

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2014**

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



**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S
REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") at 31 December 2014 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the period then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Document" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published or declared by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006 and Independent Auditing Standards that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.



Independent Auditor's Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı at 31 December 2014 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Other matters:

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2013 were audited by another auditor whose report dated 13 February 2014 expressed an unqualified opinion.

Report on independent auditor's other responsibilities arising from regulatory requirements:

1. In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2014 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
2. In accordance with Article 402 paragraph 4 of TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of Banking Law No. 5411, 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, 16 February 2015

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**THE UNCONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
AS OF 31 DECEMBER 2014**

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The unconsolidated financial report includes the following sections in accordance with the “Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced” as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON ACCOUNTING POLICIES
- EXPLANATIONS ON THE FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

16 February 2015

Ramazan GÜNDÜZ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Board member 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

Murat KOYGUN
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

Name-Surname/Title: S. Buğra SÜRÜEL / Manager

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	Page:
<u>SECTION ONE</u>	
General Information	
I. History of the Bank including its incorporation date, initial legal status, amendments to legal status	1
II. The Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on Bank's risk group	1
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	2-3
IV. Information on the Bank's qualified shareholders	3
V. Information about the services and nature of activities of the Bank	4
VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	4
<u>SECTION TWO</u>	
Unconsolidated Financial Statements	
I. Balance sheet – Assets	5
II. Balance sheet - Liabilities and equity	6
III. Off-balance sheet items	7
VI. Statement of income	8
V. Statement of gains and losses recognized in equity	9
VI. Statement of changes in equity	10
VII. Statement of cash flows	11
VIII. Statement of profit distribution	12
<u>SECTION THREE</u>	
Accounting Policies	
I. Basis of presentation	13
II. Strategy for the use of financial instruments and information on foreign currency transactions	13-14
III. Information on forwards, options and other derivative transactions	14
IV. Information on interest income and expenses	15
V. Information on fees and commissions	15
VI. Information on financial assets	15-16
VII. Information on impairment of financial assets	16
VIII. Information on offsetting of financial instruments	17
IX. Information on sales and repurchase agreements and securities lending	17
X. Information on assets held for sale and discontinued operations	17
XI. Information on goodwill and other intangible assets	17
XII. Information on tangible assets	18
XIII. Information on leasing activities	18
XIV. Information on provisions and contingent liabilities	19
XV. Information on obligations of the Bank concerning employee rights	19-20
XVI. Information on taxation	21
XVII. Additional information on borrowings	22
XVIII. Information on issuance of equity securities	22
XIX. Information on confirmed bills of exchange and acceptances	22
XX. Information on government incentives	22
XXI. Information on segment reporting	22
XXII. Other disclosures	22
<u>SECTION FOUR</u>	
Information Related To Financial Position of the Bank	
I. Capital adequacy ratio	23-31
II. Credit risk	31-43
III. Market risk	44-45
IV. Operational risk	45
V. Foreign currency exchange risk	46-48
VI. Interest rate risk	49-53
VII. Liquidity risk	53-56
VIII. Fair values of financial assets and liabilities	56-58
IX. Transactions carried out on behalf of customers, items held in trust	58
X. Segment reporting	58-60
<u>SECTION FIVE</u>	
Disclosures and Footnotes on Unconsolidated Financial Statements	
I. Information and disclosures related to assets	61-79
II. Information and disclosures related to liabilities	80-89
III. Information and disclosures related to off-balance sheet items	90-94
IV. Information and disclosures related to statement of income	95-101
V. Information and disclosures related to statement of changes in shareholders' equity	102-103
VI. Information and disclosures on statement of cash flows	103-105
VII. Information and disclosures related to the Bank's risk group	106-107
VIII. Information on domestic, foreign and off-shore branches or investments and foreign representative offices	108
<u>SECTION SIX</u>	
Other Disclosures and Footnotes	
I. Other disclosures on the Bank's activity	109
II. Information on the Bank's ratings given by international credit rating institutions	110
III. Significant events and matters subsequent to balance sheet date that are not resulted	110
IV. Significant foreign currency exchange rate fluctuations that are subsequent to reporting date	110
<u>SECTION SEVEN</u>	
Independent Auditors' Audit Report	
I. Information on Independent Auditors' Audit Report	110
II. Disclosures and footnotes prepared by the independent auditor	110

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

(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 December 2014 and 31 December 2013, 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 December 2014 is stated below:

Shareholders	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Registered foundations represented by the General Directorate of the Foundations (Group A)	1,075,058,640	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10
Appendant foundations represented by the General Directorate of the Foundations (Group B)	386,224,784	386,225	15.45
Other appendant foundations (Group B)	3,096,742	3,097	0.13
Other registered foundations (Group B)	1,453,085	1,453	0.06
Other real persons and legal entities (Group C)	1,533,786	1,534	0.06
Publicly traded (Group D)	630,080,297	630,080	25.20
Total	2,500,000,000	2,500,000	100.00

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

(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	36 years
Mehmet Emin ÖZCAN	Deputy Chairman	29 March 2013	University	31 years
Halil AYDOĞAN	Member – General Manager	29 March 2013	University	37 years
İsmail ALPTEKİN	Member	6 April 2009	University	16 years
Halim KANATCI	Member	28 April 2009	University	41 years
Dr. Adnan ERTEM	Member	28 October 2010	PHD	26 years
Sabahattin BİRDAL	Member	31 March 2014	University	37 years
Öztürk ORAN	Member	30 April 2014	University	39 years
Şeref AKSAÇ	Member	30 April 2014	University	32 years
<u>Audit Committee</u>				
Mehmet Emin ÖZCAN	Member	4 April 2014	University	31 years
Sabahattin BİRDAL	Member	4 April 2014	University	37 years
<u>Auditors</u>				
Mehmet HALTAŞ	Auditor	19 March 2010	University	37 years
Yunus ARINCI	Auditor	19 March 2010	Master	17 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	19 years
Hasan ECESoy	Treasury, International Relations and Investor Relations, Coordination of Foreign Branches	18 June 2010	PHD	21 years
Serdar SATOĞLU	Private Banking, Subsidiaries	2 July 2010	PHD	19 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	18 years
Osman DEMREN	Commercial and Corporate Loans, Consumer and SME Loans, Intelligence	6 April 2011	University	24 years
Muhammet Lütfü ÇELEBİ	Commercial and Corporate Banking, SME Banking, Cash Management Affairs, Insurance Banking	23 October 2013	University	19 years
Mustafa SAYDAM	Human Resources, Support Services, Distribution Channels, Retail Banking, Payment Systems, Payment System Operations	28 October 2013	University	21 years
Mehmet Emin KARAAĞAÇ	Loans and Risk Follow-up, Legal Affairs	8 November 2013	University	25 years

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

(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)

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

At the resolution of the first Board of Directors after Ordinary Meeting of the General Assembly dated 28 March 2014, the distribution of roles has been realized. Ramazan Gündüz has been assigned as Chairman of Board of Directors and Mehmet Emin Özcan has been assigned as Deputy Chairman of Board of Directors.

As at 31 March 2014, Sadık Tiltak has resigned from his duty as Group C independent member of Board of Directors. Sabahattin Birdal has been elected unanimously for the duty of Sadık Tiltak by Board of Directors in accordance with the clause 363 of Turkish Commercial Code and the clause 51 of Bank’s Articles of Association.

As per 4 April 2014 dated resolution of the Board of Directors, in accordance with the clause 73 of Bank’s Articles of Association, Sabahattin Birdal and Mehmet Emin Özcan has been elected unanimously for Audit Committee.

As per 30 April 2014 dated resolution of Ordinary Meeting of the General Assembly, in accordance with the clause 48 of Bank’s Articles of Association, Öztürk Oran has been elected as a member of Board of Directors representing Group A shares. Şeref Aksaç has been elected as a member of Board of Directors representing Group B shares.

As per 4 September 2014 dated resolution of the Board of Directors, Yıldırım Eroğlu has resigned his duty regarding to his retirement status.

As per 5 February 2015 dated resolution of the Board of Directors, Assistant Manager Numan Bek has been assigned to headquarters’ order of service.

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

IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS

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

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

GENERAL INFORMATION (Continued)

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 December 2014, the Bank has 890 domestic, 3 foreign, in total 893 branches (31 December 2013: 856 domestic, 3 foreign, in total 859 branches). As at 31 December 2014, the Bank has 14,920 employees (31 December 2013: 14,943 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 UNCONSOLIDATED BALANCE
SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2014**

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

ASSETS	Notes	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	4,126,328	17,758,651	21,884,979	1,802,838	17,165,243	18,968,081
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	343,094	37,101	380,195	356,150	79,540	435,690
2.1 Financial assets held for trading purpose		343,094	37,101	380,195	356,150	79,540	435,690
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	342,475	37,101	379,576	356,150	79,540	435,690
2.1.4 Other securities		619	-	619	-	-	-
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	14,733	2,555,887	2,570,620	40,177	2,598,960	2,639,137
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,629,821	3,693,476	16,323,297	12,551,965	3,736,222	16,288,187
5.1 Equity securities		15	-	15	15	10,750	10,765
5.2 Debt securities issued by the governments		12,629,806	3,693,476	16,323,282	12,551,950	3,725,472	16,277,422
5.3 Other securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	V-I-5	76,682,669	27,900,848	104,583,517	65,082,512	21,669,705	86,752,217
6.1 Performing loans and receivables		76,442,594	27,900,848	104,343,442	64,826,518	21,669,705	86,496,223
6.1.1 Loans provided to risk group	V-VII-1	57,996	22,347	80,343	11,233	83,668	94,901
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		76,384,598	27,878,501	104,263,099	64,815,285	21,586,037	86,401,322
6.2 Loans under follow-up		3,974,372	-	3,974,372	3,531,427	-	3,531,427
6.3 Specific provisions (-)		3,734,297	-	3,734,297	3,275,433	-	3,275,433
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	6,761,749	92,844	6,854,593	5,358,742	45,073	5,403,815
8.1 Debt securities issued by the governments		6,761,749	-	6,761,749	5,358,742	2,234	5,360,976
8.2 Other securities		-	92,844	92,844	-	42,839	42,839
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	305,469	-	305,469	245,523	-	245,523
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		305,469	-	305,469	245,523	-	245,523
9.2.1 Financial associates		294,069	-	294,069	234,123	-	234,123
9.2.2 Non-Financial associates		11,400	-	11,400	11,400	-	11,400
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	1,110,389	321,124	1,431,513	1,094,893	270,577	1,365,470
10.1 Unconsolidated financial subsidiaries		866,473	321,124	1,187,597	893,406	270,577	1,163,983
10.2 Unconsolidated non-financial subsidiaries		243,916	-	243,916	201,487	-	201,487
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	V-I-12	707,628	1,372	709,000	656,989	1,802	658,791
XV. INTANGIBLE ASSETS (Net)	V-I-13	140,639	111	140,750	108,480	128	108,608
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		140,639	111	140,750	108,480	128	108,608
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	-	-	-	-	-	-
XVII. TAX ASSETS		72,437	-	72,437	51,606	-	51,606
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-15	72,437	-	72,437	51,606	-	51,606
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	745,883	-	745,883	564,744	-	564,744
18.1 Assets held for sale		745,883	-	745,883	564,744	-	564,744
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	1,556,242	659,231	2,215,473	1,231,840	782,334	2,014,174
TOTAL ASSETS		105,197,081	53,020,645	158,217,726	89,146,459	46,349,584	135,496,043

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 BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2014**

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

LIABILITIES AND EQUITY		Notes	Audited Current Period 30 September 2014			Audited Prior Period 31 December 2013		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	65,703,337	26,053,631	91,756,968	59,441,198	22,091,616	81,532,814
1.1	Deposits of the risk group	V-VII-1	1,511,586	216,777	1,728,363	1,790,723	238,889	2,029,612
1.2	Other deposits		64,191,751	25,836,854	90,028,605	57,650,475	21,852,727	79,503,202
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	54,233	196,019	250,252	111,604	89,174	200,778
III.	FUNDS BORROWED	V-II-3	887,938	14,039,110	14,927,048	122,174	11,282,638	11,404,812
IV.	INTERBANK MONEY MARKET		9,793,634	6,591,668	16,385,302	8,014,659	6,462,422	14,477,081
4.1	Interbank money market takings		200,000	-	200,000	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		9,593,634	6,591,668	16,185,302	8,014,659	6,462,422	14,477,081
V.	SECURITIES ISSUED (Net)	V-II-3	2,913,190	7,544,567	10,457,757	2,355,180	4,529,646	6,884,826
5.1	Bills		2,913,190	-	2,913,190	2,355,180	-	2,355,180
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	7,544,567	7,544,567	-	4,529,646	4,529,646
VI.	FUNDS		20,089	-	20,089	23,431	-	23,431
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		20,089	-	20,089	23,431	-	23,431
VII.	MISCELLANEOUS PAYABLES		2,937,216	223,199	3,160,415	2,506,535	189,570	2,696,105
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	517,101	938,558	1,455,659	423,146	1,030,328	1,453,474
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	2,424,177	12,962	2,437,139	1,964,510	49,774	2,014,284
12.1	General provisions	V-II-7	1,591,002	12,240	1,603,242	1,179,012	11,727	1,190,739
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		603,083	-	603,083	543,347	-	543,347
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	230,092	722	230,814	242,151	38,047	280,198
XIII.	TAX LIABILITIES	V-II-8	456,288	1,029	457,317	216,864	1,111	217,975
13.1	Current tax liabilities		456,288	1,029	457,317	216,864	1,111	217,975
13.2	Deferred tax liabilities		-	-	-	-	-	-
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	-	2,138,030	2,138,030	-	1,974,142	1,974,142
XVI.	EQUITY		14,396,856	374,894	14,771,750	12,412,681	203,640	12,616,321
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,680,852	374,894	2,055,746	1,317,561	203,640	1,521,201
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	842,075	374,894	1,216,969	477,686	203,640	681,326
16.2.4	Revaluation surplus on tangible assets		45,637	-	45,637	44,136	-	44,136
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	71,821	-	71,821
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		8,462,731	-	8,462,731	7,009,581	-	7,009,581
16.3.1	Legal reserves		1,012,796	-	1,012,796	854,240	-	854,240
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		7,214,708	-	7,214,708	5,889,226	-	5,889,226
16.3.4	Other profit reserves		235,227	-	235,227	266,115	-	266,115
16.4	Profit or loss		1,753,273	-	1,753,273	1,585,539	-	1,585,539
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		1,753,273	-	1,753,273	1,585,539	-	1,585,539
TOTAL LIABILITIES AND EQUITY			100,104,059	58,113,667	158,217,726	87,591,982	47,904,061	135,496,043

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 OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2014**

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

	Notes	Audited Current Period 31 December 2014			Audited Prior Period 31 December 2013		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		42,543,635	48,918,083	91,461,718	65,514,791	55,746,467	121,261,258
I. GUARANTEES AND SURETIES	V-III-2-4	16,863,185	11,770,738	28,633,923	14,288,042	9,053,337	23,341,379
1.1 Letters of guarantee		16,842,349	4,610,122	21,452,471	14,268,047	3,627,537	17,895,584
1.1.1 Guarantees subject to State Tender Law		1,869,107	2,266,261	4,135,368	1,905,899	1,952,543	3,858,442
1.1.2 Guarantees given for foreign trade operations		913,389	-	913,389	650,221	-	650,221
1.1.3 Other letters of guarantee		14,059,853	2,343,861	16,403,714	11,711,927	1,674,994	13,386,921
1.2 Bank acceptances		20,836	1,943,257	1,964,093	12,129	1,040,149	1,052,278
1.2.1 Import letter of acceptance		2,190	78,990	81,180	1,500	77,393	78,893
1.2.2 Other bank acceptances		18,646	1,864,267	1,882,913	10,629	962,756	973,385
1.3 Letters of credit		-	5,212,911	5,212,911	7,866	4,382,030	4,389,896
1.3.1 Documentary letters of credit		-	5,212,911	5,212,911	7,866	4,382,030	4,389,896
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	1,845	1,845	-	1,702	1,702
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	2,603	2,603	-	1,759	1,759
1.9 Other sureties		-	-	-	-	160	160
II. COMMITMENTS		19,162,556	7,458,391	26,620,947	45,270,192	26,331,770	71,601,962
2.1 Irrevocable commitments		17,652,664	2,640,634	20,293,298	15,109,055	3,640,601	18,749,656
2.1.1 Asset purchase commitments	V-III-1	46,228	2,640,634	2,686,862	539,362	3,636,414	4,175,776
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	8,053,342	-	8,053,342	6,730,503	-	6,730,503
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	1,638,976	-	1,638,976	1,320,438	-	1,320,438
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	7,641,987	-	7,641,987	6,261,117	-	6,261,117
2.1.10 Commitments for credit card and banking operations promotions		247,938	-	247,938	238,991	-	238,991
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		24,193	-	24,193	18,644	4,187	22,831
2.2 Revocable commitments		1,509,892	4,817,757	6,327,649	30,161,137	22,691,169	52,852,306
2.2.1 Revocable loan granting commitments		1,509,892	4,817,757	6,327,649	30,161,137	22,691,169	52,852,306
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	6,517,894	29,688,954	36,206,848	5,956,557	20,361,360	26,317,917
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		6,517,894	29,688,954	36,206,848	5,956,557	20,361,360	26,317,917
3.2.1 Forward foreign currency purchases/sales		242,929	312,275	555,204	602,810	731,325	1,334,135
3.2.1.1 Forward foreign currency purchases		121,619	156,202	277,821	301,607	365,671	667,278
3.2.2.2 Forward foreign currency sales		121,310	156,073	277,383	301,203	365,654	666,857
3.2.2 Currency and interest rate swap sales		5,631,655	22,183,274	27,814,929	5,180,109	15,499,236	20,679,345
3.2.2.1 Currency swaps-purchases		1,659,308	10,977,077	12,636,385	3,148,532	7,243,811	10,392,343
3.2.2.2 Currency swaps-sales		3,772,347	7,700,959	7,700,306	2,031,577	4,110,277	6,141,854
3.2.2.3 Interest rate swaps-purchases		100,000	3,639,119	3,739,119	-	2,072,574	2,072,574
3.2.2.4 Interest rate swaps-sales		100,000	3,639,119	3,739,119	-	2,072,574	2,072,574
3.2.3 Currency, interest rate and security options		385,290	671,258	1,056,548	173,638	169,222	342,860
3.2.3.1 Currency call options		192,645	335,629	528,274	85,819	84,611	170,430
3.2.3.2 Currency put options		192,645	335,629	528,274	85,819	84,611	170,430
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	1,000	-	1,000
3.2.3.6 Security put options		-	-	-	1,000	-	1,000
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Others		258,020	6,522,147	6,780,167	-	3,961,577	3,961,577
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		706,821,902	298,845,575	1,005,667,477	839,788,953	225,942,092	1,065,731,045
IV. ITEMS HELD IN CUSTODY		58,297,898	2,105,489	60,403,387	351,509,096	1,564,619	353,073,715
4.1 Customers' securities held		-	22,567	22,567	-	20,816	20,816
4.2 Investment securities held in custody		48,295,375	94,082	48,389,457	343,290,604	-	343,290,604
4.3 Checks received for collection		8,300,087	1,452,398	9,752,485	6,699,221	895,708	7,594,929
4.4 Commercial notes received for collection		1,129,279	182,687	1,311,966	974,141	210,113	1,184,254
4.5 Other assets received for collection		2,152	93	2,245	2,152	86	2,238
4.6 Assets received through public offering		-	6,818	6,818	-	6,289	6,289
4.7 Other items under custody		309	77,724	78,033	6,749	138,169	144,918
4.8 Custodians		570,696	269,120	839,816	536,229	293,348	829,667
V. PLEDGED ITEMS		180,351,054	59,408,743	239,759,797	174,883,810	50,574,396	225,458,206
5.1 Securities		241,614	18,614	260,228	334,952	27,434	362,386
5.2 Guarantee notes		943,912	232,965	1,176,877	701,927	239,873	941,800
5.3 Commodities		25,696,626	590,812	26,287,438	23,434,930	990,995	24,425,925
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		142,283,678	47,319,679	189,603,357	112,475,408	39,831,978	152,307,386
5.6 Other pledged items		10,332,202	11,114,594	21,446,796	8,342,047	9,350,018	17,692,018
5.7 Pledged items-depository		853,022	132,079	985,101	29,594,546	134,098	29,728,644
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		468,172,950	237,331,343	705,504,293	313,396,047	173,803,077	487,199,124
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		749,365,537	347,763,658	1,097,129,195	905,303,744	281,688,559	1,186,992,303

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
INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

	Notes	Audited Current Period 1 January 2014- 31 December 2014	Audited Prior Period 1 January 2013- 31 December 2013
I. INTEREST INCOME		11,373,587	9,220,570
1.1 Interest income from loans	V-IV-1	9,326,415	7,563,941
1.2 Interest income from reserve deposits		2,015	-
1.3 Interest income from banks	V-IV-1	7,006	7,004
1.4 Interest income from money market transactions		380	625
1.5 Interest income from securities portfolio	V-IV-1	2,035,273	1,590,648
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		1,475,012	1,187,769
1.5.4 Held-to-maturity investments		560,261	402,879
1.6 Finance lease income		-	-
1.7 Other interest income		2,498	58,352
II. INTEREST EXPENSE		6,722,109	4,430,953
2.1 Interest expense on deposits	V-IV-2	5,044,633	3,522,651
2.2 Interest expense on funds borrowed	V-IV-2	167,476	134,533
2.3 Interest expense on money market transactions		912,931	375,321
2.4 Interest expense on securities issued	V-IV-2	450,732	260,003
2.5 Other interest expenses		146,337	138,445
III. NET INTEREST INCOME (I – II)		4,651,478	4,789,617
IV. NET FEES AND COMMISSIONS INCOME		709,334	686,511
4.1 Fees and commissions received		1,145,329	1,005,406
4.1.1 Non-cash loans		162,814	134,964
4.1.2 Others		982,515	870,442
4.2 Fees and commissions paid		435,995	318,895
4.2.1 Non-cash loans		206	143
4.2.2 Others		435,789	318,752
V. DIVIDEND INCOME	V-IV-3	66,288	54,001
VI. TRADING INCOME/LOSSES (Net)	V-IV-4	223,119	231,657
6.1 Trading account income/losses	V-IV-4	174,760	172,623
6.2 Income/losses from derivative financial instruments	V-IV-4	(51,247)	86,442
6.3 Foreign exchange gains/losses	V-IV-4	99,606	(27,408)
VII. OTHER OPERATING INCOME	V-IV-5	1,345,534	708,320
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		6,995,753	6,470,106
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	1,671,867	1,729,271
X. OTHER OPERATING EXPENSES (-)	V-IV-7	3,110,210	2,757,921
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		2,213,676	1,982,914
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)		2,213,676	1,982,914
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-11	(460,403)	(397,375)
16.1 Current tax charges		(601,519)	(341,481)
16.2 Deferred tax credits		141,116	(55,894)
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-12	1,753,273	1,585,539
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-12	1,753,273	1,585,539
Profit/Loss per 100 shares (full TL)	III-XXII	0.7013	0.6342

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 GAINS
AND LOSSES RECOGNIZED IN EQUITY
FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

GAINS AND LOSSES RECOGNIZED IN EQUITY	Notes	Audited Current Period 1 January 2014- 31 December 2014	Audited Prior Period 1 January 2013- 31 December 2013
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	V-V-1	786,981	(1,018,829)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS		-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS		-	-
IV. CURRENCY TRANSLATION DIFFERENCES		-	-
V. GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)		-	-
VI. GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)		-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS		-	-
VIII. OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS		(140,919)	155,433
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-V-1	(143,906)	76,024
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)		502,156	(787,372)
XI. CURRENT PERIOD'S PROFIT/(LOSS)		1,753,273	1,585,539
11.1 Change in fair value of securities (transfers to the statement of income)	V-V-1	168,110	252,612
11.2 Gains/Losses recognized in the statement of income due to reclassification of cash flow hedges		-	-
11.3 Gains/Losses recognized in the statement of income due to reclassification of net foreign investment hedges		-	-
11.4 Others		1,585,163	1,332,927
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)		2,255,429	798,167

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 CHANGES IN EQUITY FOR THE YEAR ENDED AT 31
DECEMBER 2014**

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

CHANGES IN EQUITY	Notes	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 31 December 2013																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	710,624	-	4,699,751	265,429	1,460,080	-	1,449,973	41,061	67,318	-	-	11,918,154	-	11,918,154
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(768,647)	-	-	-	-	(768,647)	-	(768,647)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	4,503	-	-	4,503	-	4,503
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	(23,228)	-	-	-	-	-	-	-	(23,228)	-	(23,228)
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	1,585,539	-	-	-	-	-	-	1,585,539	-	1,585,539
XVIII.	Profit distribution	-	-	-	-	143,616	-	1,189,475	23,914	(1,460,080)	-	-	3,075	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	-	-	-	-	143,616	-	1,189,475	23,914	(1,360,080)	-	-	3,075	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period	2,500,000	-	723,918	-	854,240	-	5,889,226	266,115	1,585,539	-	681,326	44,136	71,821	-	-	12,616,321	-	12,616,321
CURRENT PERIOD – 31 December 2014																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	854,240	-	5,889,226	266,115	1,585,539	-	681,326	44,136	71,821	-	-	12,616,321	-	12,616,321
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	535,643	-	-	-	-	535,643	-	535,643
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	(2,599)	-	-	(2,599)	-	(2,599)
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	(30,888)	-	-	-	-	-	-	-	(30,888)	-	(30,888)
XVII.	Current period's net profit/loss	-	-	-	-	-	-	-	-	1,753,273	-	-	-	-	-	-	1,753,273	-	1,753,273
XVIII.	Profit distribution	-	-	-	-	158,556	-	1,325,482	-	(1,585,539)	-	-	1,501	-	-	-	(100,000)	-	(100,000)
18.1	Dividends	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
18.2	Transferred to reserves	-	-	-	-	158,556	-	1,325,482	-	(1,485,539)	-	-	1,501	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end 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

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 YEAR ENDED AT 31 DECEMBER 2014**

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

	Notes	Audited Current Period 31 December 2014	Audited Prior Period 31 December 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		2,632,569	2,519,169
1.1.1 Interests received		10,469,845	8,177,914
1.1.2 Interests paid		(6,661,702)	(4,264,755)
1.1.3 Dividends received		43,703	29,737
1.1.4 Fee and commissions received		1,145,329	1,005,406
1.1.5 Other income		438,067	164,946
1.1.6 Collections from previously written-off loans and other receivables	V-I-5	705,404	546,553
1.1.7 Payments to personnel and service suppliers		(1,277,830)	(2,566,277)
1.1.8 Taxes paid		(540,885)	(363,768)
1.1.9 Others	V-VI-1	(1,689,362)	(210,587)
1.2 Changes in operating assets and liabilities		(3,133,355)	(2,991,443)
1.2.1 Net (increase) decrease in financial assets held for trading purpose		(619)	2,377
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(2,000)	(6,639,045)
1.2.4 Net (increase) decrease in loans		(18,811,158)	(19,867,391)
1.2.5 Net (increase) decrease in other assets		109,081	(959,553)
1.2.6 Net increase (decrease) in bank deposits		716,239	4,104
1.2.7 Net increase (decrease) in other deposits		9,494,361	14,194,666
1.2.8 Net increase (decrease) in funds borrowed		3,517,964	3,384,029
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	V-VI-1	1,842,777	6,889,370
I. Net cash flow from banking operations		(500,786)	(472,274)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(424,173)	(3,149,350)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	V-VI-2	(205,714)	(90,972)
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures		-	-
2.3 Purchases of tangible assets		(175,892)	(176,278)
2.4 Proceeds from disposal of tangible assets		83,419	257,519
2.5 Cash paid for purchase of available-for-sale financial assets		(5,677,045)	(5,224,880)
2.6 Proceeds from disposal of available-for-sale financial assets		6,819,996	3,145,750
2.7 Cash paid for purchase of held-to-maturity investments		(2,698,603)	(2,530,205)
2.8 Proceeds from disposal of held-to-maturity investments	V-I-6	1,475,540	1,507,738
2.9 Others	V-VI-1	(45,874)	(38,022)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		3,423,195	4,307,941
3.1 Cash obtained from funds borrowed and securities issued		8,649,309	8,726,401
3.2 Cash used for repayment of funds borrowed and securities issued		(5,126,114)	(4,318,460)
3.3 Equity instruments issued		-	-
3.4 Dividends paid	V-V-5	(100,000)	(100,000)
3.5 Repayments for finance leases		-	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	V-VI-1	6,249	(8,205)
V. Net increase in cash and cash equivalents		2,504,485	678,112
VI. Cash and cash equivalents at the beginning of the period	V-VI-4	5,677,984	4,999,872
VII. Cash and cash equivalents at the end of the period	V-VI-4	8,182,469	5,677,984

The accompanying notes are an integral part of these unconsolidated 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 PROFIT
DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	Notes	Current Period 31 December 2014	Prior Period 31 December 2013
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1 CURRENT YEAR'S PROFIT		2,213,676	1,982,914
1.2 TAXES PAYABLE AND LEGAL DUTIES		(460,403)	(397,375)
1.2.1 Corporate tax (income tax)	V-IV-11	(601,519)	(341,481)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties(**)	V-IV-11	141,116	(55,894)
A. NET PROFIT FOR THE YEAR		1,753,273	1,585,539
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	-
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		1,753,273	1,585,539
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	(79,278)
1.6 OTHER STATUTORY RESERVES	V-V-5	-	(79,278)
C. NET PROFIT AVAILABLE FOR DISTRIBUTION ^(*)		-	1,426,983
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	100,000
1.7.1 To owners of ordinary shares		-	100,000
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
1.8 DIVIDENDS TO PERSONNEL ^(*)		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
1.11 SECOND LEGAL RESERVES		-	-
1.12 STATUS RESERVES		-	-
1.13 EXTRAORDINARY RESERVES	V-V-5	-	1,325,482
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS	V-V-5	-	1,501
II. DISTRIBUTION FROM RESERVES			
2.1 DISTRIBUTION OF RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENDS TO SHAREHOLDERS		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL ^(*)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES (Per 100 shares)		0.7013	0.6342
3.2 TO OWNERS OF ORDINARY SHARES (%)		70.13	63.42
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES (Per 100 shares)		-	0.04
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	4.00
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) As at report date, no resolution has been decided regarding about 2014 profit distribution. Accordingly, net profit available for distribution has not been presented.

(**) The amount shown in the other taxes and duties is the deferred tax income/loss which is not subject to profit distribution

The accompanying notes are an integral part of these unconsolidated 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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 (“Banking Act”), which are effective from 1 November 2005, the Turkish Commercial Code (“TCC”) and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents” published in the Official Gazette No. 26333 dated 1 November 2006 by the BRSA (“Banking Regulation and Supervision Agency”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority, and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA (all defined as “BRSA Principles”). The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated 28 June 2012.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis as modified in accordance with inflation adjustments applied until 31 December 2004, except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and unconsolidated investments in associates and subsidiaries whose fair value can be reliably measured and assets available for sale, which are presented on a fair value basis.

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 defined and applied in accordance with TAS. Those accounting policies and valuation principles are explained in Notes II. to XXII. Below.

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

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

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

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

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

(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)**

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank’s operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management but earn lower return. The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations. The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities.

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

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

Information on foreign currency transactions

Foreign currency transactions are recorded in TL, the functional currency of the Bank. Foreign currency transactions are recorded using the foreign exchange rates effective at the transaction date. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

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

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

**III. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE
TRANSACTIONS**

The derivative transactions mainly consist of currency and interest rate swaps, 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 including the transaction costs.

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI UNCONSOLIDATED FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON INTEREST INCOME AND EXPENSES

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

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

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

V. INFORMATION ON FEES AND COMMISSIONS

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

VI. INFORMATION ON FINANCIAL ASSETS

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

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

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

Financial assets at fair value through profit or loss

Financial assets, which are classified as “financial assets at fair value through profit or loss”, 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.

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

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

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

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

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

Available-for-sale financial assets are the financial assets other than loans and receivables, held-to-maturity investments and assets held for trading purposes.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

VI. INFORMATION ON FINANCIAL ASSETS (Continued)

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair values and the discounted values are recorded in “valuation differences of the marketable securities” under the shareholders’ equity. In case of disposal of such assets, the realized gain or losses are recognized directly in the statement of income.

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

Loans and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Associates and subsidiaries

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 – Financial Instruments: Recognition and Measurement in the unconsolidated financial statements. Subsidiaries, which are traded in an active market or whose fair value can be reliably measured, recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

Associates are accounted in accordance with TAS 39-Financial Instruments: Recognition and Measurement in the unconsolidated financial statements. Associates, which are traded in an active market or whose fair value can be reliably measured, are recorded at their fair values. Associates which are not traded in an active market and whose fair values cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

VII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no. 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

IX. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements (“repo”) are recorded on the balance sheet. Government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and classified under “held for trading”, “available for sale” and/or “held-to-maturity” portfolios 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.

Securities purchased under resale agreements (“reverse repo”) are classified under “Interbank Money Markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

X. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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.

XI. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Bank has no goodwill.

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.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

XII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

Depreciation rates and estimated useful lives are:

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

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

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

XIII. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessee

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Operational leases

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON PROVISIONS AND CONTINGENT LIABILITIES

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 one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XV. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2014 is TL 3,438 (full TL) (31 December 2013: TL 3,254 (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 December 2014 and 31 December 2013, the major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	8.60%	9.70%
Estimated Inflation Rate	6.50%	6.40%

Other benefits to employees

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with TAS 19 in the accompanying unconsolidated financial statements.

The accounting of actuarial gains and losses due to the changes in actuarial assumptions or the differences between assumption and realized has been changed to be applied after the account periods starting from 1 January 2013 by “The communique (No: 9) about Employee Benefits (“TAS 19”)” published by the Official Gazette No. 28585 dated 12 March 2013 issued by Public Oversight Accounting and Auditing Standards Authority. “Transition and Validity Date” in the standard permits retrospective application. Thus, actuarial gains and losses have been accounted in “Other Profit Reserves” shown under “Equity” associated with “The Statement of Gains and Losses Recognized in Equity” for the respective reporting periods.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

**XV. 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.

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 has extended for one year.

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

The technical financial statements of the Fund are audited by the certified actuary according to the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2015 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAXATION

Corporate tax

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

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

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

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

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

Deferred taxes

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

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

In case valuation differences resulting from the subsequent measurement of the items are recognized in the statement of income, then the related current and or deferred tax effects are also recognized in the statement of income. On the other hand, if valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

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

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

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

ACCOUNTING POLICIES (Continued)

XVII. ADDITIONAL INFORMATION ON BORROWINGS

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

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

XVIII. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

The shares of the Bank having nominal value of TL 322,000,000 (full TL), representing the 25.18% of the Bank’s outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as “Share Premiums” in shareholders’ equity. TL 448,429 of this amount has been utilized in capital increase on 19 December 2006.

XIX. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XX. INFORMATION ON GOVERNMENT INCENTIVES

As at 31 December 2014 and 31 December 2013, the Bank does not have any government incentives.

XXI. INFORMATION ON SEGMENT REPORTING

Operational segments are determined based the structure of the Bank’s risks and benefits and presented in Section 4 Note X.

XXII. OTHER DISCLOSURES

Earnings per shares

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 year ended 31 December 2014, earnings per 100 shares are full TL 0.7013 (31 December 2013: full TL 0.6342).

Related parties

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

Cash and cash equivalents

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

Classifications

There might be certain reclassifications in the financial statements as of 31 December 2013 in order to maintain consistency with the financial statement presentation as of 31 December 2014 audit report. Accordingly the assets to be disposed classified under “Fixed Assets” which has an amount of TL 564,744 has been reclassified to “Assets Held for Sale and “Provision for Short-Term Employee Benefits” classified under the “Provision for Losses on Loans and Other Receivables” in statement of Income which has an amount of TL 127,968 has been reclassified to “Other Operating Expense”.

**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 FINANCIAL
REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2014**

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. CAPITAL ADEQUACY RATIO

The Bank’s unconsolidated capital adequacy ratio is 13.96% (31 December 2013: 13.70%).

Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the “Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks (Regulation)”, “Regulation on Credit Risk Mitigation Techniques” and “Communiqué on Risk Weighted Amounts for Securitization Exposures” published in Official Gazette no. 28337 dated 28 June 2012 and “Regulation on the Equity of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

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

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

Trading book accounts and the items deducted from the capital base are not included in the calculation of credit risk. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”, subjected to risk mitigation in accordance with the “Communiqué on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the Regulation.

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

**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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

Current Period	31 December 2014									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%
Surplus credit risk weighted	54,978,227	-	10,597,030	37,813,961	23,371,738	56,480,407	2,986,884	9,434,959	97,738	-
Risk classifications:										
Claims on sovereigns and Central Banks	46,173,249	-	-	5,454,530	-	-	-	-	-	-
Claims on regional governments or local authorities	16,257	-	2,439,440	507,007	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	34,810	-	979	-	-	1,017,536	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	7,031,344	-	6,911,054	1,475,539	-	2,127	-	-	-	-
Claims on corporate	207,239	-	1,137,923	910,484	-	45,989,999	-	-	-	-
Claims included in the regulatory retail portfolios	121,740	-	41,820	-	23,371,738	1,185,664	-	-	-	-
Claims secured by residential property	-	-	-	29,466,401	-	3,401,067	-	-	-	-
Past due loans	-	-	-	-	-	240,075	-	-	-	-
Higher risk categories decided by the Agency	11,949	-	3,166	-	-	-	2,986,884	9,434,959	97,738	-
Marketable securities secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual	-	-	-	-	-	-	-	-	-	-
Other claims	1,381,639	-	62,648	-	-	4,643,939	-	-	-	-

**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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on unconsolidated capital adequacy ratio

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Summary information related to capital adequacy ratio

	Bank
	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	9,490,415
Capital Requirement for Market Risk (MRCR)	55,940
Capital Requirement for Operational Risk (ORCR)	777,799
Shareholders' Equity ^(*)	18,013,163
Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)	13.96
Tier 1 Capital/((CRCR+MRCR+ORCR) *12,5*100)	11.26
Common Equity Tier 1 Capital/((CRCR+MRCR+ORCR) *12,5*100)	11.35
	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	8,185,603
Capital Requirement for Market Risk (MRCR)	26,097
Capital Requirement for Operational Risk (ORCR) ^(*)	655,046
Shareholders' Equity	15,179,536
Shareholders' Equity/((CRCR+MRCR+ORCR) *12,5*100)	%13.70

^(*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2013 was measured by taking value at operational risk calculated based on gross incomes for the years ended 2012, 2011 and 2010 into consideration. For the year 2014, value at operational risk is being calculated based on gross incomes for the years ended 2013, 2012 and 2011.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Information on equity items

	Current Period
COMMON EQUITY TIER 1 CAPITAL	
Paid-in Capital to be Entitled for Compensation after all Creditors	2,500,000
Share Premium	723,918
Share Cancellation Profits	-
Reserves	8,462,731
Other Comprehensive Income according to TAS	1,262,606
Profit	1,753,273
Current Period Profit	1,753,273
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 1 Capital Before Deductions	14,771,750
Deductions from Common Equity Tier 1 Capital	
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS(-)	-
Leasehold Improvements on Operational Leases(-)	97,140
Goodwill and Other Intangible Assets and Related Deferred Taxes(-)	28,153
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 1 Capital	125,293
Total Common Equity Tier 1 Capital	14,646,457
ADDITIONAL TIER 1 CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Tier 1 Capital before Deductions	-
Deductions from Additional Tier 1 Capital	
Direct and Indirect Investments of the Bank on its own Additional Tier 1 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 1 Capital (-)	-

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Total Deductions from Additional Tier 1 Capital	-
Total Additional Tier 1 Capital	-
Deductions from Tier 1 Capital	112,613
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 (-)	112,613
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 Tier I Capital	14,533,844
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	2,117,650
Pledged Assets of the Shareholders to be used for the Bank’s Capital Increases	-
General Provisions	1,482,877
Tier II Capital before Deductions	3,600,527
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	3,600,527
TOTAL CAPITAL BEFORE REGULATORY DEDUCTIONS	18,134,371
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 (-)	120,737
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 (-)	471
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 (-)	-
TOTAL CAPITAL	18,013,163
Amounts below deduction thresholds	
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	72,437

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

	Prior Period
CORE CAPITAL	
Paid-in Capital	2,500,000
Nominal Capital	2,500,000
Capital Commitments (-)	-
Adjustments to Paid-in Capital	-
Share Premium	723,918
Share repeal	-
Legal Reserves	7,009,581
Adjustments to Legal Reserves	-
Profit	1,585,539
Net current period profit	1,585,539
Prior period profit	-
Provision for possible losses up to 25% of core capital	70,915
Profit on sale of associates, subsidiaries and buildings	44,136
Primary subordinated loans (up to 15% of Core Capital)	-
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Development cost of operating lease (-)	83,935
Intangible Assets (-)	108,608
Deferred-assets for tax which exceeds of 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3rd Paragraph) (-)	-
Total Core Capital	11,741,546
SUPPLEMENTARY CAPITAL	
General Provisions	1,190,739
45% of increase in revaluation fund on movables	-
45% of increase in revaluation fund of fixed assets	-
Free shares from investment in associates, subsidiaries and joint-ventures that is not recognized in profit	71,821
Primary subordinated loans which are ignored in the calculation of core capital	-
Secondary subordinated loan	1,955,295
45% of value increase fund of financial assets available for sale and associates and subsidiaries	306,597
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Total Supplementary Capital	3,524,452
CAPITAL	15,265,998
DEDUCTIONS FROM CAPITAL	86,462
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-
Net book values of properties owned, exceeding 50% of banks’ equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	85,083
Securitisation positions that is deducted -preferably- from the shareholders' equity	-
Others	1,379
TOTAL EQUITY	15,179,536

Components of items of shareholders’ equity subject to temporary applications

	Bank Only	
	Amount Included in Equity Calculation	Total Amount
Minorities' share in Tier I capital	-	-
Third Parties’ share in additional core capital	-	-
Third Parties’ share in supplementary capital	-	-
Debt Instruments and Related Issuance Premiums Defined by the BRSA (Issued before 01.01.2014)	2,117,650	2,117,650

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

Issuer	T.Vakıflar Bankası T.A.O.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0849728190/ US90015NAB91
Governing law(s) of the instrument	TURKEY
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	Yes
Eligible at solo/group/group&solo	Available
Instrument type	Borrowing Instrument
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	2,118
Par value of instrument (in million)	2,088
Accounting classification	347011
Original date of issuance	1-Nov-12
Perpetual or dated	Dated (10 years) Maturity Date: 1 November 2022
Issue date	1-Nov-12
Issuer call subject to prior supervisory approval	Available
Optional call date, contingent call dates and redemption amount	-
Subsequent call dates, if applicable	-
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	6.00% Fixed/Interest payment
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. CAPITAL ADEQUACY RATIO (Continued)

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

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

In this process, the effect of market conditions and probable changes in economic environment on capital is evaluated, additionally loan expansion expectations, funding resources, liquidity opportunities issues and risk profile and risk appetite of the Bank are considered in accordance with the strategies and objectives of the Bank. Capital adequacy is evaluated in terms of strategic plan and growth expectations of the Bank for the year 2015 and accordingly capital increasing actions has taken in the year 2014.

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

II. CREDIT RISK

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

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

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

For credit risk management purposes, Risk Management Department operates in

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

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

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

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

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

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

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

The Bank’s largest 100 cash loan customers compose 22.08% of the total cash loan portfolio (31 December 2013: 19.74%).

The Bank’s largest 100 non-cash loan customers compose 56.67% of the total non-cash loan portfolio (31 December 2013: 60.92%).

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

The Bank’s largest 100 cash loan customers compose 14.56% of total assets of the Bank and the Bank’s largest 100 non-cash loan customers compose 17.74% of total off-balance sheet items (31 December 2013: 12.60% and 11.73%).

The Bank’s largest 200 cash loan customers compose 27.73% of the total cash loan portfolio (31 December 2013: 25.43%).

The Bank’s largest 200 non-cash loan customers compose 68.35% of the total non-cash loan portfolio (31 December 2013: 71.10%).

The Bank’s largest 200 cash loan customers compose 18.29% of total assets of the Bank and the Bank’s largest 200 non-cash loan customers compose 21.40% of total off-balance sheet items (31 December 2013: 16.23% ve 13.69%).

The general provision for credit risk amounts to TL 1,603,242 (31 December 2013: TL 1,190,739).

Risk Classifications:	Current Period Risk Amount	Average Risk Amount(*)
Claims on sovereigns and Central Banks	51,627,779	46,770,220
Claims on regional governments or local authorities	2,962,704	2,375,575
Claims on administrative bodies and other non-commercial	1,053,325	761,467
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	15,420,064	14,658,166
Claims on corporate	48,245,645	43,603,994
Claims included in the regulatory retail portfolios	24,720,962	23,300,626
Claims secured by residential property	32,867,468	29,860,458
Past due loans	240,075	249,719
Higher risk categories decided by the Agency	12,534,696	11,615,182
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	-
Other claims	6,088,226	5,380,484

(*) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2014 period.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

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

**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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

Current Period	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Other receivables	Total
Domestic	49,821,796	2,948,965	1,053,324	-	-	5,238,277	47,051,039	24,691,264	32,833,278	240,075	12,447,769	-	-	-	-	4,351,230	180,677,017
EU countries (*)	-	-	-	-	-	9,407,111	-	-	-	-	-	-	-	-	-	-	9,407,111
OECD countries	-	-	-	-	-	1,478	-	-	-	-	-	-	-	-	-	-	1,478
Off-shore banking regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	1,805,983	13,739	-	-	-	676,493	1,049,656	29,698	34,190	-	-	-	-	-	-	-	3,609,759
Other countries	-	-	-	-	-	96,705	144,950	-	-	-	86,927	-	-	-	-	15	328,597
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,736,982	1,736,982
Undistributed Assets/ Liabilities(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	51,627,779	2,962,704	1,053,324	-	-	15,420,064	48,245,645	24,720,962	32,867,468	240,075	12,534,696	-	-	-	-	6,088,227	195,760,944

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

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

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

**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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

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

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

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

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

**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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TL	FC	Total
Agricultural	91	38	189,639	-	-	-	900,028	383,981	403,997	-	4,692	-	-	-	-	-	1,346,383	536,083	1,882,466
<i>Farming and raising</i>																			
<i>livestock</i>	91	38	189,639	-	-	-	588,334	333,616	351,702	-	4,261	-	-	-	-	-	1,211,280	256,401	1,467,681
<i>Forestry</i>	-	-	-	-	-	-	280,965	31,160	24,346	-	185	-	-	-	-	-	77,753	258,903	336,656
<i>Fishing</i>	-	-	-	-	-	-	30,729	19,205	27,949	-	246	-	-	-	-	-	57,350	20,779	78,129
Manufacturing	1,004,291	39	160,377	-	-	-	19,899,003	2,485,075	4,843,193	-	7,121	-	-	-	-	-	11,480,951	16,918,148	28,399,099
<i>Mining</i>	-	-	4,644	-	-	-	384,726	94,155	323,949	-	68	-	-	-	-	-	417,284	390,258	807,542
<i>Production</i>	1,004,291	11	153,725	-	-	-	13,505,225	2,351,669	4,361,948	-	6,925	-	-	-	-	-	9,847,425	11,536,369	21,383,794
<i>Electric, Gas, Water</i>	-	28	2,008	-	-	-	6,009,052	39,251	157,296	-	128	-	-	-	-	-	1,216,242	4,991,521	6,207,763
Construction	280	6	1	-	-	-	6,266,898	1,427,900	4,336,534	-	4,491	-	-	-	-	-	6,908,667	5,127,443	12,036,110
Services	30,181,431	2,896,367	608,280	-	-	15,418,766	15,752,768	9,436,412	10,612,815	-	131,531	-	-	-	-	15	55,794,049	29,244,336	85,038,385
<i>Wholesale and retail trade</i>	279	125	286	-	-	-	6,687,238	5,387,275	6,508,686	-	29,082	-	-	-	-	-	13,904,175	4,708,796	18,612,971
<i>Hotel, Food and Beverage</i>																			
<i>Services</i>	9	6	78	-	-	-	1,331,135	296,071	1,545,078	-	2,885	-	-	-	-	-	1,000,853	2,174,409	3,175,262
<i>Transportation and</i>																			
<i>Telecommunication</i>	11	-	240,027	-	-	-	4,255,744	3,392,287	1,353,077	-	9,016	-	-	-	-	-	5,309,017	3,941,145	9,250,162
<i>Financial Institutions</i>	30,054,333	-	69	-	-	15,418,766	2,500,834	34,796	457,626	-	87,390	-	-	-	-	15	31,086,536	17,467,293	48,553,829
<i>Real Estate and renting</i>																			
<i>services</i>	-	-	3	-	-	-	299,465	73,037	138,421	-	1,138	-	-	-	-	-	396,997	115,067	512,064
<i>Self-employment services</i>	-	-	3,786	-	-	-	643	-	-	-	-	-	-	-	-	-	4,429	-	4,429
<i>Education services</i>	74	4	5,067	-	-	-	121,788	49,412	237,724	-	522	-	-	-	-	-	355,770	58,821	414,591
<i>Health and social services</i>	126,725	2,896,232	358,964	-	-	-	555,921	203,534	372,203	-	1,498	-	-	-	-	-	3,736,272	778,805	4,515,077
Other	20,441,686	66,254	95,027	-	-	1,298	5,426,948	10,987,594	12,670,929	240,075	12,386,861	-	-	-	-	6,088,212	46,766,457	21,638,427	68,404,884
Total	51,627,779	2,962,704	1,053,324	-	-	15,420,064	48,245,645	24,720,962	32,867,468	240,075	12,534,696	-	-	-	-	6,088,227	122,296,507	73,464,437	195,760,944

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

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

**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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

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

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

Risk Classifications-Current Period	According to their outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
Claims on sovereigns and Central Banks	4,837,977	644,411	1,150,586	818,234	44,176,571
Claims on regional governments or local authorities	9,500	4,726	23,639	55,293	2,869,546
Claims on administrative bodies and other non-commercial undertakings	22,754	32,027	62,030	222,500	714,014
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	11,995,597	810,595	482,369	76,307	2,055,196
Claims on corporate	2,811,153	3,317,094	3,952,856	8,790,375	29,374,167
Claims included in the regulatory retail portfolios	491,774	960,663	1,649,647	4,177,825	17,441,053
Claims secured by residential property	573,828	1,048,581	1,696,829	4,030,103	25,518,127
Past due loans	-	-	-	-	240,075
Higher risk categories decided by the Agency	-	-	-	14,320	12,520,376
Marketable securities secured by mortgages	-	-	-	-	-
Securitization exposures	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other claims	-	-	-	-	6,088,226
Total	20,742,583	6,818,097	9,017,956	18,184,957	140,997,351

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

Risk Classifications-Prior Period	According to their outstanding maturities					1 year and over
	1 month	1-3 month	3-6 month	6-12 month		
Claims on sovereigns and Central Banks	25,028,822	1,066,798	1,573,671	1,190,052		16,347,011
Claims on regional governments or local authorities	3,985	10,989	11,665	38,725		1,765,946
Claims on administrative bodies and other non-commercial undertakings	8,905	36,099	33,520	59,274		260,093
Claims on multilateral development	-	-	-	-		-
Claims on international organizations	-	-	-	-		-
Claims on banks and intermediary institutions	10,191,742	2,167,472	21,015	169,763		1,665,228
Claims on corporate	2,034,009	2,726,245	4,437,032	6,262,877		23,266,860
Claims included in the regulatory retail portfolios	5,197,370	804,177	1,415,796	3,166,087		13,191,727
Claims secured by residential property	737,553	744,859	1,356,481	2,717,731		19,633,556
Past due loans	-	-	-	-		255,994
Higher risk categories decided by the Agency	311,066	-	-	-		11,931,127
Marketable securities secured by mortgages	-	-	-	-		-
Securitization exposures	-	-	-	-		-
Short-term claims and short-term corporate claims on banks and	-	-	-	-		-
Undertakings for collective investments in mutual funds	-	-	-	-		-
Other claims	1,174,846	-	-	-		4,233,646
Total	44,688,298	7,556,639	8,849,180	13,604,509		92,551,188

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

Risk balances according to risk weights

Risk Weights											Deductions from the shareholders' equity	
Current Period	0%	10%	20%	50%	75%	100%	150%	200%	250%	1250%		
Pre-Amount of Credit Risk												
Mitigation	47,554,085	-	16,779,325	37,737,598	23,535,298	57,619,942	2,990,704	9,446,254	97,738	-		359,114
Amount after Credit Risk Mitigation	54,978,227	-	10,597,030	37,813,961	23,371,738	56,480,407	2,986,884	9,434,959	97,738	-		359,114

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

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

Information According to Sectors and Counterparties

Current Period	Loans		Value Adjustments	Provisions
	Impaired (*)	Past Due (**)		
Agricultural	83,397	33,519	806	81,560
<i>Farming and raising livestock</i>	72,134	29,466	632	70,661
<i>Forestry</i>	7,255	1,271	90	6,917
<i>Fishing</i>	4,008	2,782	84	3,982
Manufacturing	836,017	281,898	11,181	807,279
<i>Mining</i>	29,054	7,706	3,240	28,379
<i>Production</i>	801,801	269,229	7,900	774,085
<i>Electric, Gas, Water</i>	5,162	4,963	41	4,815
Construction	443,816	179,450	5,530	421,708
Services	1,282,999	1,286,706	29,871	1,199,082
<i>Wholesale and retail trade</i>	801,397	599,838	15,099	751,491
<i>Hotel, Food and Beverage Services</i>	46,878	78,793	1,445	44,130
<i>Transportation and telecommunication</i>	279,587	433,429	9,073	260,933
<i>Financial Institutions</i>	4,889	2,999	78	4,160
<i>Real estate and renting services</i>	9,901	8,672	234	8,788
<i>Self-employment services</i>	109,544	121,114	3,041	101,835
<i>Education services</i>	6,055	9,717	170	4,031
<i>Health and social services</i>	24,748	32,144	731	23,714
Other	1,328,143	1,983,048	79,209	1,224,668
Total	3,974,372	3,764,621	126,597	3,734,297

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

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

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

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

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

Current Period	The opening Balance	Provisions amounts set aside during the period	The cancelation of the provisions	Other Adjustments (*)	Close out Balance
Specific	3,275,433	1,145,464	(686,600)	-	3,734,297
General	1,190,739	412,503	-	-	1,603,242

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

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Fair value of collateral held against impaired loans

	31 December 2014	31 December 2013
Cash collateral (*)	-	-
Mortgage	1,131,152	908,623
Promissory note (*)	-	-
Others (**)	2,843,220	2,622,804
Total	3,974,372	3,531,427

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

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

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

Cash loans	31 December 2014	31 December 2013
Secured Loans:	78,861,414	63,699,025
Secured by mortgages	32,330,313	18,093,124
Secured by cash collateral	666,941	384,250
Guarantees issued by financial institutions	3,586	178,628
Secured by government institutions or government securities	930,621	176,565
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	44,929,953	44,866,458
Unsecured Loans	25,482,028	22,797,198
Total performing loans	104,343,442	86,496,223

Non-cash loans	31 December 2014	31 December 2013
Secured Loans:	12,533,762	10,500,046
Secured by mortgages	1,092,107	678,781
Secured by cash collateral	383,395	85,525
Guarantees issued by financial institutions	-	5,408
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	11,058,260	9,730,332
Unsecured Loans	16,100,161	12,841,333
Total non-cash loans	28,633,923	23,341,379

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. MARKET RISK

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

The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices on balance sheet and off-balance sheet positions of the banks.

The capital needed for general market risk and specific risks is calculated using the standard method defined by the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and reported monthly.

In addition to the standard method, the Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Bank also performs daily back-testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liability accounts, liquidity analysis are performed and the duration of the Bank’s assets and liabilities is calculated.

The market risk analysis of the Bank is reported “monthly” and sent to the related regulatory institutions.

Value at market risk

	Current Period	Prior Period
(I) Capital Obligation against General Market Risk - Standard Method	13,128	9,862
(II) Capital Obligation against Specific Risks - Standard Method	99	22
Capital to be employed for specific risk in securitisation positions- Standard Method	-	-
(III) Capital Obligation against Currency Risk - Standard Method	34,268	9,399
(IV) Capital Obligation against Stocks Risks - Standard Method	-	-
(V) Capital Obligation against Exchange Risks - Standard Method	-	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	234	-
(VII) Capital Obligation Calculated for Counterparty Credit Risk - Standard Method	8,211	6,814
(VIII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-	-
(IX) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	55,940	26,097
(X) Value-At-Market Risk (12.5xVIII) or (12.5xIX)	699,250	326,213

Average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	8,972	13,029	6,069	7,612	13,147	3,506
Common Share Risk	227	2,523	-	65	783	-
Currency Risk	22,858	35,156	8,046	62,345	159,223	9,399
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	1,677	3,804	42	102	929	-
Counterparty Credit Risk	9,451	11,383	8,020	4,330	10,889	2,048
Total Value at Risk	539,814	703,345	359,499	930,669	2,188,882	326,218

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. MARKET RISK (Continued)

Information on Counterparty Credit Risk

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

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

Information about counterparty risk

	Current Period ^(*)	Prior Period ^(*)
Contracts based on interest rate	60,885	17,566
Contracts based on currency	100,177	102,978
Contracts based on commodity	-	-
Contracts based on stocks	-	10
Other	-	-
Gross Positive Fair Value	161,062	120,554
Benefits of clarification	-	-
Clarified current risk amount	-	-
The securities which are held	-	-
The net position of derivatives	161,062	120,554

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

IV. OPERATIONAL RISK

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

Current Period	31 December 2011	31 December 2012	31 December 2013	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	6,159,500	5,191,308	4,205,182	3	15	777,799
Amount subject to operational risk Total*12.5)						9,722,488
Prior Period	31 December 2010	31 December 2011	31 December 2012	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	3,704,421	4,205,182	5,191,308	3	15	655,046
Amount subject to operational risk (Total*12.5)						8,188,075

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. FOREIGN CURRENCY EXCHANGE RISK

Foreign exchange risk that the Bank exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Bank for the positions being monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

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

As at 31 December 2014 and 31 December 2013 the Bank does not have derivate financial instruments held for risk management.

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet	2.3200	2.8223
Foreign currency purchase rates for the days before balance sheet		
Day 1	2.2700	2.7542
Day 2	2.2900	2.7922
Day 3	2.2700	2.7721
Day 4	2.2700	2.7735
Day 5	2.2700	2.7635
	US Dollar	Euro
Last 30-days arithmetical average rate	2.2265	2.7516

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. FOREIGN CURRENCY EXCHANGE RISK(Continued)

Information on currency risk

Current Period	Euro	US Dollar	Other FCs	Total
Assets:				
Cash and balances with the Central Bank of Turkey	1,950,899	11,525,455	4,282,297	17,758,651
Banks	92,726	2,392,720	70,441	2,555,887
Financial assets at fair value through profit or loss ⁽¹⁾	-	30,633	-	30,633
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	819,967	2,873,509	-	3,693,476
Loans and receivables ⁽²⁾	8,602,119	22,034,004	28,331	30,664,454
Associates, subsidiaries and joint-ventures	321,124	-	-	321,124
Held-to-maturity investments	-	92,844	-	92,844
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	1,372	-	1,372
Intangible assets	-	111	-	111
Other assets ⁽³⁾	8,022	532,607	62,163	602,792
Total assests	11,794,857	39,483,255	4,443,232	55,721,344
Liabilities:				
Bank deposits	640,393	2,770,161	16,518	3,427,072
Foreign currency deposits	9,231,732	12,446,226	948,601	22,626,559
Interbank money market takings	-	6,591,668	-	6,591,668
Other funding	5,311,583	8,724,893	2,634	14,039,110
Securities issued	1,459,110	6,085,457	-	7,544,567
Miscellaneous payables	164,619	22,719	35,861	223,199
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ^{(1) (3) (4)}	38,011	3,087,450	1,561	3,127,022
Total liabilities	16,845,448	39,728,574	1,005,175	57,579,197
Net ‘on balance sheet’ position	(5,050,591)	(245,319)	3,438,057	(1,857,853)
Net ‘off-balance sheet’ position	5,259,448	701,095	(3,430,091)	2,530,452
Derivative assets ⁽⁶⁾	7,286,590	8,766,209	1,377,221	17,430,020
Derivative liabilities ⁽⁶⁾	2,027,142	8,065,114	4,807,312	14,899,568
Non-cash loans ⁽⁵⁾	2,206,271	9,304,139	260,328	11,770,738
Prior Period	Euro	US Dollar	Other FCs	Total
Total assets	14,677,498	30,249,768	3,880,770	48,808,036
Total liabilities	15,140,121	31,301,957	1,189,554	47,631,632
Net ‘on balance sheet’ position	(462,623)	(1,052,189)	2,691,216	1,176,404
Net ‘off-balance sheet’ position	570,050	1,099,915	(2,701,033)	(1,031,068)
Derivative assets ⁽⁶⁾	1,787,998	8,258,319	1,437,036	11,483,353
Derivative liabilities ⁽⁶⁾	1,217,948	7,158,404	4,138,069	12,514,421
Non-cash loans ⁽⁵⁾	1,526,332	7,179,775	347,230	9,053,337

⁽¹⁾ Derivative financial assets amounting to TL 6,468 (31 December 2013: TL 56,541) and liabilities amounting to TL 113,526 (31 December 2013: TL 38,006) resulting from changes in foreign exchange rates are not included.

⁽²⁾ Foreign currency indexed loans amounting to TL 2,763,606 (31 December 2013: TL 2,548,480) which are presented in TL column in the balance sheet are included in the table above.

⁽³⁾ Prepaid expenses amounting to TL 56,439 (31 December 2013: TL 33,487) and equities amounting to TL 374,894 (31 December 2013: TL 203,640) are not included.

⁽⁴⁾ Unearned revenues amounting to TL 46,050 (31 December 2013: TL 30,782) 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 1,327,706 (31 December 2013: TL 1,716,686) and asset sales commitments amounting to TL 1,312,928 (31 December 2013: TL 1,919,728) are included.

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

V. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10 percent depreciation of the TL against the following currencies as at and for the year ended 31 December 2014 and 2013 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 December 2014		31 December 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(43,934)	(43,934)	2,146	2,146
EUR	11,227	11,227	(14,941)	(14,941)
Other currencies	(571)	(571)	(986)	(986)
Total, net	(33,278)	(33,278)	(13,781)	(13,781)

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

10 percent appreciation of the TL against the following currencies as at and for the year ended 31 December 2014 and 2013 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 December 2014		31 December 2013	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	45,429	45,429	(510)	(510)
Euro	(11,227)	(11,227)	14,941	14,941
Other currencies	797	797	1,489	1,489
Total, net	34,999	34,999	15,920	15,920

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBT	3,055,551	-	-	-	-	18,829,428	21,884,979
Banks	2,158,787	114,574	6,245	-	-	291,014	2,570,620
Financial assets at fair value through profit/loss	158,375	164,087	6,250	28,995	21,869	619	380,195
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	2,629,343	2,018,908	5,222,280	4,234,901	2,217,850	15	16,323,297
Loans and receivables	33,327,775	22,020,835	21,643,728	16,994,647	10,356,457	240,075	104,583,517
Held-to-maturity investments	281,186	1,559,200	3,180,566	290,780	1,542,861	-	6,854,593
Other assets (*)	15,993	110	4,868	47,165	528	5,551,861	5,620,525
Total assets	41,627,010	25,877,714	30,063,937	21,596,488	14,139,565	24,913,012	158,217,726
Liabilities:							
Bank deposits	4,340,899	452,338	22,912	-	-	59,910	4,876,059
Other deposits	44,970,026	19,229,378	5,909,177	19,415	-	16,752,913	86,880,909
Interbank money market takings	15,596,871	233,330	349,241	-	205,860	-	16,385,302
Miscellaneous payables	-	-	-	-	-	3,160,415	3,160,415
Securities issued	718,111	2,188,178	2,584,786	4,966,682	-	-	10,457,757
Funds borrowed	3,795,555	6,750,842	3,566,606	70,562	743,483	-	14,927,048
Other liabilities (**)	142,908	19,277	127,000	458,380	1,660,806	19,121,865	21,530,236
Total liabilities	69,564,370	28,873,343	12,559,722	5,515,039	2,610,149	39,095,103	158,217,726
On balance sheet long position	-	-	17,504,215	16,081,449	11,529,416	-	45,115,080
On balance sheet short position	(27,937,360)	(2,995,629)	-	-	-	(14,182,091)	(45,115,080)
Off-balance sheet long position	705,056	1,698,093	1,201,132	548,903	879,885	-	5,033,069
Off-balance sheet short position	(46,669)	(37,825)	(1,201,132)	(1,853,104)	(1,657,085)	-	(4,795,815)
Position, Net	(27,278,973)	(1,335,361)	17,504,215	14,777,248	10,752,216	(14,182,091)	237,254

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. 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 CBT	-	-	-	-	-	18,968,081	18,968,081
Banks	2,010,259	100,755	2,070	-	-	526,053	2,639,137
Financial assets at fair value through profit/loss	167,159	220,696	34,116	11,685	2,034	-	435,690
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	5,314,189	2,386,603	2,692,024	3,207,601	2,677,005	10,765	16,288,187
Loans and receivables	26,066,086	18,855,961	16,370,316	15,638,026	9,565,834	255,994	86,752,217
Held-to-maturity investments	914,868	418,308	2,022,196	495,822	1,552,621	-	5,403,815
Other assets (*)	13,462	85	10,506	72,469	425	4,911,969	5,008,916
Total assets	34,486,023	21,982,408	21,131,228	19,425,603	13,797,919	24,672,862	135,496,043
Liabilities:							
Bank deposits	3,170,922	869,432	103,153	-	-	18,821	4,162,328
Other deposits	39,030,456	19,270,048	5,371,683	40,261	-	13,658,038	77,370,486
Interbank money market takings	12,424,832	237,295	1,005,685	809,269	-	-	14,477,081
Miscellaneous payables	-	-	-	-	-	2,696,105	2,696,105
Securities issued	406,641	1,432,595	1,769,861	3,275,729	-	-	6,884,826
Fund borrowed	553,136	4,525,154	5,516,612	89,542	720,368	-	11,404,812
Other liabilities (**)	125,881	17,423	141,525	410,940	1,502,582	16,302,054	18,500,405
Total liabilities	55,711,868	26,351,947	13,908,519	4,625,741	2,222,950	32,675,018	135,496,043
On balance sheet long position	-	-	7,222,709	14,799,862	11,574,969	-	33,597,540
On balance sheet short position	(21,225,845)	(4,369,539)	-	-	-	(8,002,156)	(33,597,540)
Off-balance sheet long position	545,993	1,482,402	-	-	-	-	2,028,395
Off-balance sheet short position	-	-	(77,250)	(979,931)	(695,500)	-	(1,752,681)
Position, Net	(20,679,852)	(2,887,137)	7,145,459	13,819,931	10,879,469	(8,002,156)	275,714

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

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

Average interest rates applied to monetary financial instruments:

Current Period	Euro %	US Dollar %	Japanese Yen %	TL %
Assets:				
Cash and balance with CBT	-	-	-	1.51
Banks	0.01	0.28	-	10.47
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.25	6.96	-	7.19
Loans and receivables	4.36	5.40	-	12.70
Held-to-maturity investments	-	1.58	-	5.56
Liabilities:				
Bank deposits	0.66	0.42	-	8.59
Other deposits	1.99	2.13	-	9.22
Interbank money market takings	-	0.95	-	9.82
Miscellaneous payables	-	-	-	-
Securities issued	3.47	3.45	-	9.06
Funds borrowed	0.96	1.58	-	7.04

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

Prior Period	Euro	US Dollar	Japanese Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBT	-	-	-	-
Banks	0.01	0.35	-	10.35
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.63	7.11	-	7.58
Loans and receivables	5.52	6.92	-	13.50
Held-to-maturity investments	-	3.31	-	6.83
<i>Liabilities:</i>				
Bank deposits	1.00	0.71	-	8.21
Other deposits	2.82	2.51	-	8.16
Interbank money market takings	0.39	1.19	-	7.61
Miscellaneous payables	-	-	-	-
Securities issued	1.53	4.06	-	8.74
Funds borrowed	1.03	1.55	-	5.57

The interest rate risk of the banking book items:

Measurement Rate of Interest Rate Risk

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

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

Currency Unit-Current Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,440,546) / 2,452,172	(13.54%) / 13.61%
2. EURO	200 / (200)	178,773 / (9,440)	0.99% / (0.05%)
3. USD	200 / (200)	441,639 / (383,071)	2.45% / (2.13%)
Total (For Negative Shocks)	-	2,059,661	11.43%
Total (For Positive Shocks)	-	(1,820,134)	(10.10%)

Currency Unit-Prior Period	Applied Shock (+/- x base point)	Gain/ Loss	Gain/ Equity-Loss/ Equity
1. TRY	500 / (400)	(2,412,990) / 2,441,246	(15.89%) / 16.08%
2. EURO	200 / (200)	34,736 / 10,115	0.23% / 0.07%
3. USD	200 / (200)	457,473 / (383,076)	3.01% / (2.52%)
Total (For Negative Shocks)	-	2,068,285	13.63%
Total (For Positive Shocks)	-	(1,920,781)	(12.65%)

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

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

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

Current Period	Comparison		
	Carrying Value	Fair Value^(*)	Market Value^(*)
Stock Investments			
Stocks quoted in exchange^(*)	631,875	631,875	631,875
1.Stocks Investments Group A	631,875	631,875	631,875
2.Stock Investments Group B	-	-	-
3.Stock Investment Group C	-	-	-
Stocks unquoted in exchange^(**)	1,105,121	1,053,476	-

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

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

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

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

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

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

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

Portfolio-Current Period	Realized	Revaluation Surplus		Unrealized Gain and Loss	
	Gain/Loss	Total^(*)	Included in	Total^(*)	Included in
in	Supplementary				
	Current		Capital		
	Period				
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	204,847	204,847
3. Other Stocks	-	524,807	524,807	-	-
4. Total	-	524,807	524,807	204,847	204,847

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VI. INTEREST RATE RISK (Continued)

Portfolio-Prior Period	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total (*)	Included in Supplementary Capital	Total (*)	Included in Core Capital	Included in Supplement ary Capital
1. Private Capital						
Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	419,600	-	188,820
3. Other Stocks	-	412,957	185,830	-	-	-
4. Total	-	412,957	185,830	419,600	-	188,820

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

VII. LIQUIDITY RISK

In order to avoid the liquidity risk, the Bank diverts funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

While the Bank’s short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitization transactions and international bond issues. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed(*)	Total
Assets:								
Cash and balance with CBT	18,829,428	3,055,551	-	-	-	-	-	21,884,979
Banks	2,096,480	353,321	114,574	6,245	-	-	-	2,570,620
Financial assets at fair value through profit/loss	619	59,800	45,503	6,250	246,154	21,869	-	380,195
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	29,371	643,394	1,755,689	7,319,164	6,575,664	15	16,323,297
Loans and receivables	-	9,760,026	3,780,425	19,103,092	46,736,824	24,963,075	240,075	104,583,517
Held-to-maturity investments	-	-	92,844	202,211	1,509,417	5,050,121	-	6,854,593
Other assets	-	881,126	110	4,868	119,602	528	4,614,291	5,620,525
Total assets	20,926,527	14,139,195	4,676,850	21,078,355	55,931,161	36,611,257	4,854,381	158,217,726
Liabilities:								
Bank deposits	59,910	4,340,899	452,338	22,912	-	-	-	4,876,059
Other deposits	16,752,913	44,970,026	19,229,378	5,909,177	19,415	-	-	86,880,909
Funds borrowed	-	1,237,218	850,182	6,529,162	2,560,240	3,750,246	-	14,927,048
Interbank money market takings	-	15,596,871	233,330	349,241	-	205,860	-	16,385,302
Securities issued	-	717,590	2,188,013	2,364,232	5,187,922	-	-	10,457,757
Miscellaneous payables	-	2,781,158	56,601	-	-	-	322,656	3,160,415
Other liabilities	-	602,206	283,189	9,687	37,883	2,221,605	18,375,666	21,530,236
Total liabilities	16,812,823	70,245,968	23,293,031	15,184,411	7,805,460	6,177,711	18,698,322	158,217,726
Liquidity gap	4,113,704	(56,106,773)	(18,616,181)	5,893,944	48,125,701	30,433,546	(13,843,941)	-
Prior Period								
Total assets	21,337,007	11,043,432	4,548,822	17,799,419	47,642,546	28,597,769	4,527,048	135,496,043
Total liabilities	13,676,859	58,102,416	22,682,545	14,571,517	6,425,170	3,914,314	16,123,222	135,496,043
Liquidity gap	7,660,148	(47,058,984)	(18,133,723)	3,227,902	41,217,376	24,683,455	(11,596,174)	-

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK (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	4,876,059	4,879,012	59,910	4,341,671	453,419	24,012	-	-
Other deposits	86,880,909	87,345,379	16,752,913	45,091,487	19,424,640	6,056,284	20,055	-
Funds borrowed	14,927,048	15,845,654	-	1,240,618	854,153	6,607,235	2,794,190	4,349,458
Money market takings	16,385,302	16,396,538	-	15,604,502	233,628	351,133	-	207,275
Issued Securities (Net)	10,457,757	11,312,237	-	713,864	2,208,287	2,407,908	5,982,178	-
Miscellaneous payables	3,160,415	3,160,415	322,656	2,781,158	56,601	-	-	-
Other liabilities	3,601,609	4,553,819	904,356	393,062	35,016	9,687	37,883	3,173,815
Total	140,289,099	143,493,054	18,039,835	70,166,362	23,265,744	15,456,259	8,834,306	7,730,548

Non-Cash Loans	28,633,923	28,633,923	243,079	835,912	16,437,467	6,930,286	3,503,638	683,541
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Prior Period	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	4,162,328	4,173,074	18,821	3,172,488	876,802	104,963	-	-
Other deposits	77,370,486	77,780,892	13,658,038	39,125,612	19,449,353	5,505,354	42,535	-
Funds borrowed	11,404,812	12,044,724	-	219,476	740,950	6,244,484	2,037,282	2,802,532
Money market takings	14,477,081	14,503,549	-	12,428,032	237,537	1,011,566	826,414	-
Issued Securities (Net)	6,884,826	7,626,518	-	406,116	1,441,546	1,818,518	3,960,338	-
Miscellaneous payables	2,696,105	2,696,105	243,022	2,402,513	50,570	-	-	-
Other liabilities	3,394,530	4,386,428	992,300	289,786	24,299	148,355	496,656	2,435,032
Total	120,390,168	123,211,290	14,912,181	58,044,023	22,821,057	14,833,240	7,363,225	5,237,564

Non-Cash Loans	23,341,379	23,341,379	264,268	370,339	13,664,337	5,657,505	2,729,612	655,318
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This table shows the undiscounted cash flows on the Bank’s financial liabilities on the basis of their earliest possible contractual maturity. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the financial statements.

Securitisation Positions

None.

Credit risk mitigation techniques

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

Applications on guarantees’ valuation and method

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

Types of main guarantees received

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

Main guarantors, credit derivatives’ counterparties and their credit worthiness

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK (Continued)

Information about market and credit risk concentration in credit risk mitigation

Market risk and credit risk concentrations are carefully avoided.

Information about guarantees according to risk classifications

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

Risk Classification - Current Period	Amount	Financial Guarantees	Other /Physical Guarantees	Guarantees and credit derivatives
Claims on sovereigns and Central Banks	51,627,779	4,810,208	-	-
Claims on regional governments or local authorities	2,962,704	19,276	-	-
Claims on administrative bodies and other non-commercial undertakings	1,053,325	63,400	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and intermediary institutions	15,420,064	7,032,378	-	-
Claims on corporate	48,245,645	514,692	-	634,888
Claims included in the regulatory retail portfolios	24,720,962	199,482	-	-
Claims secured by residential property	32,867,468	-	-	-
Past due loans	240,075	-	-	-
Higher risk categories decided by the Agency	12,534,696	15,115	-	-
Marketable securities secured by mortgages	-	-	-	-
Securitization exposures	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-
Other claims	6,088,226	-	-	-
Total	195,760,944	12,654,551	-	634,888

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VII. LIQUIDITY RISK (Continued)

Risk management strategies and policies

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

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

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

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

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

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
<i>Financial Assets:</i>				
Receivables from Interbank Money Markets	-	-	-	-
Banks	2,570,620	2,639,137	2,570,620	2,639,137
Available-for-Sale Financial Assets	16,323,297	16,288,187	16,323,297	16,288,187
Held-to-Maturity Investments	6,854,593	5,403,815	6,983,593	5,184,485
Loans	104,583,517	86,752,217	105,477,073	86,971,951
<i>Financial Liabilities:</i>				
Bank Deposits	4,876,059	4,162,328	4,876,059	4,162,328
Other Deposits	86,880,909	77,370,486	86,925,247	77,370,486
Funds Borrowed	14,927,048	11,404,812	14,926,784	11,404,812
Securities Issued	10,457,757	6,884,826	10,388,073	6,884,826
Subordinated Loans	2,138,030	1,974,142	2,138,030	1,974,142
Miscellaneous Payables	3,160,415	2,696,105	3,160,415	2,696,105

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

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Classification of Fair Value Measurement

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

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

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

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

Classification requires using observable market data if possible.

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

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	619	380,195	-	380,195
Derivative financial assets held for trading purpose	619	380,195	-	380,195
Available-for-sale financial assets	14,832,268	1,491,014	-	16,323,282
Debt securities	14,832,268	1,491,014	-	16,323,282
Investments in associates and subsidiaries	631,875	-	1,053,475 ^(*)	1,685,350
Total Financial Assets	15,464,762	1,870,590	1,053,475	18,388,827
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(250,252)	-	(250,252)
Total Financial Liabilities	-	(250,252)	-	(250,252)
31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	-	435,690	-	435,690
Derivative financial assets held for trading purpose	-	435,690	-	435,690
Available-for-sale financial assets	14,623,200	1,654,222	-	16,277,422
Debt securities	14,623,200	1,654,222	-	16,277,422
Investments in associates and subsidiaries	675,754	-	886,839 ^(*)	1,562,593
Total Financial Assets	15,298,954	2,089,912	886,839	18,275,705
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(200,778)	-	(200,778)
Total Financial Liabilities	-	(200,778)	-	(200,778)

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended 31 December 2014 is as follows:

	Level 3 Current Period	Level 3 Prior Period
Balance at the beginning of the year	886,839	731,211
Total gains or losses for the year recognised in profit or loss	-	-
Total gains or losses for the year recognised under equity	166,636	155,628
Balance at the end of the year	1,053,475	886,839

IX. TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS, ITEMS HELD IN TRUST

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

X. SEGMENT REPORTING

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

X. 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	3,573,807	5,752,608	2,044,674	2,498	11,373,587
<i>Interest income from loans</i>	3,573,807	5,752,608	-	-	9,326,415
<i>Interest income from reserve deposits</i>	-	-	2,015	-	2,015
<i>Interest income from securities portfolio</i>	-	-	2,035,273	-	2,035,273
<i>Interest income from banks</i>	-	-	7,006	-	7,006
<i>Interest income from money market transactions</i>	-	-	380	-	380
<i>Other interest income</i>	-	-	-	2,498	2,498
Interest Expense	2,047,479	2,835,590	1,812,619	26,421	6,722,109
<i>Interest expense on deposits</i>	2,047,479	2,835,590	161,564	-	5,044,633
<i>Interest expense on funds borrowed</i>	-	-	167,476	-	167,476
<i>Interest expense on money market transactions</i>	-	-	912,931	-	912,931
<i>Interest expense on securities issued</i>	-	-	450,732	-	450,732
<i>Other interest expenses</i>	-	-	119,916	26,421	146,337
Net Interest Income	1,526,328	2,917,018	232,055	(23,923)	4,651,478
Net Fees and Commissions Income	489,121	220,213	-	-	709,334
Trading Income/ Losses (Net)	-	-	223,119	-	223,119
Dividend Income	-	-	66,288	-	66,288
Other Income	-	-	-	1,345,534	1,345,534
Provision For Losses on Loans and Other Receivables	541,083	681,603	35,680	413,501	1,671,867
Other Expenses	-	-	-	3,110,210	3,110,210
Profit Before Taxes	1,474,366	2,455,628	485,782	(2,202,100)	2,213,676
Provision for taxes	-	-	-	(460,403)	(460,403)
Net Profit/ Loss	1,474,366	2,455,628	485,782	(2,662,503)	1,753,273
SEGMENT ASSETS					
Securities Portfolio	-	-	23,177,890	-	23,177,890
Derivative financial assets held for trading purpose	-	-	380,195	-	380,195
Banks and Receivables From Money Markets	-	-	2,570,620	-	2,570,620
Investments in Associates and Subsidiaries	-	-	1,736,982	-	1,736,982
Loans	32,952,925	71,630,592	-	-	104,583,517
Other Assets	-	-	20,860,935	4,907,587	25,768,522
TOTAL ASSETS	32,952,925	71,630,592	48,726,622	4,907,587	158,217,726
SEGMENT LIABILITIES					
Deposits	36,352,846	50,532,382	4,871,740	-	91,756,968
Derivative Financial Liabilities Held for Trading Purpose	-	-	250,252	-	250,252
Interbank Money Market	-	-	16,385,302	-	16,385,302
Funds Borrowed	-	-	14,927,048	-	14,927,048
Securities Issued	-	-	10,457,757	-	10,457,757
Other Liabilities	-	-	2,341,732	4,432,461	6,774,193
Provisions and Tax Liabilities	-	-	-	2,894,456	2,894,456
Equity	-	-	-	14,771,750	14,771,750
TOTAL LIABILITIES AND EQUITY	36,352,846	50,532,382	49,233,831	22,098,667	158,217,726

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

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	3,237,622	4,326,319	1,598,277	58,352	9,220,570
<i>Interest income from loans</i>	3,237,622	4,326,319	-	-	7,563,941
<i>Interest income from securities portfolio</i>	-	-	1,590,648	-	1,590,648
<i>Interest income from banks</i>	-	-	7,004	-	7,004
<i>Interest income from money market transactions</i>	-	-	625	-	625
<i>Other interest income</i>	-	-	-	58,352	58,352
Interest Expense	1,484,464	1,949,389	962,712	34,388	4,430,953
<i>Interest expense on deposits</i>	1,484,464	1,949,389	88,798	-	3,522,651
<i>Interest expense on funds borrowed</i>	-	-	134,533	-	134,533
<i>Interest expense on money market transactions</i>	-	-	375,321	-	375,321
<i>Interest expense on securities issued</i>	-	-	260,003	-	260,003
<i>Other interest expenses</i>	-	-	104,057	34,388	138,445
Net Interest Income	1,753,158	2,376,930	635,565	23,964	4,789,617
Net Fees and Commissions Income	416,792	269,719	-	-	686,511
Trading Income/ Losses (Net)	-	-	231,657	-	231,657
Dividend Income	-	-	54,001	-	54,001
Other Income	-	-	-	708,320	708,320
Provision For Losses on Loans and Other Receivables	332,842	1,007,409	145,732	243,288	1,729,271
Other Expenses	-	-	-	2,757,921	2,757,921
Profit Before Taxes	1,837,108	1,639,240	775,491	(2,268,925)	1,982,914
Provision for taxes	-	-	-	(397,375)	(397,375)
Net Profit/ Loss	1,837,108	1,639,240	775,491	(2,666,300)	1,585,539
SEGMENT ASSETS					
Securities Portfolio	-	-	21,692,002	-	21,692,002
Derivative financial assets held for trading purpose	-	-	435,690	-	435,690
Banks and Receivables From Money Markets	-	-	2,639,137	-	2,639,137
Investments in Associates and Subsidiaries	-	-	1,610,993	-	1,610,993
Loans	30,567,397	56,184,820	-	-	86,752,217
Other Assets	-	-	17,951,402	4,414,602	22,366,004
TOTAL ASSETS	30,567,397	56,184,820	44,329,224	4,414,602	135,496,043
SEGMENT LIABILITIES					
Deposits	31,318,850	46,058,463	4,155,501	-	81,532,814
Derivative Financial Liabilities Held for Trading Purpose	-	-	200,778	-	200,778
Interbank Money Market	-	-	14,477,081	-	14,477,081
Funds Borrowed	-	-	11,404,812	-	11,404,812
Securities Issued	-	-	6,884,826	-	6,884,826
Other Liabilities	-	-	2,158,084	3,989,068	6,147,152
Provisions and Tax Liabilities	-	-	-	2,232,259	2,232,259
Equity	-	-	-	12,616,321	12,616,321
TOTAL LIABILITIES AND EQUITY	31,318,850	46,058,463	39,281,082	18,837,648	135,496,043

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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	1,008,203	362,556	860,452	288,899
Central Bank of Turkey (*)	3,055,674	17,385,018	922,802	16,870,433
Others	62,451	11,077	19,584	5,911
Total	4,126,328	17,758,651	1,802,838	17,165,243

(*) TL 16,156,471 (31 December 2013: TL 14,542,489) of the foreign currency deposit at Central Bank of Turkey consists of foreign currency reserve deposits and TL 1,255 from total amount of TL consists of (31 December 2013: None) reserve deposit interest accrual.

In accordance with “Announcement on Reserve Deposits” of CBT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate of 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer (31 December 2013: 11.5% for demand deposits, and the rates decrease to 5% as maturities get longer). For foreign currency liabilities, all banks shall provide a reserve rate of 13% in US Dollar or Euro for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer (31 December 2013: 13% for demand and up to 1 year maturity deposits and rates decrease to 6% as maturities get longer).

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	3,054,416	1,228,547	922,799	1,043,944
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	3	-	3	1,284,000
Reserve Deposits	1,255	16,156,471	-	14,542,489
Total	3,055,674	17,385,018	922,802	16,870,433

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.

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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	3,616	474	28,203	375
Swap Transactions	338,329	31,410	327,932	77,115
Futures	-	-	-	-
Options	530	5,217	15	2,050
Others	-	-	-	-
Total	342,475	37,101	356,150	79,540

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	14,733	2,555,887	40,177	2,598,960
Domestic	14,733	348,007	40,177	92,664
Foreign	-	2,207,880	-	2,506,296
Foreign Head Offices and Branches	-	-	-	-
Total	14,733	2,555,887	40,177	2,598,960

Due from foreign banks

	Unrestricted Balance		Restricted Balances ^(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	116,487	137,228	97,060	1,793
USA, Canada	1,884,681	1,935,066	13,108	92,891
OECD Countries ^(*)	7,629	27,089	-	-
Off-shore Banking Regions	210	229	-	-
Others	88,705	312,000	-	-
Total	2,097,712	2,411,612	110,168	94,684

^(*) OECD countries other than European Union countries, USA and Canada

^(**) Restricted balances that occur from securization loans and other common banking activities

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	1,624,464	354,106	241,746	261,615
Others	-	-	-	-
Total	1,624,464	354,106	241,746	261,615

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	8,668,579	-	8,312,947	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	3,132,480	-	2,988,480
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	8,668,579	3,132,480	8,312,947	2,988,480

Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities	16,351,196		16,626,284	
Quoted	16,351,196		16,626,284	
Unquoted	-		-	
Equity securities		15		10,765
Quoted		-		-
Unquoted		15		10,765
Provision for impairment on available-for-sale financial assets (-)		27,914		348,862
Total		16,323,297		16,288,187

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	-	10,174	-	27,065
Legal entities	-	10,174	-	27,065
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	86,082	-	79,430	-
Total	86,082	10,174	79,430	27,065

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables	Agreement conditions modified		Loans and other receivables	Agreement conditions modified	
		Payment plan extensions	Other		Payment plan extensions	Other
	Non-specialized loans	99,300,909	386,885	-	3,853,837	798,209
Loans given to enterprises	28,428,948	249,232	-	1,190,196	497,520	-
Export loans	4,153,291	-	-	86,524	6,014	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	3,003,513	-	-	-	-	-
Consumer loans	27,888,673	137,570	-	1,448,244	243,627	-
Credit cards	4,079,933	-	-	294,593	8,212	-
Other	31,746,551	83	-	834,280	42,836	-
Specialized lending	3,602	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	99,304,511	386,885	-	3,853,837	798,209	-

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

	Standard Loans and Other Receivables (*)	Loans and other receivables under close monitoring (*)
Number of modifications to extend payment plans		
Extended for 1 or 2 times	386,885	528,800
Extended for 3,4 or 5 times	-	-
Extended for more than 5	-	-
Extended period of time		
0-6 Months	1,875	3,813
6 - 12 Months	6,623	10,647
1-2 Years	36,262	29,307
2-5 Years	267,320	430,957
5 Years and Over	74,805	54,076

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

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	<i>Loans and Other Receivables</i>	<i>Restructured or Rescheduled Loans and Other Receivables</i>	<i>Loans and Other Receivables</i>	<i>Restructured or Rescheduled Loans and Other Receivables</i>
Cash loans				
Short-term Loans and Other Receivables	27,203,859	279,719	1,149,012	72,131
Loans	27,203,859	279,719	1,149,012	72,131
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium, Long-term Loans and Other Receivables	72,100,651	107,166	2,704,826	726,078
Loans	72,097,049	107,166	2,704,826	726,078
Specialization loans	3,602	-	-	-
Other Receivables	-	-	-	-

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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	367,436	27,841,867	28,209,303
Housing Loans	6,184	14,309,704	14,315,888
Automobile Loans	4,180	431,240	435,420
General Purpose Loans	296,214	11,152,980	11,449,194
Other	60,858	1,947,943	2,008,801
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	3,010,894	72,025	3,082,919
With Installment	1,337,216	53,246	1,390,462
Without Installment	1,673,678	18,779	1,692,457
Retail Credit Cards – FC	1,433	-	1,433
With Installment	-	-	-
Without Installment	1,433	-	1,433
Personnel Loans – TL	2,783	35,212	37,995
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2,680	34,776	37,456
Other	103	436	539
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	47,872	123	47,995
With Installment	18,454	104	18,558
Without Installment	29,418	19	29,437
Personnel Credit Cards – FC	92	-	92
With Installment	-	-	-
Without Installment	92	-	92
Overdraft Checking Accounts – TL (Real persons)	1,470,746	-	1,470,746
Overdraft Checking Accounts – FC (Real persons)	70	-	70
Total	4,901,326	27,949,227	32,850,553

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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	928,103	20,568,682	21,496,785
Real Estate Loans	191	588,076	588,267
Automobile Loans	38,552	1,635,894	1,674,446
General Purpose Loans	889,360	18,344,712	19,234,072
Other	-	-	-
Installment-based Commercial Loans - FC indexed	28,821	822,166	850,987
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	28,821	822,166	850,987
Other	-	-	-
Installment-based Commercial Loans - FC	-	4,089,784	4,089,784
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	4,089,784	4,089,784
Corporate Credit Cards - TL	1,250,035	155	1,250,190
With Installment	520,658	155	520,813
Without Installment	729,377	-	729,377
Corporate Credit Cards - FC	109	-	109
With Installment	-	-	-
Without Installment	109	-	109
Overdraft Checking Accounts - TL (Corporate)	701,874	-	701,874
Overdraft Checking Accounts - FC (Corporate)	-	-	-
Total	2,908,942	25,480,787	28,389,729

Allocation of loan customers

	Current Period	Prior Period
Public Sector	1,299,532	1,092,102
Private Sector	103,043,910	85,404,121
Total	104,343,442	86,496,223

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	104,145,709	86,333,859
Overseas Loans	197,733	162,364
Total	104,343,442	86,496,223

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	74,105	68,800
Indirect Loans Provided to the Subsidiaries and Associates	-	-
Total	74,105	68,800

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectability	60,286	63,999
Loans and Receivables with Doubtful Collectability	546,295	659,768
Uncollectible Loans and Receivables	3,127,716	2,551,666
Total	3,734,297	3,275,433

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period	34,563	92,576	82,945
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	34,563	92,576	82,945
Prior period	46,682	72,045	65,263
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	46,682	72,045	65,263

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	319,993	659,768	2,551,666
Additions (+)	1,270,292	41,474	30,345
Transfers from other categories of loans under follow-up (+) ^(*)	-	1,162,570	1,120,247
Transfers to other categories of loans under follow-up (-) ^(*)	1,153,697	1,169,911	92,312
Collections (-)	136,227	147,606	482,230
Write-offs (-)	-	-	-
<i>Corporate and commercial loans</i>	-	-	-
<i>Retail loans</i>	-	-	-
<i>Credit cards</i>	-	-	-
<i>Others</i>	-	-	-
Balance at the end of the period	300,361	546,295	3,127,716
Specific provision (-)	60,286	546,295	3,127,716
Balance, net	240,075	-	-

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

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

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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	7,681	2,907	244,100
Specific provision (-)	1,536	2,907	244,100
Net balance on balance sheet	6,145	-	-
Prior Period			
Balance at the end of the period	33,864	1,980	301,479
Specific provision (-)	6,773	1,980	301,479
Net balance on balance sheet	27,091	-	-

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

Loan customer concentration of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)			
Consumer and Commercial Loans (Gross)	297,145	539,926	3,067,758
Specific Provision (-)	59,643	539,926	3,067,758
Consumer and Commercial Loans (Net)	237,502	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	3,216	6,369	58,407
Specific Provision (-)	643	6,369	58,407
Other Loans and Receivables (Net)	2,573	-	-
Prior Period (Net)			
Consumer and Commercial Loans (Gross)	317,165	653,115	2,499,959
Specific Provision (-)	63,433	653,115	2,499,959
Consumer and Commercial Loans (Net)	253,732	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,828	6,653	50,156
Specific Provision (-)	566	6,653	50,156
Other Loans and Receivables (Net)	2,262	-	-

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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	6,761,749	-	5,358,742	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Governments	-	-	-	2,234
Total	6,761,749	-	5,358,742	2,234

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	6,860,448	5,461,175
Quoted at Stock Exchanges	6,767,604	5,418,336
Unquoted at Stock Exchanges	92,844	42,839
Impairment Losses (-)	5,855	57,360
Total	6,854,593	5,403,815

The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	5,403,815	4,253,606
Foreign currency differences on monetary assets	7,990	52,537
Purchases during the period	2,924,991	2,530,205
Transfers to available for sale portfolio	-	-
Disposals through sales/redemptions	(1,764,546)	(1,507,738)
Impairment losses	51,505	13,979
Change in amortized costs of the securities (*)	230,838	61,226
Balances at the end of the period	6,854,593	5,403,815

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

Information on held-to-maturity investments

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period				
Collateralized/blocked investment securities	931,961	92,800	972,002	92,844
Investments subject to repurchase agreements	5,289,597	-	5,629,267	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others (*)	150,772	-	160,480	-
Total	6,372,330	92,800	6,761,749	92,844

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Prior Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	287,360	42,800	281,131	42,839
Investments subject to repurchase agreements	4,716,595	-	4,831,384	-
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others ^(*)	247,800	2,140	246,227	2,234
Total	5,251,755	44,940	5,358,742	45,073

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

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 Kibris Vakıflar Bankası Ltd. ^(*)	Lefkosa/NCTR	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ ^(**)	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ ^(*)	İstanbul/Turkey	9.70	9.70
5 Kredi Kayıt Bürosu AŞ ^(*)	İstanbul/Turkey	9.09	9.09
6 Güçbirliği Holding AŞ ^(*)	İzmir/Turkey	0.07	0.07
7 İzmir 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	1.75	1.75
10 Tasfiye Halinde World Vakıf UBB Ltd.	Lefkosa/NCTR	82.00	85.24

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company’s Fair Value
1	816,668	66,183	9,763	47,380	6,077	1,459	2,263	-
2	16,225,701	2,424,251	292,546	535,988	283,216	374,111	295,154	3,029,090
3	2,483,266	497,045	436,151	12,471	-	96,304	30,555	-
4	52,777	30,264	32,405	681	-	7,882	4,171	-
5	105,453	88,452	47,272	3,178	-	18,547	28,150	-
6	131,180	(11,594)	88,005	334	-	(5,556)	(7,114)	-
7	96,808	15,581	92,347	4	-	(8,536)	(10,855)	-
8	5,265,146	776,726	20,740	116,803	18,797	96,179	53,588	-
9	287,208	282,357	2,731	9,979	-	10,212	10,729	-
10	1,323	(53,453)	-	-	-	(4,039)	(3,145)	-

^(*) The financial statements for these associates as at and for the period ended 30 September 2014 are presented.

^(**) Figures are obtained from audited financial statements as at and for the period ended 31 December 2014 disclosed in Public Disclosure Platform.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014**

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

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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	245,523	398,063
Movements during the period	59,946	(152,540)
Transfers	-	(155,712)
Acquisitions and capital increases	-	8,745
Bonus shares received	19,985	25,500
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	39,961	(31,073)
Impairment losses	-	-
Balance at the end of the period	305,469	245,523
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the current period, subsequent to the approval of the decision of the capital of İstanbul Takas ve Saklama Bankası in the Ordinary Meeting of General Assembly of the Company dated 28 March 2014, an associate of the Bank, has been increased from TL 420,000 to TL 600,000, TL 120,000 is paid from bonus shares and TL 60,000 is paid in cash amounting to TL 180,000 in total. The share of the Bank amounting to TL 3,230 is presented as bonus shares received in the movement table of investments in associates. The stock right in cash capital commitment has been removed related to the capital increase, Banks’ share has been decreased from 4.86% to %4.37.

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 1,300,000 to TL 1,500,000 in the Ordinary Meeting of General Assembly of the Company dated 27 March 2014, the share of the Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

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

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

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

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 “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”.

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	<u>Current Period</u>	<u>Prior Period</u>
Banks	289,858	229,912
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	4,211	4,211
Total	294,069	234,123

Quoted associates

	<u>Current Period</u>	<u>Prior Period</u>
Quoted at domestic stock exchanges	253,838	197,122
Quoted at international stock exchanges	-	-
Total	253,838	197,122

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.

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 FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2014

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

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 Finans Factoring Hizm. 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	203,320	15,000
Share Premium	-	-	-	-	-	-	-	246,731	-
Adjustment to paid-in capital	-	353	137	28,817	1,448	10,424	15	21,973	93
Valuation changes in marketable securities	13,758	2,577	25,507	-	142,617	515	-	-	-
Profit on sale of associates, subsidiaries and buildings	-	-	-	-	17,734	(1,201)	-	-	-
Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	59	191	-	-	-
Legal Reserves	7,237	3,890	5,455	4,988	17,179	15,921	872	3,639	395
Extraordinary Reserves	-	36,845	3,788	32,280	18,851	33,816	6,006	54,773	-
Other Profit Reserves	119,600	217	2,345	66	(569)	(96)	17	7	(20)
Profit/Loss	121,094	953	3,645	310	(145,339)	56,433	1,918	14,465	(2,831)
<i>Prior Years' Profit/Loss</i>	96,215	-	810	(8,962)	(124,742)	41,213	-	-	(2,509)
<i>Current Years' Profit/Loss</i>	24,879	953	2,835	9,272	(20,597)	15,220	1,918	14,465	(322)
Minority Rights	-	99	-	-	-	-	-	-	-
Total Core Capital	376,172	109,934	75,877	88,861	201,980	142,503	11,828	544,908	12,637
SUPPLEMENTARY CAPITAL									
CAPITAL	376,172	109,934	75,877	88,861	201,980	142,503	11,828	544,908	12,637
NET AVAILABLE EQUITY	376,172	109,934	75,877	88,861	201,980	142,503	11,828	544,908	12,637

The financial statements as at and for the period ended 30 September 2014 are presented.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary of the Bank, calculates capital adequacy in accordance with "Comminique on Capital and Capital Adequacy of Intermediary Firms" of CMB every 6 month. Güneş Sigorta AŞ ve Vakıf Emeklilik AŞ that operate in insurance business calculate capital adequacy in accordance with "Comminique on Capital Adequacy Measurement and Assessment for Insurance, Reinsurance and Pension Firms" published by Undersecretariat of Treasury every 6 month. According to the calculations at 31 December 2014, there is no capital requirement for the subsidiaries mentioned.

Information on investments in subsidiaries

Subsidiary	Address (City / Country)	Bank's Share - If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta AŞ (**)	İstanbul/TURKEY	36.35	36.35
2 Vakıf Emeklilik AŞ (*)	İstanbul/ TURKEY	53.90	75.30
3 Vakıf Finans Factoring Hizmetleri AŞ (*)	İstanbul/ TURKEY	78.39	86.97
4 Vakıf Finansal Kiralama AŞ (**)	İstanbul/ TURKEY	58.71	64.40
5 Vakıf Yatırım Menkul Değerler AŞ (*)	İstanbul/ TURKEY	99.00	99.44
6 Vakıfbank International AG (*)	Vienna/AUSTRIA	90.00	90.00
7 Vakıf Portföy Yönetimi AŞ (*)	İstanbul/ TURKEY	99.99	99.99
8 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (**)	İstanbul/ TURKEY	22.89	32.91
9 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (**)	İstanbul/ TURKEY	38.70	40.64
10 Vakıf Enerji ve Madencilik AŞ (***)	Ankara/ TURKEY	65.50	84.92
11 Taksim Otelcilik AŞ (*)	İstanbul/ TURKEY	51.00	51.52
12 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ TURKEY	69.33	74.98
13 Vakıf Gayrimenkul Değerleme AŞ (*)	Ankara/ TURKEY	54.29	58.54

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	1,139,731	236,575	329,814	17,490	678	4,630	(66,962)	290,829
2	2,822,175	180,271	84,906	24,101	436	21,162	28,265	551,118
3	454,817	88,861	2,401	30,490	-	7,558	2,406	83,267
4	1,147,446	109,934	6,510	61,349	5	953	3,835	76,901
5	343,995	75,876	328	12,138	388	2,835	5,567	79,971
6	2,789,203	376,172	819	55,251	11,369	24,880	4,784	356,805
7	12,254	11,823	146	839	14	1,913	1,433	46,944
8	12,946	12,639	42	370	534	(320)	(1,164)	19,574
9	546,482	544,908	157,376	15,082	993	14,465	3,277	575,432
10	17,015	8,796	1,063	310	-	182	(548)	14,000
11	309,232	303,566	182,275	7,620	-	6,080	4,836	356,734
12	51,331	42,325	786	1,885	192	5,046	1,475	45,635
13	30,885	25,468	635	1,879	128	4,362	5,790	39,000

(*) The financial statements for these subsidiaries as at and for the period ended 30 September 2014 are presented.

(**) Figures are obtained from financial statements as at and for the period ended 30 September 2014 disclosed in Public Disclosure Platform.

(***) The financial statements for these subsidiaries as at and for the period ended 30 June 2014 are presented.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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	1,365,470	912,209
Movements during the period	66,043	453,261
Transfers	-	155,712
Acquisitions and capital increases	205,713	82,227
Bonus shares received	-	60,443
Dividends from current year profit	(34,017)	(16,155)
Sales and liquidations	-	-
Fair value changes	(107,850)	217,617
Impairment losses	2,197	(46,583)
Balance at the end of the period	1,431,513	1,365,470
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	1,431,513	1,365,470
Equity method of accounting	-	-
Total	1,431,513	1,365,470

Sectoral distribution of investments in financial subsidiaries

	Current Period	Prior Period
Insurance companies	402,768	341,750
Banks	321,124	270,577
Factoring companies	65,273	87,205
Leasing companies	45,149	36,636
Finance companies	-	-
Other financial subsidiaries	353,283	427,815
Total	1,187,597	1,163,983

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	378,037	478,632
Quoted at international stock exchanges	-	-
Total	378,037	478,632

Investments in subsidiaries disposed during the period

There is no disposal in subsidiaries in the current period.

Investments in subsidiaries acquired during the period

There is no subsidiary acquired in the current period.

In the current period, Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ has decided to increase the capital of TL 15,000 to TL 20,000 in its registered capital ceiling amounting to TL 50,000 in accordance with Capital Markets Board's temporary clause 1 of "Communiqué on Securities Investment Associations" (III-48.2). In the capital increase, Bank's nominal share amount has increased from TL 1,763 to TL 2,351 with an increase of TL 588 by using stock rights on 25 November 2014. Besides, in order to finalize the capital increase, Bank has purchased additional shares from stock rights that have not been used in due, amounting to TL 2,228 from Istanbul Stock Exchange Share Market on 2 December 2014. In this context, Bank's total nominal share has increased to TL 4,579 and share proportion has increased to 22.89%. The share of the Bank amounting to TL 2,815 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current period, at the Extraordinary General Assembly of Taksim Otelcilik AŞ dated 24 June 2014, the decision of increasing the capital from TL 269,257 to TL 334,257 through rights offering by TL 65,000. The related change has been registered on 22 July 2014. The nominal share of the Bank TL 137,324 has been increased by cash TL 33,151 to TL 170,474. The share proportion of the Bank is remained the same (51.001%). TL 8,288 of the cash commitment amounting to TL 33,151 is paid on 15 July 2014, TL 24,863 is paid on 2 October 2014. Total cash commitment TL 33,151 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, related to the capital increase of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 106,200 to TL 203,320, the Bank has obtained shares with a nominal value of TL 29,345 at a rate of TL 3.44 by using the stock rights. For these shares TL 100,947 has been paid. Besides, Bank has obtained shares with a nominal value of TL 20,000 at TL 3.44 rate since the other shareholders did not used their stock rights. Bank has paid TL 68,800 for the shares. As at 4 July 2014, company's capital increase has been registered and as of the date the existing nominal share of the Bank has been increased from TL 29,345 to TL 78,690 Bank's share proportion has been increased from 27.63% to 38.70%. The capital increase as of TL 169,747 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, the title of Vakıf B Tipi Menkul Kıymetler Yatırım Ortaklığı has been changed to Vakıf Menkul Kıymet Yatırım Ortaklığı. The new title of the company has been registered on 9 April 2014.

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

In the prior period, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Finansal Kiralama AŞ, a subsidiary of the Bank, from TL 60,000 to TL 65,000, by the General Assembly of the company, the share of the Bank amounting to TL 2,936 is presented as bonus shares received in the movement table of investments in subsidiaries.

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

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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 tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	594,804	137,115	47,761	763,587	1,543,267
Accumulated depreciation(-)	241,134	126,114	35,152	482,076	884,476
Impairment (-)	-	-	-	-	-
Net book value	353,670	11,001	12,609	281,511	658,791
Balance at the end of the current year:					
Net book value at the beginning of the current	353,670	11,001	12,609	281,511	658,791
Additions	18,601	-	2,069	155,222	175,892
Cost of the disposals	12,387	2,662	7,161	17,779	39,989
Depreciation of the disposals	5,384	2,641	6,598	11,587	26,210
Depreciation of the current year (-)	18,173	2,951	5,722	85,058	111,904
Impairment (-)	-	-	-	-	-
Cost at the end of the current year	601,018	134,453	42,669	901,030	1,679,170
Accumulated depreciation at the end of the year (-)	253,923	126,424	34,276	555,547	970,170
Impairment (-) (*)	-	-	-	-	-
Net book value at the end of the current year	347,095	8,029	8,393	345,483	709,000

13. Information on intangible assets

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

In the current year an intangible asset that presents severity for the financial statements does not exist. The Bank does not have intangible assets, which are obtained by government incentives, recorded at fair value, have utilisation restrictions or have been pledged.

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

14. Information on investment property

None.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

15. Information on deferred tax assets

As at 31 December 2014 and 31 December 2013, items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
<i>Deferred tax assets:</i>	227,132	161,089
Provision for employee termination benefits and unused vacations	81,013	69,685
Other provisions	28,083	42,708
Valuation differences of associates and subsidiaries	23,456	23,456
Valuation differences of financial assets and liabilities	82,413	14,557
BRSA - Tax Code depreciation differences	10,131	8,789
Others	2,036	1,894
<i>Deferred tax liabilities:</i>	(154,695)	(109,483)
Valuation differences of financial assets and liabilities	(114,636)	(63,656)
Valuation differences of associates and subsidiaries	(40,059)	(45,827)
Deferred tax assets, net	72,437	51,606

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

As at 31 December 2014 assets held for sale and assets related to the discontinued operations amount to TL 745,883 (31 December 2013: TL 564,744)

17. Information on other assets

As at 31 December 2014 and 31 December 2013 other assets are as follows:

	Current period	Prior Period
Receivables from credit card payments	772,007	596,284
Prepaid expenses	617,476	516,014
Guarantees given for derivative financial instruments	351,579	61,219
Guarantees given for repurchase agreements	193,605	392,641
Receivables from term sale of assets	68,664	96,948
Others	212,142	351,068
Total	2,215,473	2,014,174

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**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	3,715,353	-	463,572	18,032,423	1,393,667	328,345	136,781	-	24,070,141
Foreign Currency Deposits	3,234,204	-	2,197,700	11,340,861	1,411,649	759,201	2,828,588	-	21,772,203
Residents in Turkey	3,056,529	-	2,195,602	11,162,513	1,193,080	494,191	794,731	-	18,896,646
Residents in Abroad	177,675	-	2,098	178,348	218,569	265,010	2,033,857	-	2,875,557
Public Sector Deposits	3,583,281	-	2,370,191	5,695,639	437,138	2,788,470	190,212	-	15,064,931
Commercial Deposits	2,157,535	-	4,622,420	10,102,792	430,016	233,506	5,478	-	17,551,747
Others	3,208,185	-	1,102,804	2,747,775	380,429	98,701	29,638	-	7,567,532
Precious Metal Deposits	854,355	-	-	-	-	-	-	-	854,355
Bank Deposits	59,910	-	3,599,082	1,086,606	80,387	33,206	16,868	-	4,876,059
Central Bank	424	-	-	-	-	-	-	-	424
Domestic Banks	2,094	-	3,288,392	422,069	2,016	33,206	16,868	-	3,764,645
Foreign Banks	53,763	-	310,690	664,537	78,371	-	-	-	1,107,361
Participation Banks	3,629	-	-	-	-	-	-	-	3,629
Others	-	-	-	-	-	-	-	-	-
Total	16,812,823	-	14,355,769	49,006,096	4,133,286	4,241,429	3,207,565	-	91,756,968

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	2,981,927	-	303,254	15,576,713	1,449,324	403,340	180,434	-	20,894,992
Foreign Currency Deposits	1,992,924	-	2,002,090	9,024,414	1,264,688	1,363,669	2,613,593	-	18,261,378
Residents in Turkey	1,664,304	-	1,997,406	8,786,795	1,124,231	1,183,491	981,537	-	15,737,764
Residents in Abroad	328,620	-	4,684	237,619	140,457	180,178	1,632,056	-	2,523,614
Public Sector Deposits	3,132,866	-	1,811,779	5,896,887	595,073	330,113	173,382	-	11,940,100
Commercial Deposits	1,759,439	-	2,931,949	10,834,940	1,312,786	418,441	114,238	-	17,371,793
Others	2,732,077	-	908,535	2,707,201	526,608	949,011	19,986	-	7,843,418
Precious Metal Deposits	1,058,805	-	-	-	-	-	-	-	1,058,805
Bank Deposits	18,821	-	2,178,793	1,282,805	375,303	213,701	92,905	-	4,162,328
Central Bank	297	-	-	-	-	-	-	-	297
Domestic Banks	637	-	2,012,419	323,664	281,629	30,992	-	-	2,649,341
Foreign Banks	11,351	-	166,374	959,141	93,674	182,709	92,905	-	1,506,154
Participation Banks	6,536	-	-	-	-	-	-	-	6,536
Others	-	-	-	-	-	-	-	-	-
Total	13,676,859	-	10,136,400	45,322,960	5,523,782	3,678,275	3,194,538	-	81,532,814

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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	12,652,145	10,798,600	11,417,996	10,096,392
Foreign Currency Saving Deposits	3,846,786	3,422,906	8,435,919	7,000,952
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	16,498,931	14,221,506	19,853,915	17,097,344

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	21,061	16,584
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	3,905	2,354
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	3,209	458	27,806	362
Swap Transactions	50,567	190,324	83,783	86,762
Futures	-	-	-	-
Options	457	5,237	15	2,050
Total	54,233	196,019	111,604	89,174

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	139,471	91,169	122,174	160,072
Foreign Banks, Institutions and Funds	748,467	13,947,941	-	11,122,566
Total	887,938	14,039,110	122,174	11,282,638

Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short-term (*)	867,372	7,312,287	82,786	6,746,799
Medium and Long term (*)	20,566	6,726,823	39,388	4,535,839
Total	887,938	14,039,110	122,174	11,282,638

(*) 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 10.41% (31 December 2013: 9.28%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 12 April 2013, the Bank has obtained syndicated loan at the amount of US Dollar 251,5 million and Euro 555,17 million in total US Dollar 980 million with the interest rate of Libor/Euribor +1.00% at a maturity of one year with the participation of 38 banks. On 16 April 2014, the loan has been renewed with a new syndicated loan amounting to US Dollar 270,5 million and Euro 525 million with the interest rate of US Libor +0.90% and Euribor +0.90% at a maturity of one year, with participation of 35 banks with the coordination of Wells Fargo Bank, N.A., London Branch and Sumitomo Mitsui Banking Corporation, Brussels Branch acting as agent.

On 20 September 2013, the Bank has obtained syndicated loan at the amount of US Dollar 166 million and Euro 471 million with the interest rate of US Libor + 0.75% and Euribor + 0.75% at a maturity of one year, with the participation of 27 banks with the coordination and agency of ING Bank N.V. London. On 22 September 2014, the loan has been renewed with a new syndicated loan amounting to US Dollar 168,5 million and Euro 528,75 million with interest rates of US Libor + 0.90% and Euribor + 0.9% at a maturity of one year, with the participation of 26 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 at the amount of 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 Bank (EBRD) at the amount of 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.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

2014-B segment of the loan has been obtained from Wells Fargo Bank, N.A., 2014-D 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 December 2014, total securitization loan amounts to US Dollar 1.397 million.

Information on securities issued

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

With in the context of Global Medium Term Notes (GMTN), 106 private placement transaction in total with 12 different banks has been realized since 2013 June. These transactions have been realized in different currencies (US Dollar, Euro and CHF) at the maturities 3 months, 6 months, 1 year and 2 years. As at 31 December 2014, US Dollar 2,684 million of private placement has been realized. In the same period, total private placement has been US Dollar 1,026 million. The major part of these transactions has been carried out with Asian investors.

	Current period		Prior period	
	TL	FC	TL	FC
Nominal	2,978,797	7,500,392	2,412,839	4,514,167
Cost	2,860,066	7,462,478	2,309,056	4,487,936
Net Book Value	2,913,190	7,544,567	2,355,180	4,529,646

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Current Period										
ISIN Code	Security Type	Coupon Rate	Currency		Issue Date	Maturity Date	Days to Maturity	Nominal	Cost	Net Book Value
			Type	Type						
TRQVKFB31521	Discounted	-	TL	21.11.2014	13.03.2015	112	399,320	388,974	392,726	
TRQVKFB31539	Discounted	-	TL	12.12.2014	13.03.2015	91	196,129	192,033	192,925	
TRQVKFB81526	Discounted	-	TL	24.10.2014	07.08.2015	287	94,559	87,930	89,476	
TRQVKFB81534	Discounted	-	TL	21.11.2014	07.08.2015	259	27,404	25,798	26,044	
TRQVKFB51529	Discounted	-	TL	21.11.2014	15.05.2015	175	240,965	231,321	233,540	
TRQVKFB81542	Discounted	-	TL	12.12.2014	07.08.2015	238	14,561	13,782	13,846	
TRQVKFB41520	Discounted	-	TL	24.10.2014	17.04.2015	175	736,745	705,583	717,613	
TRQVKFB51537	Discounted	-	TL	12.12.2014	15.05.2015	154	165,233	159,456	160,193	
TRQVKFB41512	Discounted	-	TL	02.05.2014	17.04.2015	350	12,028	11,042	11,700	
TRQVKFB51511	Discounted	-	TL	06.06.2014	29.05.2015	357	36,117	33,210	34,837	
TRQVKFB21514	Discounted	-	TL	22.08.2014	13.02.2015	175	674,639	648,005	667,542	
TRQVKFB81518	Discounted	-	TL	22.08.2014	07.08.2015	350	43,546	39,822	41,166	
TRQVKFB31513	Discounted	-	TL	19.09.2014	13.03.2015	175	337,551	323,110	331,582	
US90015NAA19	Fixed	5.75	USD	24.04.2012	24.04.2017	1,826	1,160,000	1,147,240	1,166,728	
XS0916347759	Fixed	3.75	USD	15.04.2013	15.04.2018	1,826	1,392,000	1,384,093	1,397,984	
XS0987355939	Fixed	5.00	USD	31.10.2013	31.10.2018	1,826	1,160,000	1,152,460	1,164,098	
XS1069999610	Fixed	1.75	USD	21.05.2014	20.05.2015	364	11,600	11,600	11,725	
XS1084474862	Fixed	0.73	USD	03.07.2014	07.01.2015	188	18,328	18,328	18,394	
XS1085714621	Fixed	1.43	USD	09.07.2014	07.01.2015	182	92,800	92,800	93,443	
XS1087783269	Fixed	1.45	USD	14.07.2014	08.01.2015	178	42,688	42,688	42,979	
XS1087831506	Fixed	1.45	USD	15.07.2014	15.01.2015	184	97,440	97,440	98,100	
XS1089992686	Fixed	1.40	USD	22.07.2014	15.01.2015	177	48,720	48,720	49,025	
XS1090076768	Fixed	1.40	USD	22.07.2014	22.01.2015	184	58,000	58,000	58,364	
XS1091762812	Fixed	1.40	USD	25.07.2014	22.01.2015	181	48,256	48,256	48,553	
XS1091766482	Fixed	1.40	USD	01.08.2014	26.01.2015	178	71,920	71,920	72,343	
XS1096098030	Fixed	1.40	USD	08.08.2014	05.02.2015	181	76,328	76,324	76,756	
XS1096471526	Fixed	1.40	USD	08.08.2014	29.01.2015	174	35,264	35,264	35,462	
XS1097465766	Fixed	1.40	USD	13.08.2014	18.02.2015	189	27,840	27,840	27,991	
XS1101735634	Fixed	1.40	USD	20.08.2014	19.02.2015	183	40,600	40,600	40,809	
XS1101839170	Fixed	1.40	USD	21.08.2014	17.02.2015	180	69,600	69,600	69,956	
XS1105745761	Fixed	0.70	USD	02.09.2014	05.03.2015	184	64,960	64,960	65,111	
XS1107482306	Fixed	1.38	USD	09.09.2014	12.03.2015	184	84,680	84,671	85,043	
XS1110657050	Fixed	1.40	USD	16.09.2014	19.03.2015	184	116,000	116,000	116,477	
XS1112873176	Fixed	1.40	USD	23.09.2014	26.03.2015	184	85,840	85,840	86,170	
XS1113320888	Fixed	1.74	USD	24.09.2014	23.09.2015	364	14,384	14,382	14,450	
XS1115283571	Fixed	1.73	USD	30.09.2014	07.10.2015	372	9,280	9,278	9,319	
XS1115485010	Fixed	1.40	USD	29.09.2014	27.03.2015	179	34,800	34,800	34,926	
XS1117991213	Fixed	1.10	USD	08.10.2014	08.01.2015	92	73,776	73,776	73,966	
XS1118030300	Fixed	1.80	USD	09.10.2014	08.10.2015	364	27,840	27,840	27,955	
XS1118051215	Fixed	1.35	USD	08.10.2014	02.04.2015	176	73,312	73,312	73,543	
XS1118053005	Fixed	1.35	USD	08.10.2014	17.04.2015	191	11,600	11,600	11,637	
XS1121229741	Fixed	1.78	USD	15.10.2014	26.10.2015	376	9,280	9,278	9,314	
XS1121307059	Fixed	1.10	USD	15.10.2014	15.01.2015	92	73,312	73,312	73,485	
XS1121307307	Fixed	1.35	USD	15.10.2014	16.04.2015	183	55,680	55,680	55,841	
XS1123043983	Fixed	1.02	USD	20.10.2014	20.01.2015	92	23,200	23,195	23,246	
XS1124128320	Fixed	1.35	USD	17.10.2014	16.04.2015	181	62,640	62,640	62,817	
XS1124141349	Fixed	1.10	USD	17.10.2014	22.01.2015	97	30,160	30,160	30,229	
XS1124325074	Fixed	1.35	USD	20.10.2014	20.04.2015	182	58,000	58,000	58,157	
XS1126276697	Fixed	1.80	USD	23.10.2014	23.10.2015	365	116,000	116,000	116,402	
XS1129857782	Fixed	1.35	USD	24.10.2014	28.04.2015	186	56,144	56,144	56,288	
XS1130031039	Fixed	1.33	USD	28.10.2014	27.04.2015	181	81,200	81,192	81,388	
XS1130490227	Fixed	1.79	USD	30.10.2014	04.11.2015	370	10,440	10,438	10,471	
XS1132341485	Fixed	1.25	USD	03.11.2014	30.04.2015	178	30,160	30,160	30,221	
XS1132341568	Fixed	1.80	USD	04.11.2014	05.11.2015	366	12,064	12,064	12,099	
XS1132440386	Fixed	1.27	USD	05.11.2014	07.05.2015	183	32,480	32,480	32,545	
XS1135135272	Fixed	1.80	USD	05.11.2014	05.11.2015	365	116,000	116,000	116,326	
XS1138701500	Fixed	1.30	USD	18.11.2014	27.05.2015	190	18,560	18,558	18,588	
XS1139114257	Fixed	1.24	USD	18.11.2014	18.05.2015	181	92,800	92,791	92,932	
XS1143013297	Fixed	1.28	USD	24.11.2014	28.05.2015	185	52,432	52,432	52,502	
XS1143372008	Fixed	1.25	USD	25.11.2014	27.05.2015	183	81,200	81,196	81,300	
XS1063444001	Floating	3 Month-Euribor+2.15%	EUR	06.05.2014	06.05.2016	731	29,634	29,486	29,650	
XS1077629225	Fixed	3.50	EUR	17.06.2014	17.06.2019	1,826	1,411,150	1,401,640	1,429,459	
Total							10,479,189	10,322,544	10,457,757	

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

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

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

5. Information on lease payables (net)

Obligations under finance leases

None.

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

Negative fair values of hedging purpose derivatives

None.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**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	1,326,468	1,004,336
-Additional provision for loans with extended payment plans	26,989	13,327
Provisions for loans and receivables in Group II	175,204	105,037
-Additional provision for loans with extended payment plans	14,696	3,297
Provisions for non-cash loans	93,418	76,647
Others	8,152	4,719
Total	1,603,242	1,190,739

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	12,048	90

The Bank has recorded provision amounting to TL 12,048 (31 December 2013: TL 90) for foreign exchange losses on principal amounts of foreign currency indexed loans and reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans.

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

As of 31 December 2014, Bank has recorded TL 63,030 (31 December 2013: TL 54,771) as provisions for non-cash loans that are not indemnified or converted into cash.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on other provisions

Information on other provisions exceeding 10% of total provisions

	<u>Current Period</u>	<u>Prior period</u>
Provisions for credits	105,005	65,960
Specific provisions for non-cash loans	63,030	54,771
Provision for cheques	37,207	26,363
Provisions for lawsuits against the Bank	14,673	14,673
Provisions for credit card promotions	10,177	9,469
Provision for loans under follow-up	-	70,915
Provision for World Vakıf UBB Ltd with regard to its negative equity	-	38,047
Other provisions	722	-
Total	230,814	280,198

8. Taxation

Current taxes

Tax provision

As at and for the year ended 31 December 2014, the tax provision was amounted to TL 600,797 (31 December 2013: TL 254,525). As at 31 December 2014, corporate tax liabilities of the Bank was amounted to TL 248,173 (31 December 2013: TL 59,926), after deducting prepaid taxes paid during temporary tax periods amounted to TL 352,624 (31 December 2013: TL 194,599).

Information on taxes payable

	<u>Current Year</u>	<u>Prior Year</u>
Corporate taxes payable	248,173	59,926
Taxation on securities	123,184	89,264
Capital gains tax on property	2,146	1,891
Taxes on foreign exchange transactions	-	-
Banking and Insurance Transaction Tax (BITT)	58,972	44,809
Value added tax payable	3,139	2,198
Others	19,879	18,151
Total	455,493	216,239

Information on premiums payable

	<u>Current Year</u>	<u>Prior Year</u>
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	608	579
Unemployment insurance- employer share	1,216	1,157
Other	-	-
Total	1,824	1,736

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on deferred tax liabilities

Information on deferred tax liabilities is presented in disclosure 15 of information and disclosures related to assets.

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

None.

10. Information on subordinated loans

The Bank has issued bond having the secondary subordinated loan quality to be sold non-resident natural and legal persons. The bond has been issued at the nominal value of USD 500 million and in addition to the issuance of this bond, on 3 December 2012 the Bank has realized second tranche at nominal value of USD 400 million, has the maturity of 10 years and 6.0% coupon rate, USD 900 million nominal value in total.

The Bank has obtained written permission of the BRSA for accounting these bonds as secondary subordinated debt and accordingly considering in the calculation of supplementary capital in compliance with the “Regulation on Capitals of the Banks” published on 1 November 2006 dated and 26333 numbered Official Gazette.

11. Information on equity

Paid-in capital

	<u>Current Period</u>	<u>Prior Period</u>
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.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	5,000,000

The registered capital ceiling was increased from TL 1,300,000 to TL 5,000,000 as per the resolution no. 74202 dated 16 February 2006 by the Board of Directors.

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	611,250	118,404	753,211	79,346
Fair value differences of available-for-sale securities	172,430	256,490	(324,958)	124,294
Foreign exchange differences	58,395	-	49,433	-
Total	842,075	374,894	477,686	203,640

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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	7,641,987	6,261,117
Loan granting commitments	8,053,342	6,730,503
Commitments for cheque payments	1,638,976	1,320,438
Asset purchase sale commitments	2,686,862	4,175,776
Other	272,131	261,822
Total	20,293,298	18,749,656

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 63,030 (31 December 2013: TL 54,771) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 129,638 (31 December 2013: TL 114,834).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final letters of guarantee	7,737,748	6,262,616
Letters of guarantee for advances	2,603,790	2,617,441
Provisional letters of guarantee	1,107,255	780,782
Letters of guarantee given to custom offices	913,389	650,221
Other letters of guarantee	9,090,289	7,584,524
Total	21,452,471	17,895,584

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	2,905,607	1,424,617
<i>With original maturity of 1 year or less</i>	<i>1,846,045</i>	<i>915,858</i>
<i>With original maturity of more than 1 year</i>	<i>1,059,562</i>	<i>508,759</i>
Other non-cash loans	25,728,316	21,916,762
Total	28,633,923	23,341,379

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**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	86,506	0.52	266,929	2.27	82,111	0.58	102,147	1.13
Farming and Cattle	77,673	0.46	257,069	2.19	73,609	0.52	88,829	0.98
Forestry	7,898	0.05	7,540	0.06	6,919	0.05	11,003	0.12
Fishing	935	0.01	2,320	0.02	1,583	0.01	2,315	0.03
Manufacturing	7,150,408	42.40	5,753,926	48.88	6,294,048	44.05	4,055,439	44.79
Mining	168,108	1.00	29,069	0.25	157,070	1.10	65,192	0.72
Production	4,563,948	27.06	5,319,615	45.19	3,598,968	25.19	3,836,908	42.38
Electric, gas and water	2,418,352	14.34	405,242	3.44	2,538,010	17.76	153,339	1.69
Construction	2,996,610	17.77	2,520,479	21.41	2,676,835	18.73	2,194,165	24.24
Services	6,226,616	36.92	2,756,081	23.42	4,954,666	34.68	2,661,023	29.39
Wholesale and retail trade	2,580,882	15.30	1,597,411	13.57	1,995,623	13.97	1,149,683	12.70
Hotel, food and beverage	125,417	0.74	5,691	0.05	100,888	0.71	19,908	0.22
Services								
Transportation and telecommunication	963,436	5.71	1,058,514	8.99	833,163	5.83	1,405,343	15.52
Financial institutions	1,515,987	8.99	7,094	0.06	1,344,214	9.41	33,321	0.37
Real estate and renting	254,056	1.51	24,192	0.21	185,000	1.29	14,871	0.16
Services								
Self-employment services	591,814	3.51	44,562	0.38	373,920	2.62	24,229	0.27
Education services	24,595	0.15	3,903	0.03	15,556	0.11	1,644	0.02
Health and social services	170,429	1.01	14,714	0.13	106,302	0.74	12,024	0.13
Others	403,045	2.39	473,323	4.02	280,382	1.96	40,563	0.45
Total	16,863,185	100.00	11,770,738	100.00	14,288,042	100.00	9,053,337	100.00

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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	16,653,687	4,549,302	113,427	8,262
Confirmed Bills of Exchange and Acceptances	20,836	1,943,257	-	-
Letters of Credit	-	5,212,911	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,603	-	-
Non-Cash Loans	16,674,523	11,708,073	113,427	8,262

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

5. Information on derivative transactions

	Current Period	Prior Period
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	21,948,443	18,209,192
Currency Forwards	555,204	1,334,135
Currency Swaps	20,336,691	16,534,197
Currency Futures	-	-
Currency Options	1,056,548	340,860
Interest Rate Derivative Transactions (II)	7,478,238	4,145,148
Interest Rate Forwards	-	-
Interest Rate Swaps	7,478,238	4,145,148
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Trading Derivatives (III)	6,780,167	3,963,577
A. Total Trading Derivatives (I+II+III)	36,206,848	26,317,917
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	36,206,848	26,317,917

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

	31 December 2014					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	8,688,057	2,181,378	176,107	296,894	-	11,342,436
Sale	3,998,297	2,172,677	176,023	296,614	-	6,643,611
Currency forwards:						
Purchase	99,142	68,619	71,286	38,774	-	277,821
Sale	99,070	68,502	71,136	38,675	-	277,383
Cross currency interest rate swaps:						
Purchase	63,456	58,000	-	1,172,493	-	1,293,949
Sale	46,667	37,825	-	972,203	-	1,056,695
Interest rate swaps:						
Purchase	-	-	-	1,202,149	2,536,970	3,739,119
Sale	-	-	-	1,202,149	2,536,970	3,739,119
Options:						
Purchase	242,712	90,791	194,771	-	-	528,274
Sale	242,710	90,790	194,774	-	-	528,274
Other trading derivatives:						
Purchase	158,020	-	-	-	994,287	1,152,307
Sale	4,931,860	-	-	-	696,000	5,627,860
Total purchases	9,251,387	2,398,788	442,164	2,710,310	3,531,257	18,333,906
Total sales	9,318,604	2,369,794	441,933	2,509,641	3,232,970	17,872,942
Total	18,569,991	4,768,582	884,097	5,219,951	6,764,227	36,206,848

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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

6. Contingent assets and liabilities

Bank allocates TL 14,673 as provision for lawsuits against Bank (31 December 2013: TL 14,673).

7. Services rendered on behalf of third parties

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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	2,770,463	143,765	2,020,502	148,584
Medium and Long-Term Loans	5,275,775	959,257	4,473,542	769,916
Loans Under Follow-Up	177,155	-	151,397	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	8,223,393	1,103,022	6,645,441	918,500

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,016	1,197	3,220	894
Foreign Banks	-	3,793	78	2,812
Foreign Head Office and Branches	-	-	-	-
Total	2,016	4,990	3,298	3,706

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	1,274,527	200,485	995,976	191,793
Investments held to maturity	559,880	381	402,262	617
Total	1,834,407	200,866	1,398,238	192,410

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	5,315	3,987

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

2. Interest expense

Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	20,495	127,991	6,547	117,720
Central Bank of Turkey	-	-	-	-
Domestic Banks	7,587	2,740	6,547	3,269
Foreign Banks	12,908	125,251	-	114,451
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	18,990	-	10,266
Total	20,495	146,981	6,547	127,986

Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	60,649	32,881

Interest expense on securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on securities issued	218,502	232,230	149,608	110,395

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

Maturity structure of the interest expense on deposits

Account Name	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	-	144,829	-	-	-	-	-	144,829
Saving deposits	1,486	23,258	1,597,668	133,101	26,634	12,984	-	1,795,131
Public sector	5,891	174,376	427,267	64,521	137,018	15,261	-	824,334
Commercial	368	268,842	1,043,122	88,622	15,599	3,915	-	1,420,468
Other deposits	1	45,643	278,655	43,453	33,667	1,661	-	403,080
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	7,746	656,948	3,346,712	329,697	212,918	33,821	-	4,587,842
<i>FC</i>								
Foreign Currency Deposits	25,085	21,485	246,591	41,418	26,580	78,897	-	440,056
Interbank deposits	-	16,735	-	-	-	-	-	16,735
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	25,085	38,220	246,591	41,418	26,580	78,897	-	456,791
Total	32,831	695,168	3,593,303	371,115	239,498	112,718	-	5,044,633

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	-	60,848	-	-	-	-	-	60,848
Saving deposits	16	14,008	1,068,716	143,107	33,770	10,949	-	1,270,566
Public sector	336	99,774	419,263	51,417	23,920	1,892	-	596,602
Commercial	63	140,738	544,528	127,197	48,747	4,846	-	866,119
Other deposits	3	31,115	162,324	58,773	54,161	1,206	-	307,582
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	418	346,483	2,194,831	380,494	160,598	18,893	-	3,101,717
<i>FC</i>								
Foreign Currency Deposits	94	16,343	228,408	49,240	27,918	70,981	-	392,984
Interbank deposits	-	27,950	-	-	-	-	-	27,950
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal	-	-	-	-	-	-	-	-
Total	94	44,293	228,408	49,240	27,918	70,981	-	420,934
Total	512	390,776	2,423,239	429,734	188,516	89,874	-	3,522,651

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

3. Dividend Income

	Current Period	Prior Period
Trading Purpose Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	1,811	134
Others	64,477	53,867
Total	66,288	54,001

4. Information on trading income/losses

	Current Period	Prior Period
Income	3,833,913	5,557,829
Income from capital market transactions	222,753	180,350
Income from derivative financial instruments	1,387,775	995,528
Foreign exchange gains	2,223,385	4,381,951
Losses	(3,610,794)	(5,326,172)
Losses from capital market transactions	(47,993)	(7,727)
Losses from derivative financial instruments	(1,439,022)	(909,086)
Foreign exchange losses	(2,123,779)	(4,409,359)
Trading income/losses, net	223,119	231,657

Net loss arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments is amounting to TL 20,237 as at and for the year ended 31 December 2014 (31 December 2013: TL 50,138 net gain).

5. Information on other operating income

	Current Period	Prior Period
Income from reversal of specific provisions for loans	705,404	455,693
Communication income	85,302	85,215
Gain on sale of assets	381,987	53,540
Rent income	1,270	956
Other income	171,571	112,916
Total	1,345,534	708,320

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

6. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	1,145,465	1,260,000
<i>Loans and receivables in Group III</i>	135,732	256,705
<i>Loans and receivables in Group IV</i>	774,152	963,028
<i>Loans and receivables in Group V</i>	235,581	40,267
Non-performing commissions and other receivables	-	-
General provision expenses	413,501	234,417
Provision for possible losses	-	8,871
Impairment losses on securities:	10,402	88,459
<i>Trading securities</i>	-	-
<i>Investment securities available-for-sale</i>	10,402	88,459
Other impairment losses:	25,278	53,581
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	25,278	53,581
Others ^(*)	77,221	83,943
Total	1,671,867	1,729,271

^(*) Other provision expenses amounting to TL 77,221 (31 December 2013: TL 83,943) is comprised of provision for non-cash loans that are not indemnified or converted into cash and provision for cheques amounting to TL 38,176 (31 December 2013: TL 49,501) and free provision expenses related to loans and receivables amounting to TL 39,045 (31 December 2013: free provision expenses: TL 30,750 and other provision expenses: TL 3,692).

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

7. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	1,232,995	1,111,975
Reserve for Employee Termination Benefits	13,266	17,644
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	111,904	102,658
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	13,096	10,886
Impairment Losses on Assets to be Disposed	2,115	4,000
Depreciation Expenses on Assets to be Disposed	12,743	10,773
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,201,522	1,064,835
<i>Operational lease expenses</i>	184,266	158,880
<i>Repair and maintenance expenses</i>	29,989	23,016
<i>Advertisement expenses</i>	70,079	88,009
<i>Other expenses</i>	917,188	794,930
Loss on sale of assets	4,947	1,057
Others	517,622	434,093
Total	3,110,210	2,757,921

(*) Other operating expenses amounting to TL 517,622 (31 December 2013: TL 434,093) is comprised of provision expenses for dividends to the personnel amounting to TL 129,797 (31 December 2013: TL 118,800), tax, fees and funds expenses amounting to TL 105,366 (31 December 2013: TL 87,311), “Saving Deposits Insurance Fund” expenses amounting to TL 93,190 (31 December 2013: TL 91,780) and other operating expenses amounting to TL 189,269 (31 December 2013: TL 136,202).

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

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

9. Information on tax provision from discontinued and continuing operations

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

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

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

11. Provision for taxes on income

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

In the current period, the Bank has recorded a tax charge of TL 601,519 (31 December 2013: TL 341,481) from the net taxable profit calculated in accordance the laws and regulations in effect. Deferred tax benefit of the Bank is detailed in the below table.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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	70,051	(37,040)
Arising from (Origination)/ Reversal of Taxable Temporary Differences	71,065	(18,854)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	141,116	(55,894)

12. Information on net profit and loss

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

The Bank has earned TL 11,373,587 interest income, TL 709,334 net fees and commissions income and incurred TL 6,722,109 interest expenses, from ordinary banking transactions (31 December 2013: TL 9,220,570 interest income, TL 686,511 net fees and commissions income TL 4,430,953 interest expenses).

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

None.

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

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN
SHAREHOLDERS’ EQUITY**

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

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

Valuation Differences of Marketable Securities	Current Period	Prior Period
Valuation differences at the beginning of the year	(200,664)	738,974
Fair value changes in the current year	576,843	(772,630)
Effect of deferred and corporate taxes	(115,369)	85,605
Valuation differences transferred to the statement of income	210,138	(246,196)
Effect of deferred and corporate taxes	(42,028)	(6,417)
Valuation differences at the end of the year	428,920	(200,664)

Valuation Difference of the Subsidiaries and Affiliates	Current Period	Prior Period
Valuation differences at the beginning of the year	881,990	710,999
Fair value changes in the current year	(99,710)	179,963
Effect of deferred and corporate taxes	5,769	(8,972)
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	788,049	881,990

2. Information on increases in cash flow hedges

None.

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

None.

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

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

5. Information on profit distribution

As per the resolution of 60th Annual General Assembly held on 28 March 2014, the net profit of the year 2013 which amounts to TL 1,585,539 after deferred tax income deducted is decided to be distributed as legal reserves amounting to TL 158,556, extraordinary reserves amounting to TL 1,325,482, special funds amounting to TL 1,501 and dividends to equity holders of the Bank amounting to TL 100,000.

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY (Continued)**

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

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

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

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

"Other" balance under the "operating profit before changes in operating assets and liabilities" amounting to TL (1,689,362) (31 December 2013: TL (210,587)) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

"Net increase/decrease in other liabilities" amounting to TL 1,842,777 (31 December 2013: TL 6,889,370) under "changes in operating assets and liabilities" is mainly comprised of cash inflows from repurchase agreements.

"Other" balance under "net cash flow from investing activities" amounting to TL (45,874) (31 December 2013: TL 38,022) is comprised of purchases of intangible assets.

Since unrealized gains and losses arising from foreign exchange rate changes are not regarded as cash flows, the effect of changes in foreign exchange rate on cash and cash equivalents in foreign currency has been calculated as TL 6,249 (31 December 2013: TL (8,205)) and presented in the statement of cash flows in order to reconcile cash and cash equivalents balances at the beginning and end of the year.

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

In the current period, Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ has decided to increase the capital of TL 15,000 to TL 20,000 in its registered capital ceiling amounting to TL 50,000 in accordance with Capital Markets Board's temporary clause 1 of "Communiqué on Securities Investment Associations" (III-48.2). In the capital increase, Bank's nominal share amount has increased from TL 1,763 to TL 2,351 with an increase of TL 588 by using stock rights on 25 November 2014. Besides, in order to finalize the capital increase, Bank has purchased additional shares from stock rights that have not been used in due, amounting to TL 2,228 from Istanbul Stock Exchange Share Market on 2 December 2014. In this context, Bank's total nominal share has increased to TL 4,579 and share proportion has increased to 22.89%. The share of the Bank amounting to TL 2,815 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, at the Extraordinary General Assembly of Taksim Otelcilik AŞ dated 24 June 2014, the decision of increasing the capital from TL 269,257 to TL 334,257 through rights offering by TL 65,000. The related change has been registered on 22 July 2014. The nominal share of the Bank TL 137,324 has been increased by cash TL 33,151 to TL 170,474. The share proportion of the Bank is remained the same (51.001%). TL 8,288 of the cash commitment amounting to TL 33,151 is paid on 15 July 2014, TL 24,863 is paid on 2 October 2014. Total cash commitment TL 33,151 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, related to the capital increase of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 106,200 to TL 203,320, the Bank has obtained shares with a nominal value of TL 29,345 at a rate of TL 3.44 by using the stock rights. For these shares TL 100,947 has been paid. Besides, Bank has obtained shares with a nominal value of TL 20,000 at TL 3.44 rate since the other shareholders did not use their stock rights. Bank has paid TL 68,800 for the shares. As at 4 July 2014, company's capital increase has been registered and as of the date the existing nominal share of the Bank has been increased from TL 29,345 to TL 78,690 Bank's share proportion has been increased from 27.63% to

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

38.70%. The capital increase as of TL 169,747 is presented in the acquisitions and capital increases in the movement table of investments in subsidiaries.

In the current period, subsequent to the approval of the decision of the capital of İstanbul Takas ve Saklama Bankası in the Ordinary Meeting of General Assembly of the Company dated 28 March 2014, an associate of the Bank, has been increased from TL 420,000 to TL 600,000, TL 120,000 is paid from bonus shares and TL 60,000 is paid in cash amounting to TL 180,000 in total. The share of the Bank amounting to TL 3,230 is presented as bonus shares received in the movement table of investments in associates. The stock right in cash capital commitment has been removed related to the capital increase, Banks' share has been decreased from 4.86% to %4.37.

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 1,300 to TL 1,500 in the Ordinary Meeting of General Assembly of the Company dated 27 March 2014, the share of the Bank amounting to TL 16,755 is presented in the movement table of investments in associates as bonus shares received.

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

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

4. Information on cash and cash equivalents

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

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

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

	Current Period 31 December 2014	Prior Period 31 December 2013
Cash on hand	1,370,759	1,149,351
Cash in TL	1,008,203	860,452
Cash in foreign currency	362,556	288,899
Cash equivalents	6,811,710	4,528,633
CBT - Unrestricted demand deposit	20,440,692	17,793,235
Banks	2,570,620	2,639,137
Receivables from money markets	-	-
Other	73,528	25,495
Loans and advances to banks having maturity of more than 3 months	(6,000)	(8,000)
Restricted cash and cash equivalents	(16,266,642)	(15,921,172)
Unrealized foreign exchange rate differences on cash equivalents	(488)	(62)
Total	8,182,469	5,677,984

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

Reserve requirements at CBT amounting to TL 16,156,474 as at 31 December 2014 (31 December 2013: TL 15,826,492) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 110,168 (31 December 2013: TL 94,680) is blocked due to securitization loans and other ordinary banking operations of the Bank.

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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014 (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE BANK'S RISK GROUP

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

	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Current Period						
Loans and other receivables						
Balance at the beginning of the period	68,800	692,352	-	27,065	26,101	24,502
Balance at the end of the period	74,105	721,258	-	10,174	6,238	13,087
Interest and commission income	5,315	1,217	-	21	774	68

	Associates, Subsidiaries and Joint- Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Prior Period						
Loans and other						
Balance at the beginning of the period	111,074	579,546	-	37,919	9,372	16,538
Balance at the end of the period	68,800	692,352	-	27,065	26,101	24,502
Interest and commission income	3,987	1,053	-	24	679	43

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	1,014,201	1,033,752	968,601	443,105	46,810	84,276
Balance at the end of the period	898,566	1,014,201	713,966	968,601	115,831	46,810
Interest on deposits	60,649	32,881	60,168	39,882	2,340	691

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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

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

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

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

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

*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 0.08 % (31 December 2013: 0.11%) and 2.60 % (31 December 2013: 3.19%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	80,343	0.08
Non-cash loans	744,519	2.60
Deposits	1,728,363	1.88
Forward and option agreements	-	-

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	94,901	0.11
Non-cash loans	743,919	3.19
Deposits	2,029,612	2.49
Forward and option agreements	86,592	0.33

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

**VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR
INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES**

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees	Country	Total Assets	Capital
Domestic Branches ^(*)	890	14,879			
Foreign Representative Offices	-	-	-		
Foreign Branches	1	22	USA	3,230,484	38,280
	1	16	Iraq	146,908	16,240
Off-shore Branches	1	3	Bahrain	15,475,104	-

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

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

During 2014, 34 new domestic branches (2013: 115 domestic branches) have been opened and no
branches haven't been closed (2013: none).

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

None.

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

December 2014 (*)	Moody’s Investors’ Service
Financial Strength Rating	D+ (ba1)
Local Currency Deposit Rating	Baa3 / P-3
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	Baa3 / P-3
Foreign Currency Outlook	Negative

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

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

January 2015 (*)	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-

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

**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 FINANCIAL
REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014** (Amounts expressed in thousands of
Turkish Lira ("TL") unless otherwise stated.)

OTHER DISCLOSURES (Continued)

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

The Bank has issued bond having the secondary subordinated loan (Tier-II) on January 2015 amounting to US Dollar 500 million with maturity date 3 February 2025 (10 years 1 day maturity) that has an option to mature on 3 February 2020 with twice interest payment at a coupon rate of 6.875% and issue return rate of 6.95%.

At the resolution of the Board of Directors dated 2 January 2015, it has been decided to submit to the approval of shareholders in the first Ordinary Meeting of the General Assembly to increase registered capital ceiling from TL 5,000,000,000 to TL 10,000,000,000 and to change the related clause 7 of Bank's Articles of Association related to capital. Authorization has been given to General Directorate to make the required applications to the establishments, Capital Markets Board (CMB) being in the first place.

Bank's bond issuance with a nominal value of TL 200 million at maturity date 15 May 2015 (119 days maturity) and public offering has been carried out on 12-13-14 January 2015 using book-building method.

The above issuance has been finalized. The nominal value of the bond has been determined as TL 136,882,419 at maturity date 15 May 2015 (119 days maturity) with compound interest rate 8.4444% and simple interest rate 8.2148%. The ISIN code of the bond has been determined as TRQVKFB51545 with issue price of 97.392.

**IV. SIGNIFICANT FOREIGN CURRENCY EXCHANGE RATE FLUCTUATIONS THAT ARE
SUBSEQUENT TO REPORTING DATE**

None.

SECTION SEVEN

I. INDEPENDENT AUDITORS' AUDIT REPORT

1. Information on the independent auditors' audit report

The Bank's unconsolidated financial statements and footnotes as at and for the year ended 31 December 2014 have been audited Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). It was noted in their audit report dated 16 February 2015 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the Bank's financial position and results of its operations.

2. Disclosures and footnotes prepared by the independent auditor

None.

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