

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2017**

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

		Audited Current Period December 31, 2017			Audited Prior Period December 31, 2016		
ASSETS	Notes	TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	4,021,442	24,634,804	28,656,246	4,409,164	19,960,151	24,369,315
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	1,926,000	150,223	2,076,223	1,644,899	144,334	1,789,233
2.1 Financial assets held for trading purpose		1,926,000	150,223	2,076,223	1,644,899	144,334	1,789,233
2.1.1 Debt securities issued by the governments		203	5,855	6,058	206	10,647	10,853
2.1.2 Equity securities		939	-	939	2,095	-	2,095
2.1.3 Derivative financial assets held for trading purpose	V-I-2	1,801,883	144,368	1,946,251	1,473,865	133,687	1,607,552
2.1.4 Other securities		122,975	-	122,975	168,733	-	168,733
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	1,176,896	12,146,903	13,323,799	1,195,786	4,079,703	5,275,489
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		1,659,062	-	1,659,062	5,232	-	5,232
4.1 Interbank money market placements		1,652,102	-	1,652,102	-	-	-
4.2 Istanbul Stock Exchange money market placements		3,474	-	3,474	3,428	-	3,428
4.3 Receivables from reverse repurchase agreements		3,486	-	3,486	1,804	-	1,804
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	12,412,036	2,158,348	14,570,384	12,588,929	6,030,151	18,619,080
5.1 Equity securities		15	43,355	43,370	15	27,595	27,610
5.2 Debt securities issued by the governments		12,412,021	1,709,676	14,121,697	12,588,914	5,719,498	18,308,412
5.3 Other securities		-	405,317	405,317	-	283,058	283,058
VI. LOANS AND RECEIVABLES	V-I-5	131,255,058	55,293,726	186,548,784	100,166,610	49,408,659	149,575,269
6.1 Performing loans and receivables		130,177,791	55,264,739	185,442,530	99,001,801	49,402,693	148,404,494
6.1.1 Loans provided to risk group	V-VII-1	17,077	1,051	18,128	-	36,936	37,517
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Other		130,160,714	55,263,688	185,424,402	99,001,220	49,365,757	148,366,977
6.2 Loans under follow-up		7,819,393	123,793	7,943,186	6,626,073	77,310	6,703,383
6.3 Specific provisions (-)		6,742,126	94,806	6,836,932	5,461,264	71,344	5,532,608
VII. FACTORING RECEIVABLES		1,922,548	269,754	2,192,302	1,171,659	219,055	1,390,714
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	12,235,406	4,530,665	16,766,071	8,039,914	140,621	8,180,535
8.1 Debt securities issued by the governments		12,235,406	4,286,627	16,522,033	8,039,914	-	8,039,914
8.2 Other securities		-	244,038	244,038	-	140,621	140,621
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	384,451	3	384,454	336,229	3	336,232
9.1 Associates, consolidated per equity method		323,654	-	323,654	275,765	-	275,765
9.2 Unconsolidated associates		60,797	3	60,800	60,464	3	60,467
9.2.1 Financial associates		48,444	-	48,444	48,111	-	48,111
9.2.2 Non-Financial associates		12,353	3	12,356	12,353	3	12,356
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	279,647	-	279,647	286,698	-	286,698
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		279,647	-	279,647	286,698	-	286,698
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	474,045	1,406,155	1,880,200	364,209	1,182,200	1,546,409
12.1 Finance lease receivables		611,982	1,565,781	2,177,763	465,056	1,323,625	1,788,681
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		137,937	159,626	297,563	100,847	141,425	242,272
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	V-I-12	1,722,037	9,372	1,731,409	1,693,745	9,358	1,703,103
XV. INTANGIBLE ASSETS (Net)	V-I-13	255,160	302	255,462	230,242	23	230,265
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		255,160	302	255,462	230,242	23	230,265
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	423,498	-	423,498	354,385	-	354,385
XVII. TAX ASSETS		63,612	-	63,612	197,922	-	197,922
17.1 Current tax assets		1,016	-	1,016	835	-	835
17.2 Deferred tax assets	V-I-15	62,596	-	62,596	197,087	-	197,087
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	1,312,728	-	1,312,728	1,228,102	-	1,228,102
18.1 Assets held for sale		1,312,728	-	1,312,728	1,228,102	-	1,228,102
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	4,891,487	3,843,638	8,735,125	3,110,515	2,472,502	5,583,017
TOTAL ASSETS		176,415,113	104,443,893	280,859,006	137,024,240	83,646,760	220,671,000

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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2017**

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

	Notes	Audited Current Period December 31, 2017			Audited Prior Period December 31, 2016		
		TL	FC	Total	TL	FC	Total
LIABILITIES AND EQUITY							
I. DEPOSITS	V-II-1	102,796,242	55,191,624	157,987,866	85,815,420	40,443,889	126,259,309
1.1 Deposits of risk group	V-VII-1	2,079,489	146,601	2,226,090	1,686,765	116,088	1,802,853
1.2 Other deposits		100,716,753	55,045,023	155,761,776	84,128,655	40,327,801	124,456,456
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	1,011,508	169,034	1,180,542	955,019	199,405	1,154,424
III. FUNDS BORROWED	V-II-3	2,257,541	29,130,247	31,387,788	1,720,814	24,578,616	26,299,430
IV. INTERBANK MONEY MARKET		18,936,344	3,752,731	22,689,075	11,450,137	1,794,134	13,244,271
4.1 Interbank money market takings		11,662,376	1,631,693	13,294,069	2,501,180	-	2,501,180
4.2 Istanbul Stock Exchange money market takings		237,318	-	237,318	277,667	-	277,667
4.3 Obligations under repurchase agreements		7,036,650	2,121,038	9,157,688	8,671,290	1,794,134	10,465,424
V. SECURITIES ISSUED (Net)	V-II-3	6,967,544	12,903,215	19,870,759	3,373,519	11,309,305	14,682,824
5.1 Bills		3,996,077	-	3,996,077	3,373,519	-	3,373,519
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		2,971,467	12,903,215	15,874,682	-	11,309,305	11,309,305
VI. FUNDS		3,206		3,206	3,319		3,319
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Other		3,206	-	3,206	3,319	-	3,319
VII. MISCELLANEOUS PAYABLES		6,343,340	989,690	7,333,030	4,622,676	920,879	5,543,555
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	947,498	3,029,795	3,977,293	747,599	2,018,132	2,765,731
IX. FACTORING PAYABLES		221	216	437	77	4	81
X. LEASE PAYABLES (Net)	V-II-5						
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6						
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	V-II-7	6,084,250	42,791	6,127,041	5,562,513	43,584	5,606,097
12.1 General provisions	V-II-7	1,872,826	12,667	1,885,493	2,153,773	13,670	2,167,443
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		852,775	2,763	855,538	736,608	1,791	738,399
12.4 Insurance technical provisions (Net)		2,631,507	14,011	2,645,518	2,304,345	14,000	2,318,345
12.5 Other provisions	V-II-7	727,142	13,350	740,492	367,787	14,123	381,910
XIII. TAX LIABILITIES	V-II-8	703,795	58,072	761,867	477,830	11,957	489,787
13.1 Current tax liabilities		686,133	670	686,803	463,916	2,847	466,763
13.2 Deferred tax liabilities	V-I-15	17,662	57,402	75,064	13,914	9,110	23,024
XIV. PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	V-II-9						
14.1 Payables related to the assets held for sale		-	-	-	-	-	-
14.2 Payables related to the discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	V-II-10	528,188	5,388,949	5,917,137		5,014,700	5,014,700
XVI. EQUITY		22,991,149	631,816	23,622,965	19,154,003	453,469	19,607,472
16.1 Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital reserves		1,582,247	177,252	1,759,499	1,494,226	50,440	1,544,666
16.2.1 Share premium		724,269	-	724,269	727,780	-	727,780
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Valuation differences of the marketable securities	V-II-11	(240,378)	177,252	(63,126)	(181,609)	50,440	(131,169)
16.2.4 Revaluation surplus on tangible assets		1,046,956	-	1,046,956	997,197	-	997,197
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		3,913	-	3,913	3,683	-	3,683
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		47,487	-	47,487	(52,825)	-	(52,825)
16.3 Profit reserves		14,550,334	254,763	14,805,097	12,025,037	234,296	12,259,333
16.3.1 Legal reserves		1,700,302	9,553	1,709,855	1,428,436	8,351	1,436,787
16.3.2 Status reserves		6,337	-	6,337	6,337	-	6,337
16.3.3 Extraordinary reserves		12,432,750	5,389	12,438,139	10,151,977	4,598	10,156,575
16.3.4 Other profit reserves		410,945	239,821	650,766	438,287	221,347	659,634
16.4 Profit or loss		3,753,445	127,821	3,881,266	2,660,885	115,059	2,775,944
16.4.1 Prior years' profit/loss		(154,298)	103,132	(51,166)	(107,147)	93,173	(13,974)
16.4.2 Current period's profit/loss		3,907,743	24,689	3,932,432	2,768,032	21,886	2,789,918
16.5 Non-controlling interest		605,123	71,980	677,103	473,855	53,674	527,529
TOTAL LIABILITIES AND EQUITY		169,570,826	111,288,180	280,859,006	133,882,926	86,788,074	220,671,000

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

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET AS AT DECEMBER 31, 2017**

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

	Notes	Audited Current Period December 31, 2017			Audited Prior Period December 31, 2016		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		80,999,013	81,421,461	162,420,474	71,979,483	76,304,502	148,283,985
I. GUARANTEES AND SURETIES	V-III-2-4	32,656,344	18,667,358	51,323,702	26,946,124	13,714,227	40,660,351
1.1 Letters of guarantee		32,035,061	8,135,927	40,170,988	26,687,992	5,628,335	32,316,327
1.1.1 Guarantees subject to State Tender Law		3,163,898	4,099,756	7,263,654	3,203,501	2,571,209	5,774,710
1.1.2 Guarantees given for foreign trade operations		1,053,872	-	1,053,872	1,059,516	-	1,059,516
1.1.3 Other letters of guarantee		27,817,291	4,036,171	31,853,462	22,424,975	3,057,126	25,482,101
1.2 Bank acceptances		44,700	1,510,854	1,555,554	53,702	1,143,484	1,197,186
1.2.1 Import letter of acceptance		671	519,399	520,070	-	395,874	395,874
1.2.2 Other bank acceptances		44,029	991,455	1,035,484	53,702	747,610	801,312
1.3 Letters of credit		30,161	8,963,991	8,994,152	1,762	6,911,368	6,913,130
1.3.1 Documentary letters of credit		30,161	8,963,991	8,994,152	1,762	6,911,368	6,913,130
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	3,006	3,006	-	2,796	2,796
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		225,380	7,528	232,908	202,668	7,682	210,350
1.8 Other guarantees		81,074	43,996	125,070	-	16,890	16,890
1.9 Other sureties		239,968	2,056	242,024	-	3,672	3,672
II. COMMITMENTS		31,872,658	17,873,251	49,745,909	27,151,229	12,692,995	39,844,224
2.1 Irrevocable commitments		28,813,083	1,547,642	30,360,725	24,078,084	1,659,432	25,737,516
2.1.1 Asset purchase commitments	V-III-1	793,979	961,190	1,755,169	1,362,697	1,502,055	2,864,752
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	11,843,577	74,556	11,918,133	9,817,555	34,042	9,851,597
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	2,542,741	-	2,542,741	2,154,102	-	2,154,102
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	10,534,862	-	10,534,862	8,682,835	-	8,682,835
2.1.10 Commitments for credit card and banking operations promotions		761,674	-	761,674	300,108	-	300,108
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		2,336,250	511,896	2,848,146	1,760,787	123,335	1,884,122
2.2 Revocable commitments		3,059,575	16,325,609	19,385,184	3,073,145	11,033,563	14,106,708
2.2.1 Revocable loan granting commitments		3,059,575	16,325,609	19,385,184	3,024,169	11,033,563	14,057,732
2.2.2 Other revocable commitments		-	-	-	48,976	-	48,976
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	16,470,011	44,880,852	61,350,863	17,882,130	49,897,280	67,779,410
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value hedges		-	-	-	-	-	-
3.1.2 Cash flow hedges		-	-	-	-	-	-
3.1.3 Net foreign investment hedges		-	-	-	-	-	-
3.2 Trading derivatives		16,470,011	44,880,852	61,350,863	17,882,130	49,897,280	67,779,410
3.2.1 Forward foreign currency purchases/sales		1,152,837	1,617,661	2,770,498	492,117	1,123,868	1,615,985
3.2.1.1 Forward foreign currency purchases		576,772	808,889	1,385,661	247,789	560,368	808,157
3.2.2.2 Forward foreign currency sales		576,065	808,772	1,384,837	244,328	563,500	807,828
3.2.2 Currency and interest rate swaps		9,715,102	31,666,680	41,381,782	16,341,272	37,911,234	54,252,506
3.2.2.1 Currency swaps-purchases		3,085,946	11,883,240	14,969,186	8,566,437	11,982,601	20,549,038
3.2.2.2 Currency swaps-sales		4,289,156	5,162,344	9,451,500	6,324,835	10,311,809	16,636,644
3.2.2.3 Interest rate swaps-purchases		1,170,000	7,310,548	8,480,548	725,000	7,808,412	8,533,412
3.2.2.4 Interest rate swaps-sales		1,170,000	7,310,548	8,480,548	725,000	7,808,412	8,533,412
3.2.3 Currency, interest rate and security options		426,094	431,542	857,636	142,676	730,632	873,308
3.2.3.1 Currency call options		412,706	13,400	426,106	121,124	306,804	427,928
3.2.3.2 Currency put options		13,388	418,142	431,530	21,552	423,828	445,380
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Security call options		-	-	-	-	-	-
3.2.3.6 Security put options		-	-	-	-	-	-
3.2.4 Currency futures		-	-	-	-	-	-
3.2.4.1 Currency futures-purchases		-	-	-	-	-	-
3.2.4.2 Currency futures-sales		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sales		-	-	-	-	-	-
3.2.6 Other		5,175,978	11,164,969	16,340,947	906,065	10,131,546	11,037,611
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		1,287,928,890	807,052,180	2,094,981,070	1,045,090,768	580,650,674	1,625,741,442
IV. ITEMS HELD IN CUSTODY		59,316,964	5,617,699	64,934,663	56,357,991	4,476,062	60,834,053
4.1 Customers' securities held		923,511	-	923,511	796,204	-	796,204
4.2 Investment securities held in custody		43,471,833	135,880	43,607,713	43,543,703	147,806	43,691,509
4.3 Checks received for collection		10,617,821	2,607,299	13,225,120	9,441,126	2,589,510	12,030,636
4.4 Commercial notes received for collection		2,959,313	993,297	3,952,610	1,535,349	751,302	2,286,651
4.5 Other assets received for collection		2,152	151	2,303	2,152	141	2,293
4.6 Assets received through public offering		-	-	-	-	-	-
4.7 Other items under custody		140,536	743,875	884,411	49,414	87,056	136,470
4.8 Custodians		1,201,798	1,137,197	2,338,995	990,043	900,247	1,890,290
V. PLEDGED ITEMS		315,488,892	132,707,352	448,196,244	280,719,507	104,200,492	384,919,999
5.1 Securities		740,033	5,090	745,123	495,623	16,366	511,989
5.2 Guarantee notes		708,473	524,748	1,233,221	767,642	544,996	1,312,638
5.3 Commodities		33,014,517	759,683	33,774,200	31,750,967	775,907	32,526,874
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		240,571,560	108,037,406	348,608,966	230,190,866	86,340,346	316,531,212
5.6 Other pledged items		39,693,039	23,254,495	62,947,534	16,964,074	16,365,309	33,329,383
5.7 Pledged items-depository		761,270	125,930	887,200	550,335	157,568	707,903
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		913,123,034	668,727,129	1,581,850,163	708,013,270	471,974,120	1,179,987,390
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,368,927,903	888,473,641	2,257,401,544	1,117,070,251	656,955,176	1,774,025,427

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Notes	Audited Current Period January 1, 2017-December 31, 2017	Audited Prior Period January 1, 2016-December 31, 2016
I. INTEREST INCOME		22,045,179	16,964,189
1.1 Interest income from loans	V-IV-1	18,315,576	14,268,928
1.2 Interest income from reserve deposits		221,541	111,798
1.3 Interest income from banks	V-IV-1	210,696	121,181
1.4 Interest income from money market transactions		35,753	600
1.5 Interest income from securities portfolio	V-IV-1	2,914,538	2,230,139
1.5.1 Trading financial assets		19,051	8,946
1.5.2 Financial assets designated at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets		1,735,213	1,513,449
1.5.4 Held-to-maturity investments		1,160,274	707,744
1.6 Finance lease income		138,960	110,201
1.7 Other interest income		208,115	121,342
II. INTEREST EXPENSE		13,073,305	9,727,956
2.1 Interest expense on deposits	V-IV-2	9,200,620	7,194,767
2.2 Interest expense on funds borrowed	V-IV-2	841,072	508,116
2.3 Interest expense on money market transactions		1,553,389	1,007,022
2.4 Interest expense on securities issued	V-IV-2	1,059,739	691,897
2.5 Other interest expenses		418,485	326,154
III. NET INTEREST INCOME (I – II)		8,971,874	7,236,233
IV. NET FEES AND COMMISSIONS INCOME		1,235,550	912,483
4.1 Fees and commissions received		1,896,758	1,458,702
4.1.1 Non-cash loans		300,942	229,775
4.1.2 Others		1,595,816	1,228,927
4.2 Fees and commissions paid		661,208	546,219
4.2.1 Non-cash loans		4,190	1,916
4.2.2 Others		657,018	544,303
V. DIVIDEND INCOME	V-IV-3	47,481	61,736
VI. TRADING INCOME/LOSSES (Net)	V-IV-4	194,447	505,038
6.1 Trading account income/losses	V-IV-4	48,446	24,051
6.2 Income/losses from derivative financial instruments	V-IV-4	(15,681)	354,798
6.3 Foreign exchange gains/losses	V-IV-4	161,682	126,189
VII. OTHER OPERATING INCOME	V-IV-5	3,085,245	2,004,336
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		13,534,597	10,719,826
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	2,842,558	2,333,609
X. OTHER OPERATING EXPENSES (-)	V-IV-7	5,734,147	4,906,704
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		4,957,892	3,479,513
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		51,481	37,267
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+...+XIV)		5,009,373	3,516,780
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-11	(992,027)	(724,334)
16.1 Current tax charges		(831,655)	(741,888)
16.2 Deferred tax credits		(160,372)	17,554
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-12	4,017,346	2,792,446
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS(-)		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES(XVIII-XIX)		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES(±)		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS(XX±XXI)		-	-
XXIII.NET PROFIT/LOSS (XVI+XXII)	V-IV-12	4,017,346	2,792,446
23.1. Equity holders of the Bank		3,932,432	2,789,918
23.2. Non-controlling interest(-)		84,914	2,528
Earnings per 100 Share (full TL)	III-XXIV	1.5730	1.1160

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS ACCOUNTED UNDER SHAREHOLDERS'
EQUITY FOR YEAR ENDED DECEMBER 31, 2017**

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

GAINS AND LOSSES RECOGNIZED IN EQUITY	Audited Current Period January 1, 2017- December 31, 2017	Audited Prior Period January 1, 2016- December 31, 2016
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	86,257	(234,289)
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	333	16,708
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	(27,252)	59,217
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	88,820	31,515
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	(21,448)	44,360
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	126,710	(82,489)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	4,017,346	2,792,446
11.1 Change in fair value of securities (transfers to the statement of income)	(34,098)	(5,576)
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	4,051,444	2,798,022
XII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	4,144,056	2,709,957

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	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	
I.																				
II.																				
2.1.																				
2.2.																				
III.																				
IV.																				
V.																				
VI.																				
6.1																				
6.2																				
VII.																				
VIII.																				
IX.																				
X.																				
XI.																				
XII.																				
XIII.																				
XIV.																				
14.1																				
14.2																				
XV.																				
XVI.																				
XVII.																				
XVIII.																				
XIX.																				
XX.																				
20.1																				
20.2																				
20.3																				
Balances at the end of the period		2,500,000	-	727,780	-	1,436,787	6,337	10,156,575	606,809	2,789,918	(13,974)	(131,169)	997,197	3,683	-	-	19,079,943	527,529	19,607,472	

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Audited	Notes	Paid in Capital	Capital Reserves from Inflation Adjustments to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extra-ordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Prior Period's Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s.	Shareholders' Equity before Minority Shares	Non-controlling Interest	Total Shareholders' Equity	
I.																				
	Current Period – December 31, 2017																			
	Balances at the beginning of the period	2,500,000	-	727,780	-	1,436,787	6,337	10,156,575	606,809	-	2,775,944	(131,169)	997,197	3,683	-	-	19,079,943	527,529	19,607,472	
	Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of the marketable securities	V-V-1	-	-	-	-	-	-	-	-	-	64,587	-	-	-	-	64,587	-	64,587	
IV.	Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1	Cash flow hedges	V-V-2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Net investment hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	(873)	-	-	-	(873)	7,065	6,192	
VI.	Revaluation surplus on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	230	-	-	230	-	230	
VIII.	Translation differences	V-V-3	-	-	-	-	-	-	(27,252)	-	-	-	-	-	-	-	(27,252)	-	(27,252)	
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 Group's equity		-	-	-	-	-	-	-	-	(37,096)	3,456	1,188	-	-	-	(32,452)	-	(32,452)	
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Other		-	(3,511)	-	(584)	-	(1,128)	98,648	-	(37,192)	-	-	-	-	-	56,233	59,172	115,405	
XVII.	Current period's net profit/loss		-	-	-	-	-	-	-	3,932,432	-	-	-	-	-	-	3,932,432	84,914	4,017,346	
XVIII.	Profit distribution		-	-	-	273,652	-	2,282,692	20,048	-	(2,752,822)	-	49,444	-	-	-	(126,986)	(1,577)	(128,563)	
18.1	Dividends		-	-	-	-	-	-	-	-	(120,000)	-	-	-	-	-	(120,000)	(8,563)	(128,563)	
18.2	Transferred to reserves		-	-	-	273,652	-	2,282,692	20,048	-	(2,632,822)	-	49,444	-	-	-	(6,986)	6,986	-	
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Balances at the end of the period	2,500,000	-	724,269	-	1,709,855	6,337	12,438,139	698,253	3,932,432	(51,166)	(63,126)	1,046,956	3,913	-	-	22,945,862	677,103	23,622,965	

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Notes	Audited Current Period December 31, 2017	Audited Prior Period December 31, 2016
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		6,846,022	4,169,924
1.1.1 Interests received		20,390,595	15,649,451
1.1.2 Interests paid		(12,569,147)	(9,579,425)
1.1.3 Dividends received		17,865	10,225
1.1.4 Fee and commissions received		1,896,758	1,458,702
1.1.5 Other income		1,503,221	1,155,052
1.1.6 Collections from previously written-off loans and other receivables		1,378,167	1,203,154
1.1.7 Payments to personnel and service suppliers		(2,239,442)	(1,886,447)
1.1.8 Taxes paid		(813,686)	(950,946)
1.1.9 Other	V-VI-1	(2,718,309)	(2,889,842)
1.2 Changes in operating assets and liabilities		(502,403)	(4,359,432)
1.2.1 Net (increase) decrease in financial assets held for trading purpose		52,705	(68,142)
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		(4,638,887)	1,386,426
1.2.4 Net (increase) decrease in loans		(39,057,735)	(26,315,387)
1.2.5 Net (increase) decrease in other assets		(3,821,724)	(353,827)
1.2.6 Net increase (decrease) in bank deposits		4,631,612	(469,133)
1.2.7 Net increase (decrease) in other deposits		26,388,303	14,656,938
1.2.8 Net increase (decrease) in funds borrowed		4,868,590	6,024,640
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	V-VI-1	11,074,733	779,053
I. Net cash flow from banking operations		6,343,619	(189,508)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(2,727,581)	(1,212,616)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint-ventures	V-VI-3	232	-
2.3 Cash paid for purchase of tangible assets		(171,566)	(248,621)
2.4 Proceeds from disposal of tangible assets		574,326	462,653
2.5 Cash paid for purchase of available-for-sale financial assets		(7,485,592)	(6,636,883)
2.6 Proceeds from disposal of available-for-sale financial assets		4,650,615	5,466,684
2.7 Cash paid for purchase of held-to-maturity investments		(2,423,358)	(1,873,688)
2.8 Proceeds from disposal of held-to-maturity investments		2,186,864	1,673,758
2.9 Other	V-VI-1	(59,102)	(56,519)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		5,862,857	4,712,885
3.1 Cash obtained from funds borrowed and securities issued		16,823,204	13,644,312
3.2 Cash used for repayment of funds borrowed and securities issued		(10,831,784)	(8,831,100)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(128,563)	(100,327)
3.5 Repayments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	V-VI-1	(137,492)	53,516
V. Net (decrease) / increase in cash and cash equivalents		9,341,403	3,364,277
VI. Cash and cash equivalents at the beginning of the period	V-VI-4	12,421,404	9,057,127
VII. Cash and cash equivalents at the end of the period	V-VI-4	21,762,807	12,421,404

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	Notes	Current Period December 31, 2017	Prior Period December 31, 2016
I. DISTRIBUTION OF CURRENT YEAR PROFIT^(***)			
1.1 CURRENT YEAR'S PROFIT		4,675,132	3,395,524
1.2 TAXES AND LEGAL DUTIES PAYABLE		(951,749)	(692,482)
1.2.1 Corporate tax (income tax)	V-IV-11	(792,677)	(712,424)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties ^(**)	V-IV-11	(159,072)	19,942
A. NET PROFIT FOR THE YEAR		3,723,383	2,703,042
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	19,941
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		3,723,383	2,683,101
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	134,155
1.6 OTHER STATUTORY RESERVES	V-V-5	-	134,155
C. NET PROFIT AVAILABLE FOR DISTRIBUTION^(*)		-	2,414,791
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	120,000
1.7.1 To owners of ordinary shares		-	120,000
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	-	2,245,347
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS	V-V-5	-	49,444
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 (Earning per 100 shares)		1.4894	1.0812
3.2 TO OWNERS OF ORDINARY SHARES (%)		148.94	108.12
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		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2017 profit distribution is not taken.

(**) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.

(***) The profit distribution is based on the non-consolidated financial statements of the Parent Bank.