THIRD SUPPLEMENT dated September 26, 2014 to the Base Prospectus dated April 8, 2014

TÜRKİYE VAKIFLAR BANKASI T.A.O.
US$5,000,000,000
Global Medium Term Note Program

This supplement (this "*Supplement*") is supplemental to, and must be read in conjunction with, the Base Prospectus dated April 8, 2014 (the "*Original Base Prospectus*" and, as supplemented on May 27, 2014 and June 9, 2014, the "*Base Prospectus*") prepared by Türkiye Vakıflar Bankası T.A.O. (the "*Issuer*" or the "*Bank*") under the Issuer's global medium term note program. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the Base Prospectus.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the "*Prospectus Directive*"). The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This document constitutes a supplement for the purposes of Article 16 of the Prospectus Directive and has been prepared and published for the purposes of incorporating into the Base Prospectus recent events in connection with the Issuer. As a result, certain modifications to the Base Prospectus are hereby being made.

A copy of each of: (a) the consolidated BRSA financial statements of the Group and the unconsolidated BRSA financial statements of the Issuer as of and for each of: (i) the six month period ended June 30, 2014 (including any notes thereto, together the "*New BRSA Financial Statements*") and (ii) the six month period ended June 30, 2013 (including any notes thereto, together the "*2013 Interim BRSA Financial Statements*" and, with the New BRSA Financial Statements, the "*Incorporated BRSA Financial Statements*") and (b) the consolidated IFRS financial statements of the Group as of and for each of: (i) the six month period ended June 30, 2014 (including any notes thereto, the "*New IFRS Financial Statements*" and, with the New BRSA Financial Statements, the "*New Financial Statements*") and (ii) the six month period ended June 30, 2013 (including any notes thereto, the "*2013 Interim IFRS Financial Statements*" and, with the New IFRS Financial Statements, the "*Incorporated IFRS Financial Statements*") (the Incorporated BRSA Financial Statements and the Incorporated IFRS Financial Statements are collectively referred to herein as the "*Incorporated Financial Statements*") have been filed with the Central Bank of Ireland and, by means of this Supplement, are incorporated by reference into, and form part of, the Base Prospectus. Copies of the Incorporated Financial Statements can be obtained without charge from the registered office of the Issuer and from the Issuer's website: (i) with respect to the consolidated Incorporated BRSA Financial Statements, at www.vakifbank.com.tr/tas-consolidated.aspx?pageID=646, (ii) with respect to the unconsolidated Incorporated BRSA Financial Statements, at www.vakifbank.com.tr/tas-bank-only.aspx?pageID=644, and (iii) with respect to the Incorporated IFRS Financial Statements, at www.vakifbank.com.tr/ifrs-reports.aspx?pageID=639 (such website is not, and should not be deemed to constitute, a part of, or be incorporated into, this Supplement or the Base Prospectus). The Incorporated BRSA Financial Statements, all of which are in English, were prepared as convenience translations of corresponding Turkish language BRSA financial statements (which translations the Issuer confirms are direct and accurate). The Incorporated Financial Statements were not prepared for the purpose of their incorporation by reference into the Base Prospectus.

The: (a) New BRSA Financial Statements and New IFRS Financial Statements, as incorporated by reference herein, were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of PricewaterhouseCoopers ("*PwC*"), as stated in their reports incorporated by reference herein, and (b) 2013 Interim BRSA Financial Statements and 2013 Interim IFRS Financial Statements were reviewed by KPMG, as stated in their reports incorporated by reference herein, and PwC's and KPMG's review reports, included within the applicable Incorporated Financial Statements note that they applied limited procedures in accordance with professional standards for a review of such information and such reports state that they did not audit and they do not express an opinion on the interim financial information in the Incorporated Financial Statements. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. The financial information in the New Financial Statements is subject to any adjustments that may be necessary as a result of the audit process to be undertaken in respect of the full financial year. The comparative figures in the New Financial Statements as of June 30, 2013 and December 31, 2013 have been reviewed or audited, as applicable, by KPMG.

In addition, this Supplement provides for amendments to certain sections of the Base Prospectus. Statements contained herein shall, to the extent applicable and whether expressly, by implication or otherwise, be deemed to modify or supersede statements set out in, or previously incorporated by reference into, the Base Prospectus. Where there is any

inconsistency between the information contained in (or incorporated by reference into) the Base Prospectus and this Supplement, the information set out in (or incorporated by reference into) this Supplement shall prevail.

Except as disclosed herein (including in the New Financial Statements incorporated by reference into the Base Prospectus pursuant to this Supplement) and in the previous supplements to the Original Base Prospectus, there has been no: (a) significant new factor, material mistake or inaccuracy relating to the information included in the Original Base Prospectus since the publication of the Original Base Prospectus and (b) significant change in the financial or trading position of either the Group or the Issuer since June 30, 2014.

The Issuer accepts responsibility for the information contained herein. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and contains no omission likely to affect the import of such information.

None of the Dealers or the Arranger make any representation, express or implied, or accept any responsibility, for the contents hereof or any information incorporated by reference into this Supplement.

AMENDMENTS

The following amendments are made to the Base Prospectus:

RISK FACTORS

The last paragraph of the risk factor entitled "*Risks related to Turkey – Political Developments*" on page 24 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

> These events are particularly noteworthy as municipal elections were held in Turkey on March 30, 2014 and Presidential elections were held on August 10, 2014. In the March 2014 municipal elections, the governing party received approximately 45% of the total votes cast, which (though less than the 49.8% received in the 2011 elections) can be considered to be a successful election for the governing party. The governing party also won the mayoral contest in İstanbul and Ankara, while the primary opposition party won the mayoral contest in İzmir, Turkey's third largest city. Following the success in the local elections, the former prime minister Recep Tayyip Erdoğan announced his candidacy to run for the presidency, which he won with approximately 52% of the vote. The former minister of foreign affairs, Ahmet Davutoğlu, was elected as the prime minister on August 27, 2014. The events surrounding future elections and/or the results of such elections could contribute to the volatility of Turkish financial markets and/or have an adverse effect on investors' perception of Turkey. Actual or perceived political instability in Turkey could have a material adverse effect on the Group's business, financial condition and/or results of operations and on the value of the Notes.

The second paragraph of the risk factor entitled "*Risks related to Turkey - High Current Account Deficit*" on page 25 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

> The decline in the current account deficit experienced in 2012 came to an end in early 2013 as a result of the recovery in domestic demand, with the deficit in 2013 rising to US$65.1 billion. This increase was followed by a decrease in the current account deficit to US$52.9 billion as of May 2014 as a result of macro-prudential measures issued by the BRSA to limit domestic demand, the Central Bank's tight monetary policy, recent increases of taxes and the depreciation of the Turkish Lira, although these measures might also have a negative effect on domestic demand and GDP.

The second and third paragraphs of the risk factor entitled "*Risks related to Turkey – Terrorism and Conflicts*" on page 27 of the Original Base Prospectus are hereby deleted in their entirety and replaced by the following:

> The conflict in Syria has been the subject of significant international attention and is inherently volatile and its impact and resolution is difficult to predict. In early October 2012, Turkish territory was hit by shells launched from Syria, some of which killed Turkish civilians. On October 4, 2012, the Turkish Parliament authorized the government for one year to send and assign military forces in foreign countries should such action be considered appropriate by the government, and on October 3, 2013, the authorization was extended for one year. More recently, elevated levels of conflict have arisen in Iraq as militants of the Islamic State of Iraq and Syria ("*ISIS*") seized control of key Iraqi cities. Turkey's consulate in Mosul was targeted by the ISIS and 49 Turkish citizens, including the consul-general, were taken hostage between June 10, 2014 and September 20, 2014.
>
> In early 2014, political unrest and demonstrations in Ukraine led to a change in the national government. While the United States and the EU recognized the new government, Russia claimed that that new government was illegitimate and was violating the rights of ethnic Russians living in the Crimean peninsula and elsewhere in Ukraine. Escalating military activities in Ukraine and on its borders, including Russia effectively taking control of Crimea and the shooting of a civilian aircraft resulting in approximately 300 deaths, have combined with Ukraine's very weak economic conditions to create great uncertainty in Ukraine and the global markets. In addition, the United States and the European Union have implemented increasingly harsh sanctions against certain Russian entities (including certain financial institution) and sectors, including recent sanctions against Russian oil and defense companies as a result of the conflict. Resolution of Ukraine's political and economic conditions will likely not be obtained for some time, and the situation could even degenerate into increased violence and/or economic collapse. While not directly impacting Turkey's territory, the disputes could materially negatively affect Turkey's economy, including through its impact on the global economy and the impact it might have on Turkey's access to Russian energy supplies.

TURKISH REGULATORY ENVIRONMENT

The last paragraph of the section entitled "*Regulatory Institutions - The Role of the BRSA*" on page 128 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

> Pursuant to the Regulation regarding the Internal Systems and Internal Capital Adequacy Assessment Process of Banks, as issued by the BRSA and published in the Official Gazette dated July 11, 2014 and numbered 29057, banks are obligated to establish, manage and develop (for themselves and all of their consolidated affiliates) internal audit, internal control and risk management systems commensurate with the scope and structure of their organizations, in compliance with the provisions of such regulation. Pursuant to such regulation, the internal audit and risk management systems are required to be vested in a department of the bank that has the necessary independence to accomplish its purpose and such department must report to the bank's board of directors. To achieve this, according to the regulation, the internal control personnel cannot also be appointed to work in a role conflicting with their internal control duties.

The last sentence of the second paragraph of the section entitled "*Audit of Banks*" on page 142 of the Original Base Prospectus is hereby deleted in its entirety.

The first sentence of the first paragraph of the section entitled "*Tier II Rules under Turkish Law - New Tier II Rules*" on page 137 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

> *New Tier II Rules*. According to the 2013 Equity Regulation, which came into force on January 1, 2014, Tier II capital shall be calculated by subtracting capital deductions from general provisions that are set aside for receivables and/or the surplus of provisions and capital deductions with respect to expected loss amounts for receivables (as the case may be, depending upon the method used by the bank to calculate the credit risk amounts of the applicable receivables) and issuance premia and the debt instruments that have been approved by the BRSA upon the application of board of directors of the applicable bank along with a written statement confirming compliance of the debt instruments with conditions set forth below (the "*New Tier II Conditions*"):

Item (i) of the first paragraph of the section entitled "*Tier II Rules under Turkish Law - New Tier II Rules*" on page 138 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

> (i) if there is a possibility that the bank's operating license would be cancelled or the probability of transfer of management of the bank to the SDIF arises pursuant to Article 71 of the Banking Law, removal of the debt instrument from the bank's records or the debt instrument's conversion to share certificates would be possible if the BRSA so decides, and

The third paragraph of the section entitled "*Tier II Rules under Turkish Law - New Tier II Rules*" on page 138 of the Original Base Prospectus is hereby deleted in its entirety and replaced by the following:

> In addition to the conditions that need to be met before including debt instruments and loans in the calculation of Tier II capital, the 2013 Equity Regulation also provides that general provisions that are set aside for receivables and/or the surplus of provisions and capital deductions with respect to expected loss amounts for receivables (as the case may be, depending upon the method used by the bank to calculate credit risk amounts of the applicable receivables) can be included in Tier II capital subject to an amended limit for general provisions and a new limit for surplus of provisions and capital deductions. In the 2006 Equity Regulation, the portion of the general provisions that exceeded 125 parts per 10,000 of the total risk-weighted assets (*i.e.*, risk-weighted assets related to credit risk, market risk and operational risk) had not been taken into consideration in calculating the Tier II capital. In the 2013 Equity Regulation, depending upon the method used by the bank to calculate credit risk amounts of the applicable receivables, the portion of general provisions that exceeds 125 parts per 10,000 of the risk-weighted sum of the receivables and/or the portion of the surplus of provisions and capital deductions that exceeds 6 parts per 1,000 of the receivables to which they relate, shall not be included in Tier II capital.

RECENT DEVELOPMENTS

The Recent Developments section included in the Base Prospectus by way of the supplement dated May 27, 2014 is hereby deleted in its entirety and replaced with the following:

RECENT DEVELOPMENTS

The following summary financial and operating data for the six month period ended June 30, 2013 and June 30, 2014 and balance sheet information as of December 31, 2013 and June 30, 2014 have been extracted from the New Financial Statements without material adjustment. This information should be read in conjunction with the New Financial Statements (including the notes thereto). Except to the extent stated otherwise, the financial data for the Group included herein are extracted from the New IFRS Financial Statements without material adjustment. Potential investors in the Notes should note that this section also includes certain financial information for the Bank only, which is extracted from the unconsolidated New BRSA Financial Statements without material adjustment. Such financial information is identified as being of "the Bank" in the description of the associated tables or information (rather than for the Group on a segmented basis).

The New BRSA Financial Statements are not directly comparable to the IFRS Financial Statement information provided in (or incorporated by reference into) the Base Prospectus, which is prepared in accordance with IFRS and on a different consolidation basis. For a description of some of the more significant accounting differences between Turkish GAAP and/or BRSA reporting standards and IFRS, see Appendix A to the Base Prospectus.

Net Income

The Group's net income for a period is calculated by reducing its operating income for such period by the amount of its operating expenses and taxation charge for such period. As set out in the table below, the Group's net income decreased by 33.69% for the six month period ended June 30, 2014 from the same period of the previous year. The following table sets out the components of the Group's net income during the first six months of each of the indicated years:

	For the six month period ended June 30,	
	2013	**2014**
	(TL thousands)	
Net interest income	2,519,271	2,178,969
Net fee and commission income	360,581	292,509
Other operating income	775,694	793,752
Total operating income	**3,655,546**	**3,265,230**
Impairment losses, net	(919,723)	(537,341)
Other operating expenses	(1,748,403)	(2,047,199)
Total operating expenses	**(2,668,126)**	**(2,584,540)**
Income/loss from equity accounted investments	15,943	17,175
Income before tax	**1,003,363**	**697,865**
Taxation charge	(179,861)	(151,803)
Net income	**823,502**	**546,062**
Attributable to equity holders of the Bank	834,002	561,600
Attributable to minority interests	(10,500)	(15,538)

Operating Income

The Group's operating income is comprised of its net interest income, net fee and commission income and other operating income. Each of these is described in greater detail below.

Net Interest Income. The Group's net interest income is the difference between the interest income that it earns on its interest-earning assets and the interest expense that it pays on its interest-bearing liabilities, both of which are discussed in greater detail below. As set out in the table above, the Group's net interest income for the six month period ended June 30, 2014 decreased 13.51% compared to the same period of the previous year, which decline was largely due to re-pricing of the Group's loan and deposit portfolios as increased interest expense on deposits more than offset the increase in interest income on loans and securities. The net interest margin for the Group was 3.08% in the first six months of 2014, compared to 4.39% in the same period of 2013. The decrease in 2014 resulted from the increasing cost of obtaining funding as market interest rates increased.

In the first six months of 2014, economic conditions were volatile in many markets, including Turkey, as a result of several factors, including statements by the U.S. Federal Reserve regarding monetary policy, violence in Ukraine, Iraq and Syria, political unrest and elections in Turkey and the downgrade of Turkey's ratings outlook to negative by both Moody's and S&P, all of which had a negative impact on economic growth in Turkey in the short-term and resulted in increased interest rates and depreciation of the Turkish Lira. In January 2014, to counter a significant depreciation in the Turkish Lira, the Central Bank held an interim Monetary Policy Committee meeting and increased its overnight Turkish Lira borrowing

rate to 8.0% from 3.5%, its one-week repo rate to 10.0% from 4.5% and its overnight lending rate to 12.0% from 7.75%. On May 22, 2014, the Central Bank reduced its one-week repo rate to 9.5% from 10.0% while retaining its overnight Turkish Lira borrowing rate at 8.0% and its overnight lending rate at 12.0%. As a result of these factors, net interest margins tightened in the first six month period of 2014 as interest rates have risen, leading to the Group's deposits re-pricing more quickly than its loan portfolio, although the Group is seeking to re-price its loan portfolio upward in line with market conditions. The Bank's management expects net interest margin to improve in the second half of 2014 due to upwards re-pricing of the Group's loan portfolio.

Interest Income. Interest income is the interest (including the amortization of interest-earning assets purchased at a discount and the interest component of lease receivables) and certain loan-related fees (such as closing fees received on project finance loans) received by the Group on its interest-earning assets, principally loans and debt securities. Interest income is a function of both the volume of interest-earning assets and the yield that the Group earns on these holdings. As set out in the table below, the Group's interest income increased by 26.59% in the first six months of 2014 from the same period of the previous year. The following table sets out the interest earnings on the Group's interest-earning assets during each of the indicated periods:

	For the six month period ended June 30,	
	2013	**2014**
	(TL thousands)	
Interest on loans and receivables	3,749,443	4,514,291
Interest on financial instruments	662,338	1,082,862
Interest on deposits at banks	34,611	33,028
Interest on money market deposits	611	508
Others	21,431	26,079
Total interest income	**4,468,434**	**5,656,768**

In the first six months of 2014, the increase in interest income was due to the increase in the size of the Group's customer loan portfolio and the increase in market rates resulting from the Central Bank's January 2014 rate actions described above. With respect to interest on financial instruments, the increase was largely attributable to the Bank having elected to double its holding of CPI-linked bonds (the share of such securities in the Group's TL-denominated security portfolio increased to 38.49% as of June 30, 2014 from 26.08% as of June 30, 2013).

Interest Expense. Interest expense is the interest and certain loan-related fee expenses (such as fees paid on syndicated loans) of the Group on its interest-bearing liabilities, principally time deposits and borrowings. As with interest income, interest expense is a function of both the volume of interest-bearing liabilities and the interest rates that the Group pays on these liabilities. As set out in the table below, the Group's interest expense increased by 78.43% in the first six months of 2014 from the same period of 2013. The following table sets out the interest expense on the Group's interest-bearing liabilities by category during each of the indicated periods:

	For the six month period ended June 30,	
	2013	**2014**
	(TL thousands)	
Interest on deposits	1,518,778	2,569,829
Interest on banks	138,566	519,030
Interest on bonds issuance	103,285	197,337
Interest on funds borrowed	76,975	108,979
Other interest expense	111,559	82,624
Total interest expense	**1,949,163**	**3,477,799**

In the first six months of 2014, the increase in the Group's interest expense from the comparable period of the prior year was principally due to increased interest rates, including as a result of a significant interest rate hike by the Central Bank.

Net Fee and Commission Income. The second largest component of the Group's operating income is its net fee and commission income. The Group earns fee and commission income on both capital-intensive products (such as origination fees on cash loans and fees for credit cards, letters of credit and guarantees) and capital-free products (such as investment advice and brokerage fees in respect of debt and equity trading). The principal drivers for fee and commission income are the credit card and retail banking businesses. As set out in the table below, the Group's net fee and commission income for the first six months of 2014 decreased by 18.88% from the same period of the prior year. The primary reason for this decrease was the slowdown in retail lending (in part as a result of new regulations introduced by the BRSA to decrease retail loan

growth, particularly with respect to credit cards, and improve household savings rates) and a decline in loan refinancing fees due to the significant increase in interest rates.

The following table sets out the categories of the Group's fee and commission income and expenses (identified by the principal business lines of the Group) and their respective amounts during each of the indicated periods:

	For the six month period ended June 30,	
	2013	**2014**
	(*TL thousands*)	
Fee and Commission Income		
Commercial banking	318,366	273,798
Credit card fees	117,182	189,425
Retail banking	69,555	42,901
Other	269	236
Total fee and commission income	**505,372**	**506,360**
Fee and Commission Expense		
Commercial banking	143,027	212,317
Other	1,764	1,534
Total fee and commission expense	**144,791**	**213,851**
Net fee and commission income	**360,581**	**292,509**

Other Operating Income. Other operating income includes net trading gains, net foreign exchange gains, dividend income and other items. As set out in the table below, the Group's other operating income increased by 2.33% in the first six months of 2014 from the same period of the previous year. The following table sets out the Group's other operating income by category during each of the indicated periods:

	For the six month period ended June 30,	
	2013	**2014**
	(TL thousands)	
Dividend income	17,079	5,718
Trading gains, net	188,879	88,152
Foreign exchange gains, net.	9,731	69,599
Other operating income	560,005	630,283
Total other operating income	**775,694**	**793,752**

The increase in total other operating income in the first six months of 2014 compared to the same period of the prior year was largely a result of improvements in the collection of NPLs.

Operating Expenses

The Group's operating expenses include business expenses such as salaries, benefits, depreciation, advertisement and rent expenses, and also include impairment losses (including provisions for non-performing loans) and (while not experienced in the periods analyzed here) any net foreign exchange and trading losses. As set out in the table below, operating expenses for the first six months of 2014 decreased by 3.13% from the same period of the previous year, which decrease was predominantly due to a decrease in provisions for possible loan losses. The following table sets out the Group's total operating expenses by category during each of the indicated periods:

	For the six month period ended June 30,	
	2013	**2014**
	(TL thousands)	
Salaries and wages	454,287	550,322
Incurred insurance claims	343,639	378,952
Credit card rewards and promotion expenses	208,377	229,986
Employee benefits	219,631	247,387
Rent expenses	79,043	103,502
Taxes and duties other than on income	42,982	54,696
Communication expenses	33,595	40,232
Provisions for possible loan losses, net of recoveries	919,723	537,341
Depreciation and amortization	63,834	66,211
Other operating expenses	303,015	375,911
Total operating expense	**2,668,126**	**2,584,540**

Impairment Losses, Net

When the Group reclassifies a loan as non-performing, it ceases to accrue interest with respect to such loan and reverses any interest accruals on such loan in its books. The Group makes provision for possible loan losses for anticipated problem loans and non-performing loans already so classified on each business day. The Group generally does not write-off non-performing loans, regardless of the amount of time they have been outstanding. See "Selected Statistical and Other Information - Summary of Loan Loss Experience."

In addition to provisions for possible losses on cash loans and non-cash loans, the Group's impairment losses, net include provisions for tangible and intangible assets, investment in equity participations and other receivables and (where applicable) reversal of prior year provisions.

The Group's net provision for possible losses in the first six months of 2014 was TL 537,341 thousand, a 41.58% decrease from TL 919,723 thousand in the same period of the prior year. This change was principally the result of a slowdown in the creation of new NPLs as a result of improvements in the growth of Turkey's economy in the second half of 2013. The Group's nominal NPLs in the first six months of 2014 were TL 3,134,384 thousand, a 8.15% decrease from TL 3,412,507 thousand in the same period of the prior year. The Group's NPL ratio was 3.22% as of June 30, 2014 (4.11% as of December 31, 2013).

Taxation Charge

The Group is subject to different forms of income taxation in each market in which it has operations, although the principal driver is Turkish taxation of the Group's income. Taxation and duties other than on income are included in operating expenses whereas taxation on income is applied to income before tax in order to determine the Group's net income. Income taxation charges for the first six months of 2014 totaled TL 151,803 thousand, which was a 15.60% decrease from TL 179,861 thousand in the same period of 2013. The Group's effective income tax rate (calculated based upon its reported taxation charge divided by its income before tax) was 21.75% and 17.93%, respectively, during those periods. The deviation from the Turkish tax rate of 20% was principally due to tax exemptions, disallowable expenses and tax refunds.

Financial Condition

The following table sets out the categories of the Group's assets, liabilities and shareholders' equity and minority interest as of each of the indicated dates:

	As of December 31, 2013		As of June 30, 2014	
	Amount	% of Total	Amount	% of Total
Assets	*(TL thousands, except for percentages)*			
Cash and cash equivalents	7,597,991	5.45%	5,846,917	4.08%
Loans and advances to banks	165,504	0.12%	205,925	0.14%
Loans and advances to customers	89,175,046	64.01%	94,174,762	65.75%
Investment securities	22,818,499	16.38%	22,917,988	16.00%
Investment in equity participations	191,794	0.14%	209,862	0.15%
Tangible assets, net	1,018,847	0.73%	927,140	0.65%
Other assets	18,339,152	13.16%	18,945,068	13.23%
Total assets	**139,306,833**	**100.00%**	**143,227,662**	**100.00%**
Liabilities				
Deposits from banks	4,298,991	3.09%	4,501,092	3.14%
Deposits from customers	78,783,217	56.55%	81,298,514	56.76%
Obligations under repurchase agreements	14,580,345	10.47%	12,935,598	9.03%
Loans and advances from banks (funds borrowed)	12,306,664	8.83%	11,682,600	8.16%
Debt securities issued	6,820,735	4.90%	8,139,429	5.68%
Other liabilities and accrued expenses	8,839,137	6.35%	9,881,571	6.90%
Total liabilities	**125,629,089**	**90.18%**	**128,438,804**	**89.67%**
Total shareholders' equity and minority interest	**13,677,744**	**9.82%**	**14,788,858**	**10.33%**
Total liabilities, shareholders' equity and minority interest	**139,306,833**	**100.00%**	**143,227,662**	**100.00%**

As set out in the table above, as of June 30, 2014 the Group's: (a) total assets increased by 2.81% from December 31, 2013, which increase was largely the result of the increase in loans and advances to customers, (b) total liabilities increased by 2.24% from December 31, 2013, which increase was largely the result of an increase in deposits from banks, deposits from customers and bond issuances, and (c) shareholders' equity increased by 8.12% from December 31, 2013, which increase was largely the result of retained earnings.

Off-Balance Sheet Arrangements

In the normal course of business in order to meet the needs of its customers and to hedge the Group's own positions (and generally not for speculative purposes), the Group enters into certain off-balance sheet transactions. These transactions expose the Group to credit risk that is not reflected on the Group's balance sheet. The most significant category of such transactions includes letters of guarantee, letters of credit and other support that the Group provides to its import and export customers, as well as off-balance sheet exposure for the Group's commitments to make loans to its borrowers, derivatives and other transactions. During the first six months of 2014, the decrease in the Group's off-balance sheet exposures was principally the result of a significant decline in revocable loan granting commitments (*i.e.*, uncommitted loan facilities) due to an accounting change for the Turkish banking sector implemented by the BRSA pursuant to which such revocable commitments are no longer included in the total off-balance sheet exposures of Turkish banks.

The following table summarizes the Group's exposure under the principal categories of its off-balance sheet exposures as of the indicated dates:

	As of December 31, 2013	As of June 30, 2014
Letters of guarantee	17,901,823	18,766,419
Letters of credit	4,390,249	3,989,490
Acceptance credits	1,052,278	1,953,027
Other guarantees	62,356	43,838
Total non-cash loans	**23,406,706**	**24,752,774**
Credit card commitments	6,261,117	6,964,066
Loan granting commitments	6,739,356	7,248,317
Revocable commitments	52,883,612	3,918,128
Commitments for check payments	1,320,438	1,474,188
Commitments for credit card and banking operations promotions	238,991	274,308
Other commitments	4,619,748	2,381,612
Total commitments	**72,063,262**	**22,260,619**
Total commitments and contingencies	**95,469,968**	**47,013,393**
Derivatives	27,096,959	**28,079,556**
Total off-balance sheet exposures	**122,566,927**	**75,092,949**

Capital Adequacy

The Group maintains regulatory capital adequacy ratios on both a Bank-only and consolidated basis in excess of the regulatory minimums required and recommended levels. The Group's and the Bank's total capital adequacy ratios (calculated in accordance with BRSA Principles) were 13.21% and 13.70%, respectively, as of December 31, 2013, and 14.04% and 14.30%, respectively, as of June 30, 2014. The Group's and the Bank's "Tier I" capital adequacy ratios (calculated in accordance with BRSA Principles) were 10.84% and 10.59%, respectively, as of December 31, 2013, increasing to 11.39% and 11.56%, respectively, as of June 30, 2014. The increase in the capital adequacy ratio of the Bank during the first six months of 2014 was principally as a result of the accounting change of marked-to-market gains in Basel III compared to Basel II. The sum of marked-to-market gains classified 100% under core capital in Basel III, whereas it was classified as 45% under supplementary capital in Basel II.

Within the context of the implementation of the Basel III framework in Turkey, on January 1, 2014, the 2006 Equity Regulation has been abolished and replaced by the 2013 Equity Regulation. As a result, the calculations regarding capital adequacy for periods from January 1, 2014 are performed in accordance with the 2013 Equity Regulation and might not be directly comparable to the ratios for earlier dates. See "Turkish Regulatory Environment − Capital Adequacy" for additional information. A regulation amending the 2013 Equity Regulation, which revises the principles of write-down mechanisms in relation to Tier I and Tier II instruments and amends the composition of Tier II instruments, was published in the Official Gazette on September 6, 2014.

The following table sets forth the calculation of the Group's capital adequacy ratios as of each of the indicated dates based upon the New BRSA Financial Statements:

	As of December 31, 2013	As of June 30, 2014
	(TL thousands, except percentages)	
Tier I capital	12,470,606	13,499,253
Supplementary capital	2,994,771	3,240,647
Total	**15,465,377**	**16,739,900**
Deductions from capital	265,583	99,445
Total capital	**15,199,794**	**16,640,455**
Value at credit risk	104,755,400	108,212,413
Value at market risk	737,263	693,100
Value at operational risk	9,561,025	9,609,038
Total risk-weighted assets	**115,053,688**	**118,514,551**
Tier I capital adequacy ratio	10.84%	11.39%
Total capital adequacy ratio	13.21%	14.04%

The increase in the Group's capital in the first six months of 2014 resulted from retained earnings for the period.

Liquidity and Funding

The Group manages its assets and liabilities to seek to ensure that it has sufficient liquidity to meet its present and future financial obligations and that it is able to take advantage of appropriate business opportunities as they arise. Financial obligations arise from withdrawals of deposits, repurchase transactions, extensions of loans or other forms of credit and the Group's own working capital needs. The Group's principal source of funding is short-term and demand deposits, and the Group has developed a diversified and stable deposit base in each of its retail, commercial, corporate and SME business lines. As of December 31, 2013 and June 30, 2014, the Group's ratio of cash loans to customers to deposits (including bank deposits) was 107.3% and 109.8%, respectively.

Other Recent Events

The Bank has, after June 30, 2014, issued various Series of Notes under the Program in Dollars and other currencies, which had the equivalent of approximately US$654.8 million and total outstanding amount under the Program reached US$988.8 million as of September 24, 2014. The Bank's management expects to continue to issue new Series under the Program, both as private transactions (most of which have maturities of one year or less) and in transactions with larger distributions.

As published in the Official Gazette dated April 30, 2014, the Council of Ministers (in a Cabinet decision dated February 24, 2014) extended the deadline until May 8, 2015 for the transfer of certain of the assets and liabilities of funds such as the Vakıfbank Pension Fund to the SSF. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation - Critical Accounting Policies - Defined Benefit Plan" on page 51 of the Original Base Prospectus.

Turkey's GDP grew by 2.1% in the second quarter of 2014 on a year-over-year basis and the growth in the first quarter of 2014 was revised as 4.7% (from 4.3%) on a year-over-year basis. Foreign demand was the main driver of growth in the second quarter of 2014, as it was in the first quarter of 2014. In the first half of 2014, Turkey recorded a 3.3% year-over-year growth.

On April 30, 2014, the Bank held an extraordinary general assembly meeting in which two new board members (Mr. Öztürk Oran, representing Group A shares, and Mr. Şeref Aksaç, representing Group B shares) were elected for three year terms. The number of board members, including the CEO, reached nine in line with the Bank's articles of incorporation. Brief information regarding the new board members is as follows:

Mr. Öztürk Oran

Mr. Oran was born in Kars in 1956. He graduated from Erzurum Kazım Karabekir Training Institute's Turkish department with a major in Turkish Language and Literature. He also has a degree in Banking and Trade Law Research Institute and İstanbul University Faculty of Management Accounting Institute. Mr. Oran began his career in the Bank as an officer in 1974 and completed Foreign Trade, English, Accounting and Bank Management training at The Banks Association of Turkey's Training Center while working for the Bank. He has more than 28 years of banking experience, 12 years with the Bank and 16 years in various departments and levels at Faisal Finance Participation Bank. Since 2003, Mr. Oran has been a partner in certain pharmaceutical companies and currently serves as the chairman of the board of these companies. In addition to being a board member and parliament member in the Istanbul Chamber of Commerce, he has roles in various civil society organizations such as the World Trade Center, the Orphans Association and the Orphans Foundation. Mr. Oran was appointed as a board member of the Bank at an extraordinary general assembly meeting, held in April 2014.

Mr. Şeref Aksaç

Mr. Aksaç was born in Bayburt in 1956. He graduated from the Public Administration department of the Faculty of Political Sciences of İstanbul Academy of Economics and Commercial Sciences in 1979. He began his career in 1982 in Ziraat as an assistant auditor and worked as an auditor, assistant manager and manager at various branches. He served as Executive Vice President, responsible for human resources between 2003 and 2005. Mr. Aksaç was also a statutory auditor of Başak Insurance company and a board member of Turkmen-Turkish Joint-Stock Commercial Bank and Ziraat Securities. He worked as Executive Vice President, responsible for sales and marketing, and the Deputy CEO of Ziraat Life and Insurance, then was appointed as its CEO in March 2013.

Mr. Aksaç was appointed as a Board Member of the Bank at an extraordinary general assembly meeting, held in April 2014.

On September 4, 2014, Mr. Yıldırım Eroğlu left his duty as an Executive Vice President upon his retirement. As of such date, Mr. Mustafa Saydam became responsible for the Retail Banking, Payment Systems and Payment System Operations that Mr. Eroglu was responsible for prior to such date.

On September 22, 2014, the Bank signed a one year term syndication loan agreement for US$168.5 million and €528.75 million equivalent, replacing its maturing September 2013 syndicated loan. The total cost of the loan, the purpose of which is foreign trade financing, is 0.90% over LIBOR or EURIBOR, as applicable.