	31,131,867	31,478,559
Housing Loans	8,685	15,610,461	15,619,146
Automobile Loans	5,589	457,232	462,821
General Purpose Loans	332,418	15,064,174	15,396,592
Other	-	-	-
Consumer Loans – FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Retail Credit Cards – TL	3,713,083	84,869	3,797,952
With Installment	1,544,101	77,496	1,621,597
Without Installment	2,168,982	7,373	2,176,355
Retail Credit Cards – FC	10,380	-	10,380
With Installment	-	-	-
Without Installment	10,380	-	10,380
Personnel Loans – TL	3,847	51,762	55,609
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	3,847	51,762	55,609
Other	-	-	-
Personnel Loans – FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	50,512	208	50,720
With Installment	20,152	196	20,348
Without Installment	30,360	12	30,372
Personnel Credit Cards – FC	266	-	266
With Installment	-	-	-
Without Installment	266	-	266
Overdraft Checking Accounts – TL (Real persons)	1,995,284	-	1,995,284
Overdraft Checking Accounts – FC (Real persons)	108	-	108
Total	6,120,172	31,268,706	37,388,878

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	980,908	23,365,613	24,346,521
Real Estate Loans	7,133	900,047	907,180
Automobile Loans	60,348	1,627,800	1,688,148
General Purpose Loans	913,427	20,837,766	21,751,193
Other	-	-	-
Installment-based Commercial Loans – FC indexed	30,268	1,226,633	1,256,901
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	30,268	1,226,633	1,256,901
Other	-	-	-
Installment-based Commercial Loans – FC	806	5,453,226	5,454,032
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	806	5,395,535	5,396,341
Other	-	57,691	57,691
Corporate Credit Cards – TL	1,395,023	321	1,395,344
With Installment	462,252	321	462,573
Without Installment	932,771	-	932,771
Corporate Credit Cards – FC	136	-	136
With Installment	-	-	-
Without Installment	136	-	136
Overdraft Checking Accounts – TL (Corporate)	964,115	-	964,115
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	3,371,256	30,045,793	33,417,049

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	124,469,603	122,622,462
Foreign Loans	372,856	352,016
Total	124,842,459	122,974,478

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	141,613	145,876
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	141,613	145,876

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	95,193	96,407
Loans and Receivables with Doubtful Collectability	380,788	386,298
Uncollectible Loans and Receivables	3,852,429	3,561,333
Total	4,328,410	4,044,038

Information on non-performing loans (Net)

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period (Gross amounts before the specific reserves)	53,387	121,893	134,535
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	53,387	121,893	134,535
Prior period (Gross amounts before the specific reserves)	51,611	88,881	59,591
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	51,611	88,881	59,591

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Balance at the beginning of the period	482,035	772,154	3,596,024
Additions (+)	503,154	2,299	7,821
Transfers from other categories of loans under follow-up (+)	-	438,963	404,965
Transfers to other categories of loans under follow-up (-) ^(*)	444,904	397,932	13,348
Collections (-)	64,320	55,558	107,398
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Other</i>	-	-	-
Balance at the end of the period	475,965	759,926	3,888,064
Specific provision (-) ^(**)	95,193	380,788	3,852,429
Net balance	380,772	379,138	35,635

^(*) 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.

^(**) As of 31 March 2016, the Bank reserved 100% provision for TL 11,878 after the date it was placed in the 5th group, which is the remaining portion of non-performing loans of TL 47,513 given to a group when guarantees are taken into consideration.

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance at the end of the period	474	30,485	269,412
Specific provision (-)	95	15,243	269,412
Net balance on balance sheet	379	15,242	-
Prior Period			
Balance at the end of the period	15,261	88,082	198,835
Specific provision (-)	3,052	44,041	198,835
Net balance on balance sheet	12,209	44,041	-

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

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Loan customer concentration of gross and net amounts of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	380,772	379,138	35,635
Consumer and Commercial Loans (Gross)	468,887	748,944	3,810,936
Specific Provision (-)	93,777	375,297	3,775,301
Consumer and Commercial Loans (Net)	375,110	373,647	35,635
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	7,078	10,982	75,577
Specific Provision (-)	1,416	5,491	75,577
Other Loans and Receivables (Net)	5,662	5,491	-
Prior Period (Net)	385,628	385,856	34,691
Consumer and Commercial Loans (Gross)	475,614	762,956	3,523,032
Specific Provision (-)	95,123	381,699	3,488,341
Consumer and Commercial Loans (Net)	380,491	381,257	34,691
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	6,421	9,198	71,441
Specific Provision (-)	1,284	4,599	71,441
Other Loans and Receivables (Net)	5,137	4,599	-

6. Information on held-to-maturity investments

Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	7,351,873	-	7,546,748	-
Treasury Bills	-	-	-	-
Other Securities Issued by the	-	-	-	-
Total	7,351,873	-	7,546,748	-

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	7,496,729	7,683,950
Quoted at Stock Exchanges	7,355,698	7,552,969
Unquoted at Stock Exchanges	141,031	130,981
Impairment Losses (-)	3,825	6,221
Total	7,492,904	7,677,729

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	7,677,729	6,854,593
Foreign currency differences on monetary assets	(4,988)	44,702
Purchases during the period	406,138	1,610,704
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(677,558)	(1,129,187)
Impairment losses	2,396	(366)
Change in amortized costs of the securities (*)	89,187	297,283
Balances at the end of the period	7,492,904	7,677,729

(*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

Information on held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	483,257	141,000	492,655	141,031
Investments subject to repurchase agreements	5,757,993	-	6,509,884	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	332,691	-	349,334	-
Total	6,573,941	141,000	7,351,873	141,031

Prior Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	495,970	130,950	527,655	130,981
Investments subject to repurchase agreements	5,428,798	-	6,050,350	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	935,631	-	968,743	-
Total	6,860,399	130,950	7,546,748	130,981

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

7. Information on investments in associates

Information on investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkoşa/NCTR	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/ Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ	İstanbul/ Turkey	9.70	9.70
5 KKB Kredi Kayıt Bürosu AŞ (*)	İstanbul/ Turkey	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/ Turkey	0.07	0.07
7 İzmir Enternasyonal Otelcilik AŞ	İstanbul/ Turkey	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/Turkey	4.37	4.37
9 Kredi Garanti Fonu AŞ (*)	Ankara/ Turkey	1.69	1.69
10 Tasfiye Halinde World Vakıf UBB Ltd.	Lefkoşa/NCTR	82.00	85.24

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	865,426	82,247	9,477	66,422	4,384	3,337	11,969	-
2	21,676,709	2,878,715	749,868	237,839	100,074	136,928	99,124	2,905,877
3	3,133,473	804,348	499,021	8,505	-	196,739	206,196	-
4	62,942	34,583	45,468	207	-	4,923	2,500	-
5	154,333	113,004	81,803	4,870	-	34,774	21,834	-
6	135,958	(32,158)	88,031	571	-	(17,521)	(8,600)	-
7	106,527	1,492	89,246	-	-	1,121	(11,917)	-
8	7,092,438	911,026	101,803	217,407	16,228	174,728	121,492	-
9	303,701	299,527	5,345	15,574	-	5,483	10,288	-
10	1,327	(77,918)	-	-	-	(2,139)	(1,554)	-

(*) The financial statements for these associates as at and for the period ended 31 December 2015 are presented.

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	270,290	305,469
Movements during the period	25,362	(35,179)
Transfers	-	-
Acquisitions and capital increases	-	-
Bonus shares received	25,132	21,453
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	230	(56,632)
Impairment losses	-	-
Balance at the end of the period	295,652	270,290
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the current period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ from TL 1,750,000 to TL 2,050,000 in the Ordinary Meeting of General Assembly of the Company dated 24 March 2016, the share of the Bank amounting to TL 25,132 is presented in the movement table of investments in associates as bonus shares received.

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Türkiye Sınai Kalkınma Bankası AŞ from TL 1,500,000 to TL 1,750,000 in the Ordinary Meeting of General Assembly of the Company dated 26 March 2015, the share of the Bank amounting to TL 20,944 is presented in the movement table of investments in associates as bonus shares received.

In the prior period, subsequent to the approval of the decision of the capital of Kredi Garanti Fonu A.Ş. in the Ordinary Meeting of General Assembly of the Company dated 31 March 2015, an associate of the Bank, has been increased from TL 240,000 to TL 278,439, TL 29,000 is paid from company’s own resources and TL 9,439 is paid cash by two new shareholders and registered to commercial register on 10 April 2015. After the capital increase, Bank’s current nominal share has been increased from TL 4,211 to TL 4,719 by a bonus increase of TL 509 and Bank’s share percentage will be decreased from 1.75% to 1.69% after the involvement of two shareholders as at 10 April 2015. The share of the Bank amounting to TL 509 is presented as bonus shares received in the movement table of investments in associates.

The title 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 as “Investments in associates”. 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 on 27 August 2013. Thus, the company’s title has been changed as “World Vakıf UBB Ltd in Liquidation”.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period	Prior Period
Banks	279,533	254,171
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	4,719	4,719
Total	284,252	258,890

Quoted associates

	Current Period	Prior Period
Quoted at domestic stock exchanges	243,512	218,150
Quoted at international stock exchanges	-	-
Total	243,512	218,150

Investments in associates disposed during the period

There is not any associate disposed in the current period.

Investments in associates acquired during the period

There is not any associate acquired in the current period.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Güneş Sigorta AŞ	Vakıf Emeklilik AŞ	Vakıf Portföy Yönetimi AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	114,483	65,000	35,000	22,400	150,000	26,500	3,000	205,400	20,000
Share Premium	-	-	-	-	-	-	-	246,731	-
Other Capital Reserves	-	239	(260)	28,907	(1,493)	7,021	47	21,992	59
Securities Value Increase Fund	18,725	2,680	48,986	283	232,709	340	-	-	-
Tangible Assets' Value Increase From Revaluation	-	15,105	-	-	133,413	50,005	-	-	-
Associates And Subsidiaries Bonus Shares	-	-	-	-	59	191	-	-	-
Legal Reserves	8,824	3,910	5,644	5,128	17,179	18,385	920	4,709	395
Extraordinary Reserves	-	32,963	7,368	34,943	19,247	38,943	7,919	73,477	-
Other Profit Reserves	170,248	-	2,308	-	-	-	-	-	-
Profit/Loss	107,257	23,634	(4,587)	14,049	(324,291)	113,391	3,301	33,805	(2,771)
<i>Prior Period's Profit/Loss</i>	102,600	-	872	-	(144,975)	54,925	-	-	(2,490)
<i>Current Period's Profit/Loss</i>	4,657	23,634	(5,459)	14,049	(179,316)	58,466	3,301	33,805	(281)
Minority Rights	-	111	-	-	-	-	-	-	-
Total Core Capital	419,537	143,642	94,459	105,710	226,823	254,776	15,187	586,114	17,683
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	419,537	143,642	94,459	105,710	226,823	254,776	15,187	586,114	17,683
NET AVAILABLE EQUITY	419,537	143,642	94,459	105,710	226,823	254,776	15,187	586,114	17,683

(*) Audited BRSA financial statements as of 31 December 2015 are considered.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Bank, calculates capital adequacy in accordance with Serial:V, No: 34 numbered “Communiqué on Capital and Capital Adequacy of Intermediary Firms” of CMB every six month. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with “Communiqué on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms” published by Republic of Turkey Undersecretariat of Treasury every six month. According to the calculations at 31 March 2016, there is no capital requirement for the subsidiaries mentioned.

Information on investments in subsidiaries

Subsidiary	Address (City / Country)	Bank's Share - If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta A.Ş.	İstanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik A.Ş. (*)	İstanbul/ Turkey	53.90	75.30
3 Vakıf Faktoring A.Ş.	İstanbul/ Turkey	78.39	86.99
4 Vakıf Finansal Kiralama A.Ş. (*)	İstanbul/ Turkey	58.71	64.40
5 Vakıf Yatırım Menkul Değerler A.Ş.	İstanbul/ Turkey	99.00	99.44
6 Vakıfbank International AG	Vienna/AUSTRIA	90.00	90.00
7 Vakıf Portföy Yönetimi A.Ş.	İstanbul/ Turkey	100.00	100.00
8 Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş.	İstanbul/ Turkey	22.89	32.91
9 Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/ Turkey	38.70	40.64
10 Vakıf Enerji ve Madencilik A.Ş. (*)	Ankara/ Turkey	65.50	84.96
11 Taksim Otelcilik A.Ş.	İstanbul/ Turkey	51.00	51.52
12 Vakıf Pazarlama Sanayi ve Ticaret A.Ş. (*)	İstanbul/ Turkey	69.33	74.98
13 Vakıf Gayrimenkul Değerleme A.Ş.	Ankara/ Turkey	54.29	58.57

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	1,469,452	290,645	510,618	11,606	239	(21,523)	(52,484)	222,595
2	4,227,609	200,731	102,809	32,312	694	30,858	31,091	705,800
3	862,866	109,731	2,730	23,530	-	3,980	2,180	79,300
4	1,505,588	143,644	20,098	142,595	-	23,637	(3,863)	102,574
5	254,544	96,475	929	2,663	92	2,017	(7,066)	86,700
6	3,063,697	414,995	930	20,517	4,357	9,267	10,772	462,470
7	17,578	16,696	203	464	21	1,508	701	56,900
8	18,305	17,906	24	85	565	224	(268)	17,542
9	916,545	828,879	515,900	8,195	-	6,321	7,120	537,156
10	25,326	5,636	1,042	690	-	(2,266)	(711)	14,100
11	363,843	352,025	240,853	2,191	-	1,809	434	364,500
12	51,313	42,516	723	3,351	57	3,587	3,861	53,100
13	31,183	26,387	334	807	-	533	1,538	40,900

(*) The financial statements for these subsidiaries as at and for the period ended 31 December 2015 are presented.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	1,604,319	1,431,513
Movements during the period	4,405	172,806
Transfers	-	-
Acquisitions and capital increases	-	-
Bonus shares received	-	4,605
Dividends from current year profit	-	(26,186)
Sales and liquidations	-	-
Fair value changes	(15,140)	163,959
Impairment losses	19,545	30,428
Balance at the end of the period	1,608,724	1,604,319
Capital commitments	-	-
Share percentage at the end of the period	-	-

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	-
Measured at fair value	1,608,724	1,604,319
Equity method of accounting	-	-
Total	1,608,724	1,604,319

Sectoral distribution of investments in financial subsidiaries

	Current Period	Prior Period
Insurance companies	461,340	480,532
Banks	416,223	434,144
Factoring companies	62,163	62,163
Leasing companies	60,221	45,681
Finance companies	-	-
Other financial subsidiaries	354,628	327,650
Total	1,354,575	1,350,170

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	353,029	330,703
Quoted at international stock exchanges	-	-
Total	353,029	330,703

Investments in subsidiaries disposed during the period

There is no disposal in subsidiaries in the current period.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Investments in subsidiaries acquired during the period

In the prior period, the title of Vakıf Finans Factoring Hizmetleri A.Ş. has been changed to Vakıf Faktoring A.Ş., the aforementioned change of title has been registered on 13 April 2015.

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. from TL 203,320 to TL 205,400 by a bonus increase of TL 2,080 in the Ordinary Meeting of General Assembly of the Company dated 31 March 2015. After the capital increase, Bank’s current nominal share has been increased from TL 78,690 to TL 79,495 by bonus increase of TL 805 and Bank’s share percentage has been remained the same 38.70%. The share of the Bank amounting to TL 805 is presented as bonus shares received in the movement table of investments in subsidiaries.

In the prior period, in total full TL 12 nominal share of Vakıf Portföy A.Ş. has been purchased by Bank from other real person shareholders and Bank has signed share transfer contract with real person shareholders on 11 February 2015. Thus, Bank’s nominal share has been increased from full TL 2,999,988 to full TL 3,000,000. Bank’s share percentage has been increased from 99.99% to 100.00%.

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Değerleme A.Ş. from TL 7,000 to TL 14,000 by a bonus increase of TL 7,000 in the Ordinary Meeting of General Assembly of the Company dated 20 March 2015. After the capital increase, Bank’s current nominal share has been increased from TL 3,800 to TL 7,600 by TL 3,800 and Bank’s share percentage has been remained the same 54.29%. The share of the Bank amounting to TL 3,800 is presented as bonus shares received in the movement table of investments in subsidiaries.

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

13. Information on deferred tax assets

As at 31 March 2016 and 31 December 2015, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
Deferred tax assets:	206,014	232,350
Provision for employee termination benefits and unused vacations	90,339	87,096
Other provisions	46,943	45,287
Valuation differences of associates and subsidiaries	23,456	23,456
Valuation differences of financial assets and liabilities	34,902	67,439
BRSA - Tax Code depreciation differences	8,615	7,252
Other	1,759	1,820
Deferred tax liabilities:	(257,049)	(216,929)
Valuation differences of financial assets and liabilities	(166,773)	(127,392)
Valuation differences of associates and subsidiaries	(61,426)	(60,671)
Valuation differences of properties	(28,850)	(28,866)
Deferred tax assets/(liabilities), net	(51,035)	15,421

As at 31 March 2016 and 31 December 2015, items generating deferred tax assets or liabilities movement table is listed below:

	Cari Dönem	Önceki Dönem
As of 1 January	15,421	72,437
Deferred tax income/loss	(20,299)	(135,874)
Deferred tax that is accounted under Equity	(46,157)	78,858
Deferred tax asset/(liability)	(51,035)	15,421

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

As at 31 March 2016 assets held for sale and assets related to the discontinued operations amount to TL 1,025,159 (31 December 2015: TL 994,964).

15. Information on other assets

As at 31 March 2016 and 31 December 2015 other assets are as follows:

	Current period	Prior Period
Receivables from credit card payments	866,791	923,489
Prepaid expenses	635,703	578,292
Guarantees given for repurchase agreements	-	143,978
Guarantees given for derivative financial instruments	487,818	501,035
Receivables from term sale of assets	33,572	44,567
Other	242,181	479,469
Total	2,266,065	2,670,830

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	4,725,283	-	412,532	23,420,143	1,348,701	270,800	128,053	-	30,305,512
Foreign Currency									
Deposits	5,112,113	-	2,944,129	17,062,029	1,412,300	913,050	3,549,649	-	30,993,270
Residents in Turkey	4,892,733	-	2,895,500	16,804,429	1,190,593	615,278	979,959	-	27,378,492
Residents Abroad	219,380	-	48,629	257,600	221,707	297,772	2,569,690	-	3,614,778
Public Sector Deposits	4,840,362	-	4,126,371	7,960,261	567,962	1,442,089	213,068	-	19,150,113
Commercial Deposits	2,202,722	-	4,042,938	10,817,861	1,466,516	60,812	3,898	-	18,594,747
Other	3,754,185	-	1,171,895	3,391,984	714,437	41,654	26,104	-	9,100,259
Precious Metal									
Deposits	512,642	-	-	-	-	-	-	-	512,642
Bank Deposits	211,789	-	4,538,031	1,653,210	289,087	13,045	143,863	-	6,849,025
Central Bank	555	-	-	-	-	-	-	-	555
Domestic Banks	7,361	-	4,145,626	1,382,618	141,151	13,045	2,009	-	5,691,810
Foreign Banks	180,844	-	392,405	270,592	147,936	-	141,854	-	1,133,631
Participation Banks	23,029	-	-	-	-	-	-	-	23,029
Other	-	-	-	-	-	-	-	-	-
Total	21,359,096	-	17,235,896	64,305,488	5,799,003	2,741,450	4,064,635	-	115,505,568

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	4,424,092	-	471,519	22,041,396	1,027,318	255,301	124,971	-	28,344,597
Foreign Currency									
Deposits	4,121,923	-	3,451,462	15,829,234	1,474,397	912,706	3,462,272	-	29,251,994
Residents in Turkey	3,850,977	-	3,448,531	15,546,772	1,235,166	611,274	942,705	-	25,635,425
Residents Abroad	270,946	-	2,931	282,462	239,231	301,432	2,519,567	-	3,616,569
Public Sector Deposits	4,504,470	-	4,869,059	6,958,081	843,503	1,879,924	205,243	-	19,260,280
Commercial Deposits	2,464,867	-	3,737,839	11,417,347	161,445	50,949	1,336	-	17,833,783
Other	3,751,277	-	1,772,094	3,170,500	242,340	41,669	25,525	-	9,003,405
Precious Metal									
Deposits	625,592	-	-	-	-	-	-	-	625,592
Bank Deposits	385,739	-	3,804,547	918,327	230,210	118,489	145,571	-	5,602,883
Central Bank	1,116	-	-	-	-	-	-	-	1,116
Domestic Banks	6,477	-	3,645,258	553,924	212,223	-	-	-	4,417,882
Foreign Banks	223,598	-	159,289	364,403	17,987	118,489	145,571	-	1,029,337
Participation Banks	154,548	-	-	-	-	-	-	-	154,548
Other	-	-	-	-	-	-	-	-	-
Total	20,277,960	-	18,106,520	60,334,885	3,979,213	3,259,038	3,964,918	-	109,922,534

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	16,508,943	15,480,662	13,796,569	12,863,935
Foreign Currency Saving Deposits	5,026,738	4,788,666	12,712,046	11,939,036
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	21,535,681	20,269,328	26,508,615	24,802,971

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	21,293	24,839
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	4,742	5,438
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	7,337	24	1,508	594
Swap Transactions	162,041	224,710	109,384	149,252
Futures	-	-	-	-
Options	20,815	152	28,612	239
Other	-	-	-	-
Total	190,193	224,886	139,504	150,085

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Bank and Institutions	92,494	438,197	101,625	269,158
Foreign Banks, Institutions and Funds	237,431	17,736,062	231,158	17,954,056
Total	329,925	18,174,259	332,783	18,223,214

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	92,577	1,414,956	101,813	2,020,325
Medium and Long term (*)	237,348	16,759,303	230,970	16,202,889
Total	329,925	18,174,259	332,783	18,223,214

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 10.73% (31 December 2015: 11.17%) of the Bank’s liabilities. There is no risk concentration on funding sources of the Bank.

On 17 April 2015, Vakıfbank has obtained syndicated loan amounting to US Dollar 204 million and Euro 763 million with interest rates of US Libor + 0.80% and Euribor + 0.80% at a maturity of 367 days, with the participation of 35 banks, Wells Fargo Bank N.A., London Branch acting as coordinator and agent bank. On 20 April 2016, the loan has been renewed with a new syndicated loan amounting to US Dollar 207 million and Euro 631.5 million with the interest rate of US Libor + 0.85% and Euribor + 0.75% at a maturity of 367 days with participation of 30 banks, Wells Fargo Bank, London Branch acting as coordinator and agent bank.

On 22 September 2014, Vakıfbank has obtained syndicated loan amounting to US Dollar 168.5 million and Euro 528.75 million with interest rates of US Libor + 0.90% and Euribor + 0.90% at a maturity of one year, with the participation of 26 banks, ING Bank, London Branch acting as coordinator and agent bank. On 14 September 2015, the loan has been renewed with a new syndicated loan amounting to US Dollar 168,5 million and Euro 679.5 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year with participation of 30 banks, ING Bank, London Branch acting as coordinator and agent bank.

On 19 December 2014, the Bank has obtained securitization loan at the amount of US Dollar 928.6 million related to foreign transfers and treasury transactions in Euro and US Dollar. Loan amounting to US Dollar 500 million has been obtained related to foreign transfers at a maturity of five years and loan at the amount of US Dollar 428.6 million has been obtained related to treasury transactions at a maturity of seven years in seven different segments in total.

The loan obtained from European Bank for Reconstruction and Development (EBRD) amounting to US Dollar 125 million in 2014-A segment in order to finance medium term loans including to meet the needs of agricultural enterprises and support woman entrepreneurs. 2014-B segment of the loan has been obtained from Wells Fargo Bank, N.A., 2014-C segment of the loan has been obtained from Raiffeisen Bank International AG, 2014-D segment of the loan has been obtained from Standard Chartered Bank, 2014-E segment of the loan has been obtained from Societe Generale, 2014-G segment of the loan has been obtained from Bank of America, N.A. and 2014-F segment of the loan related to treasury transactions has been obtained from JP Morgan Securities plc. in the scope of programme. As at 31 March 2016, total securitization loan amounts to US Dollar 916 million and Euro 260 million.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

At January 2015, Vakıfbank; issued secondary subordinated bond that contains subordinated debt provision (Tier-II) which was the first that meets the criteria of Basel III in Turkey. In this context, secondary subordinated bond that contains subordinated debt provision (Tier-II) that had nominal value of 500 million USD, the redemption date of 3 February 2025, early redemption options on 3 February 2020, fixed-rate, 10 years and 1 day maturity and two interest coupon payment rate of 6.875%, the yield of the exportation 6.95% was issued.

Information on securities issued

Within the context of Global Medium Term Notes (GMTN), the Bank has issued Turkey’s first Eurobond apart from Republic of Turkey Undersecretariat of Treasury. The bond has been issued in GMTN programme on 17 June 2014 has a nominal value of Euro 500 million, maturity date on 17 June 2019 with fixed rate, 5 years maturity and annually coupon paid with 3.65% return and coupon rate 3.50%.

The context of Global Medium Term Notes (GMTN), the Bank has issued 206 private placements with 17 different banks from 2013 June on .This private placements have issued several currencies as of (USD Dollar,Euro,Swiss Frank and Japanese Yen) and the maturities are 3 months, 6months, 1 year and 2 years. Bank has issued Dollar 4,408 million US private placements as of the date of 22 April 2016. The total private placements are Dollar 187 million US as of the same date on.

Current Period	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	3,041,158	-	188,940	6,236,424
Cost	2,921,478	-	188,933	6,191,129
Net Book Value	3,007,503	-	189,191	6,356,188

Prior Period	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	3,197,582	-	946,566	6,418,184
Cost	3,068,550	-	946,565	6,371,968
Net Book Value	3,128,044	-	949,615	6,470,100

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 do not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under financial leasing

None.

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

Negative fair values of hedging purpose derivatives

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables in Group I	1,625,854	1,606,200
-Additional provision for loans with extended payment plans	27,775	26,422
Provisions for loans and receivables in Group II	236,494	231,853
-Additional provision for loans with extended payment plans	24,835	21,057
Provisions for non-cash loans	111,430	106,422
Other	13,648	13,128
Total	1,987,426	1,957,603

Provision for currency exchange loss on foreign currency indexed loans

	Current Period	Prior Period
Provision for currency exchange gain/loss on foreign currency indexed loans	79,670	17,160

The Bank has recorded provision amounting to TL 79,670 (31 December 2015: TL 17,160) for foreign exchange losses on principal amounts of foreign currency indexed loans and reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans.

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

As of 31 March 2016, Bank has recorded TL 43,095 (31 December 2015: TL 40,930) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on other provisions

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Provisions for credits	190,490	182,585
Specific provisions for non-cash loans	43,095	40,930
Provision for cheques	53,773	47,020
Provisions for lawsuits against the Bank	4,755	4,755
Provisions for credit card promotions	8,797	9,100
Other provisions	6,885	6,885
Total	307,795	291,275

Information on provision for probable risks

None.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation

Current taxes

Tax provision

As at and for the three month ended 31 March 2016, the tax provision was amounted to TL 506,158 (31 December 2015: TL 403,602). As at 31 March 2016, corporate tax liabilities of the Bank was amounted to TL 387,924 (31 December 2015: TL 171,734), after deducting prepaid taxes paid during temporary tax periods amounted to TL 118,234 (31 December 2015: TL 231,868).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	118,234	231,868
Taxation on securities	160,104	151,721
Capital gains tax on property	2,877	2,451
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	70,723	76,418
Value added tax payable	1,851	3,754
Other	54,279	22,168
Total	408,068	488,380

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	1,527	685
Unemployment insurance- employer share	3,053	1,370
Other	-	-
Total	4,580	2,055

Information on deferred tax liabilities

Information on deferred tax liabilities is presented in disclosure 13 of information and disclosures related to assets.

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

None.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

10. Information on subordinated loans

The Bank has issued bond having the secondary subordinated loan quality to be sold to non-resident natural and legal persons. The bond has been issued at the nominal value of US Dollar 500 million with the maturity of 10 years and 6.0% coupon rate. In addition to the bond issued on 1 November 2012, on 3 December 2012 the Bank has realized second tranche at nominal value of US Dollar 400 million, has the same due date and maturity of 10 years and 5.5% coupon rate.

The Bank has issued secondary subordinated loan (Tier II bond) as at January 2015 which contains Basel-III criteria. In this context, the bond has been issued at the nominal value of US Dollar 500 million with the maturity date of 3 February 2025 and early call option date of 3 February 2020. The bond has fixed interest, 10 years and one day maturity, two times interest payment in a year with coupon rate of 6.875% and issue yield of 6.95%.

Stated bonds’ total balance sheet value is TL 4,053,032 as of 31 March 2016 (31 December 2015: TL 4,169,474).

11. Information on equity

Paid-in capital

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

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

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	10,000,000

At the resolutions of Board of Directors dated 2 January 2015 and 61st Ordinary Meeting of the General Assembly dated 30 March 2015, Bank’s ceiling per registered share capital has been increased from TL 5,000,000 to TL 10,000,000.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	592,280	185,418	571,129	191,529
Fair value differences of available-for-sale securities	(129,891)	287,653	(264,492)	239,608
Foreign exchange differences	81,726	-	92,639	-
Total	544,115	473,071	399,276	431,137

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Commitments for credit card limits	7,862,328	7,399,361
Loan granting commitments	8,374,726	8,482,816
Commitments for cheque payments	1,991,904	1,805,569
Asset purchase sale commitments	6,149,550	3,843,373
Other	1,309,512	1,231,793
Total	25,688,020	22,762,912

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

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

The Bank provided specific provision amounting to TL 107,649 (31 December 2015: TL 97,721) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 43,095 (31 December 2015: TL 40,930).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final letters of guarantee	9,431,998	9,289,202
Letters of guarantee for advances	3,515,075	3,438,136
Letters of guarantee given to custom offices	1,028,744	1,030,530
Provisional letters of guarantee	833,654	935,981
Other letters of guarantee	12,008,398	12,096,954
Total	26,817,869	26,790,803

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	2,207,191	2,899,661
<i>With original maturity of 1 year or less</i>	584,082	1,176,515
<i>With original maturity of more than 1 year</i>	1,623,109	1,723,146
Other non-cash loans	30,495,817	30,168,700
Total	32,703,008	33,068,361

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	84,389	0.38	291,789	2.77	87,249	0.40	132,021	1.20
Farming and Cattle	79,683	0.36	290,878	2.77	82,686	0.37	132,021	1.20
Forestry	3,509	0.02	911	0.01	3,528	0.02	-	-
Fishing	1,197	0.01	-	-	1,035	0.01	-	-
Manufacturing	9,780,615	44.09	5,246,814	49.88	9,811,692	44.43	5,696,876	51.86
Mining	1,214,538	5.47	125,181	1.19	1,252,878	5.67	106,628	0.97
Production	5,714,517	25.76	4,715,378	44.83	5,526,001	25.03	5,309,883	48.34
Electric, gas and water	2,851,560	12.85	406,255	3.86	3,032,813	13.73	280,365	2.55
Construction	3,195,905	14.41	2,315,665	22.02	3,374,531	15.28	2,224,897	20.25
Services	8,016,873	36.14	2,288,648	21.76	8,030,112	36.36	2,516,870	22.92
Wholesale and retail trade	3,334,157	15.03	1,465,375	13.93	3,444,760	15.60	1,584,498	14.42
Hotel, food and beverage Services	113,506	0.51	2,185	0.02	110,961	0.50	1,218	0.01
Transportation and telecommunication	1,147,681	5.17	649,497	6.17	1,172,317	5.31	736,976	6.71
Financial institutions	2,233,924	10.07	29,392	0.28	2,090,603	9.47	32,774	0.30
Real estate and renting Services	308,665	1.39	41,257	0.39	325,256	1.47	33,663	0.31
Self-employment services	597,954	2.70	86,570	0.82	610,338	2.76	110,414	1.01
Education services	24,017	0.11	5,047	0.05	23,752	0.11	4,018	0.04
Health and social services	256,969	1.16	9,325	0.09	252,125	1.14	13,309	0.12
Other	1,106,796	4.99	375,514	3.57	780,253	3.53	413,860	3.77
Total	22,184,578	100.00	10,518,430	100.00	22,083,837	100.00	10,984,524	100.00

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	21,816,032	4,695,167	176,388	25,312
Confirmed Bills of Exchange and Letters of Credit	86,049	802,570	-	1,118
Endorsements	3,178	4,846,120	-	133,260
Purchase Guarantees for Securities	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	10,165	-	-
Non-Cash Loans	21,905,259	10,354,022	176,388	159,690

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	21,714,478	4,787,077	173,386	20,949
Confirmed Bills of Exchange and Letters of Credit	86,762	1,388,757	-	-
Endorsements	16,306	4,761,086	-	11,317
Purchase Guarantees for Securities	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	10,522	-	-
Non-Cash Loans	21,817,546	10,947,442	173,386	32,266

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**III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)**

5. Contingent assets and liabilities

Bank allocates TL 4,755 as provision for lawsuits against the Bank (31 December 2015: TL 4,755).

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Bank’s custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term Loans	1,034,974	36,463	728,687	32,199
Medium and Long-Term Loans	1,748,473	384,346	1,494,132	321,119
Non-performing Loans	42,391	-	24,859	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2,825,838	420,809	2,247,678	353,318

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	544	169	425	176
Foreign Banks	-	4,815	47	890
Foreign Head Office and Branches	-	-	-	-
Total	544	4,984	472	1,066

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

Information on interest income received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets held for trading	-	-	-	-
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	358,462	64,582	247,161	57,625
Investments held to maturity	210,723	256	118,588	103
Total	569,185	64,838	365,749	57,728

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1,276	1,196

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7,982	56,565	16,865	45,423
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	1,550	1,074	2,259	436
Foreign Banks	6,432	55,491	14,606	44,987
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	9,625	-	4,874
Total	7,982	66,190	16,865	50,297

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	19,802	17,055

Interest expense on securities issued

Interest paid to securities issued as at for the three month ended 31 March 2016 is TL 154,345 (31 March 2015: TL 134,970).

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

Maturity structure of the interest expense on deposits

Current Period	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	18,929	19,618	4,001	-	26	-	42,574
Saving deposits	-	9,450	663,374	31,259	6,612	2,659	-	713,354
Public sector deposits	7,320	91,084	188,818	17,170	45,907	5,085	-	355,384
Commercial deposits	-	94,493	319,820	21,651	1,620	33	-	437,617
Other deposits	3	22,919	91,459	11,849	834	440	-	127,504
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	7,323	236,875	1,283,089	85,930	54,973	8,243	-	1,676,433
<i>FC</i>								
Foreign currency deposits	3,690	7,773	92,280	7,190	4,422	17,357	-	132,712
Interbank deposits	104	206	1,484	416	33	3,138	-	5,381
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	3,794	7,979	93,764	7,606	4,455	20,495	-	138,093
Grand Total	11,117	244,854	1,376,853	93,536	59,428	28,738	-	1,814,526

Prior Period	Demand Deposits	Time Deposits					Cumulative deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	9,376	23,774	-	1,050	7,596	-	41,796
Saving deposits	-	10,978	433,513	33,377	7,380	2,737	-	487,985
Public sector deposits	1,823	51,986	138,639	10,707	64,092	3,846	-	271,093
Commercial deposits	24	108,288	226,328	11,002	5,895	109	-	351,646
Other deposits	-	14,779	54,583	8,793	2,103	476	-	80,734
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	1,847	195,407	876,837	63,879	80,520	14,764	-	1,233,254
<i>FC</i>								
Foreign currency deposits	3,803	6,856	71,871	7,750	4,233	16,832	-	111,345
Interbank deposits	-	100	1,469	45	1,550	-	-	3,164
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	3,803	6,956	73,340	7,795	5,783	16,832	-	114,509
Grand Total	5,650	202,363	950,177	71,674	86,303	31,596	-	1,347,763

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**IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)**

3. Information on trading income/losses

	Current Period	Prior Period
Income	1,326,110	1,589,525
Income from capital market operations	10,310	54,525
Income from derivative financial instruments	1,072,753	956,533
Foreign exchange gains	243,047	578,467
Losses	(1,306,965)	(1,530,147)
Loss from capital market operations	(943)	(3,504)
Loss from derivative financial instruments	(1,089,687)	(963,674)
Foreign exchange loss	(216,335)	(562,969)
Net trading profit/loss	19,145	59,378

Net income arising from changes in foreign exchange rates that relate to the Bank’s foreign exchange rate based derivative financial instruments is amounting to TL 4,751 as at and for the three month ended 31 March 2016 (31 March 2015: TL 5,171 net loss).

4. Information on other operating income

	Current Period	Prior Period
Income from reversal of specific provisions for loans	163,057	206,909
Communication income	12,267	12,241
Gain on sale of assets	34,476	18,162
Rent income	268	316
Other income	35,335	41,629
Total	245,403	279,257

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

**IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)**

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	444,854	264,574
<i>Loans and receivables in Group III</i>	95,801	75,258
<i>Loans and receivables in Group IV</i>	133,692	136,925
<i>Loans and receivables in Group V</i>	215,361	52,391
Non-performing commissions and other receivables	-	-
General provision expenses	34,113	151,833
Provision for possible losses	-	-
Impairment losses on securities:	4,576	5,028
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	4,576	5,028
Impairment losses from associates, subsidiaries, joint ventures, and marketable securities held to maturity :	6,117	6,515
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	6,117	6,515
Other ^(*)	19,487	21,444
Total	509,147	449,394

(*) Other provision expenses amounting to TL 19,487 (31 March 2016: TL 21,444) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 11,582 (31 March 2015: TL 7,253) and free provision expenses related to loans and receivables amounting to TL 7,905 (31 March 2015: TL 14,191)

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	369,286	333,347
Reserve for Employee Termination Benefits	16,217	14,365
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	32,237	30,117
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	5,123	3,989
Impairment Losses on Assets to be Disposed	617	966
Depreciation Expenses on Assets to be Disposed	5,344	4,075
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	354,150	307,138
<i>Operational lease expenses</i>	54,600	49,183
<i>Repair and maintenance expenses</i>	9,894	7,166
<i>Advertisement expenses</i>	15,483	20,994
<i>Other expenses</i>	274,173	229,795
Loss on sale of assets	237	288
Other (*)	148,845	161,027
Total	932,056	855,312

(*) Other operating expenses amounting to TL 148,845 (31 March 2015: TL 161,027) is comprised of provision expenses for dividends to the personnel amounting to TL 35,636 (31 March 2015: TL 32,054), tax, fees and funds expenses amounting to TL 31,093 (31 March 2015: TL 30,427), “Saving Deposits Insurance Fund” expenses amounting to TL 32,357 (31 March 2015: TL 27,008) and other operating expenses amounting to TL 49,759 (31 March 2015: TL 71,538).

7. 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 1-6 in this section.

8. 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 10 in this section.

9. 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 1-12 in this section.

10. Provision for taxes

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

In the current period, the Bank has recorded a tax charge of TL 102,648 (31 March 2015: TL 72,801) from the net taxable profit calculated in accordance the laws and regulations in effect.

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

Deferred tax benefit of the Bank is detailed in the table below.

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination / (Reversal) of Deductible Temporary Differences	7,314	(54,404)
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(27,613)	(3,069)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from Tax Rate Change	-	-
Total	(20,299)	(57,473)

11. 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 3,916,177 interest income, TL 227,031 net fees and commissions income and incurred TL 2,365,200 interest expenses, from ordinary banking transactions (31 March 2015: TL 3,029,168 interest income, TL 1,789,005 interest expenses, TL 228,679 net fees and commissions income).

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

None.

12. Information related to the 20% of the sub-accounts belonging to components of other items in the statement of income exceeding 10% of the group total

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.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP

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

Current Period	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	145,876	955,222	-	28,550	822	15,858
Balance at the end of the period	141,613	966,458	-	29,090	5,748	16,085
Interest and commission income	1,276	341	-	29	-	12
Prior Period	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	74,105	721,258	-	10,174	6,238	13,087
Balance at the end of the period	145,876	955,222	-	28,550	822	15,858
Interest and commission income	1,196	125	-	10	1	11

Information on deposits held by the Bank’s risk group

Bank’s Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	965,832	898,566	740,156	713,966	104,508	115,831
Balance at the end of the period	1,634,150	965,832	749,066	740,156	134,865	104,508
Interest on deposits	19,802	17,055	13,629	11,527	108	483

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

None

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V. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP
(Continued)

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

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

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

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

Pricing policy and other conditions of transactions with the risk group of the Bank are determined and applied on arm’s length basis. The ratio of cash and non-cash loans given to the Bank’s risk group to total cash and non-cash loans are 0.12% (31 December 2015: 0.12%) and 3.09% (31 December 2015: 3.02%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	147,361	0.12
Non-cash loans	1,011,633	3.09
Deposits	2,518,081	2.18
Forward and option	-	-

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	146,698	0.12
Non-cash loans	999,630	3.02
Deposits	1,810,496	1.65
Forward and option	-	-

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

As per the resolution of 62nd Annual General Assembly held on 29 March 2016, the net profit of year 2015 has been decided to be distributed as follows:

	Profit Distribution Table of Year 2015
Bank’s unconsolidated profit in its statutory financial statements	1,930,109
Net profit of the year subject to distribution	1,930,109
Legal reserves	193,012
<i>First Legal Reserves</i>	96,506
<i>Reserves allocated according to banking law and articles of association.</i>	96,506
Net profit of the year subject to distribution	1,737,097
Gain on sale of immovable and shares of associates and subsidiaries	1,660
Extraordinary reserves	1,635,437
Dividends to shareholders	100,000

II. INFORMATION ON THE BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

February 2016 (*)	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-

October 2015 (*)	Moody’s Investors’ Service
Baseline Credit Assessment	ba1
Local Currency Deposit Rating	Baa3/P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3/P-3
Foreign Currency Outlook	Negative

July 2015 (*)	Standard&Poors
Foreign Currency Credit Rating	BB+/B
Foreign Currency Outlook	Negative
Local Currency Credit Rating	BB+/B
Local Currency Outlook	Negative
National	trAA+ / trA-1
Bank Survivability Assessment	N,R

December 2014 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Foreign Currency Outlook	Stable

(*) Dates represent last report dates.

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OTHER DISCLOSURES (Continued)

**III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE
THAT ARE NOT RESULTED**

On April 20, 2016, under the coordination of Wells Fargo Bank NA and National Bank of Abu Dhabi, VakıfBank signed a 367-days term syndication loan agreement amounting USD 207 million and EUR 631.5 million with the participation of 30 banks from 15 countries. The loan will be used for trade finance purposes and the all-in cost is LIBOR +0.85% for USD tranche and EURIBOR +0.75% for Euro tranche.

VakıfBank bonds of which value date are 29 April 2016 have been issued and offered to public through book-building totally 600 million (Full TL) on 25-26-27 April 2016, amounting TL 300 million (Full TL) with 119 days maturity and maturity date of which is 26 August 2016, amounting TL 200 million (Full TL) with 154 days maturity and maturity date of which is 30 September 2016 and amounting TL 100 million (Full TL) with 210 days maturity and maturity date of which is 25 November 2016.

As a result, VakıfBank bond with the ISIN Code TRQVKFB81633 which has 9.6331% annual compound interest, 9.3362% simple interest and issue price was TL 97,046 with amounting TL 234,452,702 (Full TL) with 119 days maturity and maturity date of which is 26 August 2016. VakıfBank bond with the ISIN Code TRQVKFB91624 which has 9.7661% compound interest, 9.5038% simple interest and issue price was TL 96,145 with amounting TL 76,420,083 (Full TL) with 154 days maturity and maturity date of which is 30 September 2016. VakıfBank bond with the ISIN Code TRQVKFBK1611 which has 10.1112% compound interest, 9.9039% simple interest and issue price was TL 94,609 with amounting TL 49,831,150 (Full TL) with 210 days maturity and maturity date of which is 25 November 2016.

Bond has been issued on 29 April 2016, amounting TL 433.9 million (Full TL) with 112 days maturity.

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SECTION SEVEN

I. LIMITED REVIEW REPORT

1. Information on limited review report

The Bank’s unconsolidated interim financial statements and footnotes as at and for three-month period ended 31 March 2016 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). It was noted in their review report dated 5 May 2016 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank’s financial position and results of its operations.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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SECTION EIGHT

INFORMATION ON INTERIM ACTIVITY REPORT

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF
DIRECTORS AND CEO’S ASSESSMENTS FOR THE INTERIM ACTIVITIES**

VakıfBank in brief:

Operation Date	13 April 1954
Head Office	İstanbul
Paid-in Capital	TL 2,500,000,000
Employees	15,314
Domestic Branches	917 (836 Branch, 81 Representative Office)
Foreign Branches	3 (New York Branch, Bahrain Branch, Erbil Branch)
Associates and Subsidiaries	23
Independent Audit Firm	Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Address	Türkiye Vakıflar Bankası T.A.O. Head Office Sultan Selim Mahallesi, Eski Büyükdere Caddesi No:59 Kağıthane/İstanbul
Phone	(0212) 398 15 15 - (0212) 398 10 00
Fax	(0212) 398 11 55
Web Site	http://www.vakifbank.com.tr

VakıfBank Organizational Structure:

GROUP	SHAREHOLDERS	CAPITAL (TL)	PERCENTAGE %
A	Registered foundations represented by the General Directorate of the Foundations	1,075,058,640	43.00
B	Registered foundations represented by the General Directorate of the Foundations	386,224,785	15.45
B	Other appendant foundations	3,080,407	0.12
B	Other registered foundations	1,448,543	0.06
C	VakıfBank Mem.ve Hizm. Em. ve Sağ.Yard.San.Vakfi	402,552,666	16.10
C	Other real persons and legal entities	1,532,753	0.06
D	Publicly traded	630,102,206	25.21
TOTAL		2,500,000,000	100.00

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Members of the Board of Directors:

NAME - SURNAME	TITLE - RESPONSIBILITY	GROUP	DATE OF APPOINTMENT
Ramazan GÜNDÜZ	Chairman of the Board of Directors	Group C	29 March 2013
Mehmet Emin ÖZCAN	Deputy Chairman of the Board	Group D - Independent	29 March 2013
Halil AYDOĞAN	General Manager Executive Director of the Board	-	29 March 2013
İsmail ALPTEKİN	Member of the Board of Directors	Group A	6 April 2009
Dr. Adnan ERTEM	Member of the Board of Directors	Group A	28 October 2010
Sabahattin BİRDAL	Member of the Board of Directors	Group C - Independent	31 March 2014
Öztürk ORAN	Member of the Board of Directors	Group A - Independent	30 April 2014
Dilek YÜKSEL	Member of the Board of Directors	Group B	29 March 2016

Members of Audit Board:

NAME - SURNAME	TITLE - RESPONSIBILITY	DATE OF APPOINTMENT
Yunus ARINCI	Member of Audit Board	19 March 2010
Mehmet Emin BAYSA	Member of Audit Board	29 March 2016

Members of Audit Committee:

NAME - SURNAME	TITLE - RESPONSIBILITY	DATE OF APPOINTMENT
Mehmet Emin ÖZCAN	Member of Audit Committee	4 April 2014
Sabahattin BİRDAL	Member of Audit Committee	4 April 2014

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Top Management:

NAME - SURNAME	TITLE - RESPONSIBILITY	DATE OF APPOINTMENT
Halil AYDOĞAN	General Manager	29 March 2013
Metin Recep ZAFER	Executive Vice President (Accounting and Financial Affairs, Treasury and Foreign Operations, Banking Operations, Consumer Coordination Attendant)	13 June 2006
Hasan ECESoy	Executive Vice President (Treasury, International Banking and Investor Relations, Coordination of Foreign Branches)	18 June 2010
Serdar SATOĞLU	Executive Vice President (Private Banking, Subsidiaries)	2 July 2010
Ali Engin EROĞLU	Executive Vice President (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
Osman DEMREN	Executive Vice President (Commercial and Corporate Loans, Retail and SME Loans, Appraisal and Financial Analysis)	6 April 2011
Muhammet Lütfü ÇELEBİ	Executive Vice President (Commercial and Corporate Banking, SME Banking, Cash Management Transactions, Bank Insurance)	23 October 2013
Mustafa SAYDAM	Executive Vice President (Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations)	28 October 2013
Mehmet Emin KARAAĞAÇ	Executive Vice President (Loans and Follow-up, Legal Affairs)	8 November 2013

In the 62nd Ordinary General Assembly meeting of the Bank held on March 29, 2016, duties of Mr. Şeref Aksaç (Board member) and Mr. Mehmet Haltaş (Audit Board member) terminated. In the same meeting, as per the resolution, Mrs. Dilek Yüksel has been appointed as a member of the Board of Directors and Mr. Mehmet Emin Baysa has been appointed as a member of Audit Board.

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Significant Financial Indicators:

BALANCE SHEET (TL Million)	MARCH 2016	DECEMBER 2015	DIFFERENCE (%)
TOTAL SECURITIES	25,653	24,452	4.91
LOANS	124,842	122,974	1.52
-Corporate and Commercial Loans	87,454	86,364	1.26
-Retail Loans	37,389	36,611	2.13
DEPOSITS	115,506	109,923	5.08
-Term Deposits	94,146	89,645	5.02
-Demand Deposits	21,359	20,278	5.33
FUNDS BORROWED	18,504	18,556	(0.28)
SUBORDINATED LOANS	4,053	4,169	(2.79)
SECURITIES ISSUED	9,553	10,548	(9.43)
EQUITY	17,371	16,768	3.60
TOTAL ASSETS	189,829	182,947	3.76
NON-CASH LOANS	32,703	33,068	(1.10)

INCOME STATEMENT (TL Million)	MARCH 2016	MARCH 2015	DIFFERENCE (%)
INTEREST INCOME	3,916	3,029	29.28
INTEREST EXPENSE	2,365	1,789	32.21
NET INTEREST INCOME	1,551	1,240	25.06
NET FEE&COMMISSION INCOME	227	229	(0.72)
DIVIDEND INCOME	38	62	(38.42)
TRADING INCOME/LOSSES (Net)	19	59	(67.76)
OTHER OPERATING INCOME	245	279	(12.12)
TOTAL OPERATING PROFIT	2,081	1,870	11.30
PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	509	449	13.30
OTHER OPERATING EXPENSES (-)	932	855	8.97
PROFIT BEFORE TAX	640	565	13.23
TAX PROVISION (-)	(123)	(130)	(5.62)
NET PROFIT/LOSS	516.7	435	18.88

RATIOS (%)	MARCH 2016	DECEMBER 2015
LOANS/TOTAL ASSETS	65.77	67.22
LOANS/DEPOSITS	108.08	111.87
NPL RATIO	3.94	3.79
CAPITAL ADEQUACY RATIO	14.08	14.52
RETURN ON AVERAGE ASSETS (ROA)	1.11	1.13
RETURN ON AVERAGE EQUITY (ROE)	12.11	12.24
INTEREST INCOME/INTEREST EXPENSE	165.57	167.37
NON-INTEREST INCOME/NON-INTEREST EXPENSE	33.87	37.47

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Assessment of the Chairman of the Board of Directors

Esteemed Stakeholders,

As it is known, the year 2015, became a year of continuation of expansionary monetary policies of developed countries’ central banks, due to the concerns related to deflation and the growth rates that goes low, particularly in Euro Zone. Looking at the first quarter of 2016; it seems that the aforesaid risks have not been set aside. During this period, due to the fact that the expected recovery in economy did not start and inflation did not increase, the European Central Bank (ECB), cut the deposit rate by 10 bps to -0.40%, repo and lending rates to 0% and 0.25%, respectively. In addition, ECB increased the asset purchasing amount from EUR 60 billion to EUR 80 billion, and added the non-bank bonds to the bond purchasing programme.

In addition to the developments in the Europe, China and Japan also continued to their expansionary money policies. In 2015, Chinese economy showed the weakest growth performance since 1990, with a growth rate of 6.9%. In the first quarter of 2016, Chinese economy grew by 6.7% in line with expectations through leaping of the real estate sector, relief in the markets and with the support of expansionary monetary policy. Also in this period, the Central Bank of Japan (BOJ) cut the policy rate to -0.10% with a surprising decision. BOJ aims to encourage banks to lend instead of holding reserve at the central bank through the negative interest rate move.

Another subject followed by the markets in 2015 is USA Federal Reserve’s interest rate hike. The Fed at its meeting in March 2016, did not increase the interest rates, remaining the interest rates 0.25-0.50% band. On the other hand Fed members, have foreseen two interest rate hike in 2016. In a statement issued after the meeting, it is announced that the interest rates will be increased gradually.

In this period, the CBRT has lowered its upper band of interest rate corridor by 25 bps to 10.50%. Thus, CBRT started its simplification steps, by the support of the inflation backwards and the decrease in the exchange rates and the market interest rates, and the decreasing of the interest rates hike expectation to 2 times per year from 4 times per year, in the meeting of march meeting of Fed.

In a period that global risks continued, Turkey grew by 5.7% in the fourth quarter of 2015, closing the year with a 4% growth rate. In addition, inflation and current account deficit continued to decline during this period.

Making a strong start to 2016, VakıfBank’s total assets reached TL 189,829 million as of the first quarter. Total deposits reached TL 115,506 million, while total cash loans reached TL 124,842 million, and total equity reached TL 17,371 million. While The Bank’s total assets and total loans continue to grow, its net income increased by 18.88% reaching TL 516.7 million compared to the same period of last year with the support of leaving behind the uncertainties of the election year.

Our faith is complete that we can gain more successful results in terms of profitability and growth, by the support of our employees and the trust of our customers and stakeholders. By the way; I extent my gratitude on behalf of our Bank to our customers, employees, shareholders and investors who have share in our success.

Yours sincerely,

Ramazan Gündüz
Chairman of the Board of Directors

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Assessment of the General Manager:

Esteemed Stakeholders,

2015 was a year of relaxation in the monetary policy due to concern of low growth and deflation for many 2015 developed countries` central banks. In our country, thanks to the political and economic stability provided in the last 14 years, decisive implementation of economic and fiscal policies and the trust environment in the markets, the economic impacts of the global crisis has been removed and significant improvements have been seen in the macroeconomic parameters. Through the sustainable growth environment, Turkish economy continues to grow stronger every day.

Throughout the strong capital base, well balanced balance sheet structure and anticipated targets, with the strong support of Turkey, VakıfBank makes a distinguished name for itself by continuously growing and taking pioneering steps. We have successfully left 2015 behind. As in yearend 2015, we continued to increase our loans and support the economy without making concession from our profitability. As a matter of the fact, VakıfBank`’s total assets reached TL 189,829 million, at the end of March 2016. Already, TL 87,454 million as commercial loans, TL 37,389 million as retail loans, TL 32,703 million as non-cash loans, TL 157,546 million in total have been provided for the economy.

As a family, VakıfBank also worked for finding solutions to financial needs of Turkey in this period. For example, on the one hand we consulted on systematic infrastructure to our SMEs, on the other hand we provided the agricultural producers a harvest period loan, so provided an easy payment. As in 2015, we continue our leading position in the visionary field of project finance which creates employment, prepares our country stronger to the future like 3rd airport, 3rd bridge and highway projects.

We also continued to expand our resources in a healthy manner in this period. In the first quarter of 2016; total deposits reached TL 115,506 million, within the strategy of expanding the deposit base. Moreover, in order to diversify the funding sources and extend the maturity of liabilities, we continued to issue domestic and foreign securities.

The equity of the Bank increased to TL 17,371 million. Net income of the Bank increased by 18.88% compared to the same period of previous year, reaching TL 516.7 million.

VakıfBank published its first sustainability report in this period. This report which is one of the concrete steps that we take on the sustainability field in the last two years, reveals our responsible and sensitive applications to all shareholders, society and environment. As a one of the pioneer banks in sustainable energy financing, we both provide funding resources to our country and encourage the companies to go towards more environmentalist technologies with the loan agreements we signed with international finance institutions.

We look at the future more hopefully while we leave the year of 2015 behind, which had uncertainties due to the elections, in the first quarter of 2016. In continuation of 2016, while we continue to contribute to the all kinds of project finance which the state and the government attach importance, and which are intended for exportation, and employment, and production in accordance with our main strategies, we also aim to increase our customer number in every segment, especially in SME loans. In addition, we plan to gain market share rapidly by making great strides in the field of agricultural banking which has great importance for us. I would like to express my gratitude to our customers particularly, who has part in our successes, to our employees, shareholders and Board of Directors.

Best regards,

Halil AYDOĞAN
General Manager and
Executive Director of the Board of
Directors

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Assessment of Financial Status:

By maintaining its ongoing growth without compromising from its asset quality in the first quarter of 2016, VakıfBank’s total assets increased to TL 189,829 million. In this period, our performing loans reached TL 124,842 million. The share of total loans in total assets realized as 65.77%. Looking at the breakdown of loans, commercial loans reached TL 87,454 million, retail loans reached TL 37,389 million. In the same period, non-performing loans increased by 5.64% which is below the sector average, and the NPL ratio stood at 3.94%.

In addition to the asset quality in the first quarter of 2016, VakıfBank continued its strong position in terms of profitability and funding structure. During this period, the average return on assets was realized at 1.11%, the average return on equity was 12.11%, and the capital adequacy ratio was 14.08%.

Also, domestic and foreign bank bonds in different types and maturities were issued by the Bank in order to diversify funding sources, to help cost control, to contribute positively to the liquidity management; and to support loan growth.

Bank bonds with TL 400,000,000 nominal value and 91 days’ maturity, TL 200,000,000 nominal value and 175 days’ maturity, TL 100,000,000 nominal value and 210 days’ maturity were offered to public by the Bank through book building method on January 25-26-27, 2016; a total nominal of TL 692,979,840 has been demanded for public offer. In this content, all demands of individual and institutional investors have been covered. The nominal amount of TL195,359,044 (40%) portion of the 91-days bond has been allocated to domestic individual investors; the nominal amount of TL 289,398,551 (60%) portion has been allocated to domestic institutional investors. The nominal amount of TL 65,867,746 (77%) portion of 175-days bond has been allocated to domestic individual investors; the nominal amount of TL 19,638,679 (23%) portion has been allocated to domestic institutional investors. The nominal amount of TL 50,215,820 (41%) portion of 210-days bond has been allocated to domestic individual investors; the nominal amount of TL 72,500,000 (59%) portion has been allocated to domestic institutional investors.

Bank bonds with TL 400,000,000 nominal value and 91 days’ maturity, TL 200,000,000 nominal value and 147 days’ maturity, TL 100,000,000 nominal value and 217 days’ maturity were offered to public by the Bank through book building method on February 22-23-24, 2016; a total nominal of TL 663,761,276 has been demanded for public offer. In this content, all demands of individual and institutional investors have been covered. The nominal amount of TL 180,508,372 (53%) portion of the 91-days bond has been allocated to domestic individual investors; the nominal amount of TL 157,725,035 (47%) portion has been allocated to domestic institutional investors. The nominal amount of TL 57,138,611 (23%) portion of the 147-days bond has been allocated to domestic individual investors; the nominal amount of TL 189,116,323 (77%) portion has been allocated to domestic institutional investors. The nominal amount of TL 32,672,902 (41%) portion of the 217-days bond has been allocated to domestic individual investors; the nominal amount of TL 46,600,000 (59%) portion has been allocated to domestic institutional investors.

Bank bonds with TL 400,000,000 nominal value and 112 days’ maturity, TL 200,000,000 nominal value and 147 days’ maturity, TL 100,000,000 nominal value and 203 days’ maturity were offered to public by the Bank through book building method on March 28-29-30, 2016; a total nominal of TL 501,218,769 has been demanded for public offer. In this content, all demands of individual and institutional investors have been covered. The nominal amount of TL 188,137,317 (68%) portion of the 112-days bond has been allocated to domestic individual investors; the nominal amount of TL 88,997,815 (32%) portion has been allocated to domestic institutional investors. The nominal amount of TL 115,251,832 (63%) portion of the 147-days bond has been allocated to domestic individual investors; the nominal amount of TL 68,083,762 (37%) portion has been allocated to domestic institutional investors. The nominal amount of TL 19,636,008 (48%) portion of the 203-days bond has been allocated to domestic individual investors; the nominal amount of TL 21,112,035 (52%) portion has been allocated to domestic institutional investors.

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Assessment of Financial Status (continued):

When looking at the market shares which is one of the significant indicators regarding the financial status, it is observed that the market share of retail loans increased from 9.51% to 9.70% in this period. The Bank's market share of residential mortgage loans decreased from 10.53% to 10.66% in this period. It is seen that the market share of auto loans increased from 7.24% to 7.35%, and the market share of credit cards increased from 4.87% to 5.07%. The Bank's market share of general purpose consumer loans increased from 11.01% to 11.16% in this period.

In the first quarter of 2016, the Bank's total deposits increased by 5.08% reaching TL 115,506 million, and accordingly the market share of deposits increased from 8.83% to 9.05%. During this period, the Bank achieved TL 516.7 million net income and thus increased its net income by 18.88% compared to the same period last year. In this period, interest income increased by 29.28% and interest expense increased by 32.21% compared to the same period last year.

VakıfBank will continue its growth-oriented strategies by particularly activating the operational improvements to strengthen the equity, to reduce the non-interest expenses, and to increase the non-interest income; it will maintain its activities oriented to increase the current market shares.

Affiliates and Subsidiaries:

There is no acquired or disposed affiliates or subsidiaries of VakıfBank during the current period. Information on the subsidiaries and affiliates is available in 2015 Annual Report.

Contributing the economy through its subsidiaries which operate in different sectors besides modern banking services, VakıfBank has 23 associates and subsidiaries as of March 2016. 4 of the subsidiaries and affiliates are active in banking, 2 of them are in insurance business, 7 of them are in other fields; in total, 13 of them are in financial sector, 10 of them are in non-financial sectors.

In the current period, the title of KKB-Kredi Kayıt Bürosu A.Ş., one of the subsidiaries, has changed into KKB Kredi Kayıt Bürosu A.Ş., and this change was registered on April 12th, 2016.

It was decided in the Ordinary General Assembly meeting which was held on March 24th, 2016, to increase the capital of Türkiye Sınai Kalkınma Bankası A.Ş., one of the Bank's subsidiaries, from TL 1,750,000 to TL 2,050,000 in the current period. The amount of the Bank's share which is TL 25,132 is presented in the table of activities related to subsidiaries, in the Bonus Shares.

Amendment of Articles of Incorporation:

OLD TEXT

Address of Head Office

Article: 5- Amended type with the decision of Ordinary General Assembly dated 29.03.2013 Head office of the Bank is in İstanbul. Its address is Sanayi Mahallesi, Eski Büyükdere Caddesi, Güler Sokak, No:51, Kâğıthane/İstanbul. The Bank can open new branch offices in Turkey or abroad in the places where a necessity is found in accordance with Banking Law No. 5411. These branch offices in which every kind of banking transactions made are like public banks' branch offices, the savings of public institutions can also be deposited.

NEW TEXT

Address of Head Office

Article: 5- Head office of the Bank is in İstanbul. Its address is Sultan Selim Mahallesi Eski Büyükdere Caddesi No:59, Kâğıthane/İstanbul. The Bank can open new branch offices in Turkey or abroad in the places where a necessity is found in accordance with Banking Law No. 5411. These branch offices in which every kind of banking transactions made are like public banks' branch offices, the savings of public institutions can also be deposited.

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Ratings:

Information on the Bank’s rating given by international credit rating agencies is as follows

February 2016 (*)	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
Support Rating Floor	BBB-
October 2015 (*)	Moody’s Investors’ Service
Baseline Credit Assessment	ba1
Local Currency Deposit Rating	Baa3/P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3/P-3
Foreign Currency Outlook	Negative
July 2015 (*)	Standard&Poors
Foreign Currency Counterparty Credit Rating	BB+/B
Foreign Currency Outlook	Negative
Local Currency Counterparty Credit Rating	BB+/B
Local Currency Outlook	Negative
Turkey National Scale	trAA+ / trA-1
Continuity Note	N.R
December 2014 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB+
Support Rating	2
Foreign Currency Outlook	Stable

(*) Dates represent last report dates.

Other Issues:

In the first three months of the year, no new branch opened and T.B.M.M./Ankara Representative Office has been turned into TBMM Ankara branch, Başbakanlık/Ankara Representative Office to Başbakanlık Ankara branch, Gaziantep Adliyesi Representative Office to Gaziantep Adliye branch, Ankara Bölge Adliye Mahkemeleri/Ankara Representative Office to Gimat Bulvar Ankara branch.

Serving through domestic and foreign branches in the sector, the Bank continues its operations with 3 foreign, 836 domestic branches and 81 representative offices, 920 branches in total as of March 2016.

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As per the resolution of 62nd General Assembly held on March 29th, 2016, the net profit of 2015 has been decided to be distributed as follows:

TL thousand	2015 Profit Distribution Tabl
Bank’s unconsolidated profit in its statutory financial statements	1,930,109
Net profit subject to distribution	1,930,109
Legal Reserves	193,012
<i>First legal reserves</i>	96,506
<i>Reserves allocated according to the banking law and articles of association</i>	96,506
Net profit of the year subject to distribution	1,737,097
Gain on sale of immovable and shares of associates and subsidiaries	1,660
Extraordinary reserves	1,635,437
Dividend to shareholders	100,000

Investor Relations Attendants:

NAME – SURNAME	TITLE	PHONE	E-MAIL
Mustafa TURAN	Head	0 212 316 73 90	mustafa.turan@vakifbank.com.tr
Ali TAHAN	Manager	0 212 316 73 36	ali.tahan@vakifbank.com.tr
Nazan KILIÇ	Assistant Manager	0 212 316 73 86	nazan.kilic@vakifbank.com.tr
Zeynep Nihan DİNCEL	Associate	0 212 316 73 83	zeynepnihan.dincel@vakifbank.com.tr
Yasemin KEÇELİOĞLU	Associate	0 212 316 73 85	yasemin.kecelioglu@vakifbank.com.tr
Ece Seda YASAN	Assistant Associate	0 212 316 74 01	eceseda.yasan@vakifbank.com.tr
Yusuf YILMAZ	Assistant Associate	0 212 316 73 88	yusuf.yilmaz2@vakifbank.com.tr
Berna SELEM ARSLANTAŞ	Assistant Officer	0 212 316 75 94	bernaselem.arslantas@vakifbank.com.tr

VakıfBank’s Year End 2015 and March 2016 Interim Consolidated and Unconsolidated Independent Auditor’s Reports and Interim Activity Reports can be accessed through the link <http://www.vakifbank.com.tr> on Investor Relations/Financials page.