
Banking
Smart


VakifBank

Annual Report
2009

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With strength of its visionary management team and dedicated and loyal human resources, VakıfBank continues to provide everything its customers can imagine while pioneering “smart” products and services in the banking industry thanks to its completely revamped technology infrastructure.

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Ordinary General Assembly Meeting Agenda

Agenda of the 56th Ordinary General Assembly Meeting of Türkiye Vakıflar Bankası T.A.O.

1. Opening and formation of the Presidential Board,
2. Authorization of the Chairman and the vote collectors for signing the meeting minutes of the General Assembly,
3. Reading and discussion of the Board of Directors' Report, the Auditors' Report and the Report of the Supreme Audit Board regarding the activities and accounts of 2009,
4. Reading, discussion and ratification of the independently audited Balance Sheet and the Profit/Loss accounts for 2009,
5. Releasing Members of the Board of Directors from liability with regard to the operations and activities in 2009,
6. Releasing Statutory Auditors from liability with regard to the operations and activities in 2009,
7. Discussion and approval or rejection of the proposal by the Board of Directors regarding the distribution of net profit for 2009,
8. Presentation for information to the General Assembly of the Bank's profit distribution policies for 2010 and the following years,
9. Holding elections for the positions of Members of the Board of Directors whose terms have expired,
10. Holding elections for the positions of Members of the Board of Auditors whose terms have expired,
11. Determination of the monthly salaries of the Chairman and Members of the Board of Directors and the Statutory Auditors,
12. Ratification of the selected independent audit firm in accordance with the related regulation of the Capital Markets Board,
13. Presenting for General Assembly's approval the matter of authorizing the Board of Directors to reformulate and amend the personnel by-laws,
14. Presenting information to shareholders about the donations made in 2009,
15. Wishes and requests,
16. Closing.

Summary Report of the Board of Directors

To Our Esteemed Shareholders,

Signs of recovery emerging from the U.S. economy beginning in March 2009 raised the expectations that the world economy, which experienced a severe contraction due to the global crisis, is beginning to leave the crisis in the rear mirror. In fact, the global economy began an admittedly slow recovery in the third quarter; the continuation of this recovery in the last quarter of 2009 boosted the hopes that the recession is about to end in the global markets and the global crisis will be history before it deepens further.

However, unemployment rates that climbed rapidly along with the economic slump throughout the world continued to rise despite the signs of economic recovery.

After falling for most of 2009, inflation started to pick up toward the end of the year due to rising commodity prices and pickup in aggregate demand; this trend is expected to continue in 2010.

While interest rates hovered at very low levels throughout the world in 2009 due to expansionary monetary policies, signs of economic recovery that emerged toward the end of the year brought about the possibility of rate hikes. As inflationary pressures mount in response to the resumption of global economic growth in 2009, a switch to tighter monetary policy measures is expected in the developed world as well as in emerging economies.

Despite this positive outlook for the global economy, we should keep in mind the possibility of a second dip in the markets.

As a result of the slump in domestic and international demand as well as the drop in investment expenditures, the Turkish economy shrank by 14.7% in the first quarter of 2009, its worst growth performance. Thanks to the monetary and fiscal policies unveiled in response to this record-breaking contraction, the rate of contraction showed improvement and the economy contracted 7.9% in the second quarter and 3.3% in the third quarter. This trend signaled the resumption of positive economic growth in 2010. The unemployment rate that climbed all the way up to 16% in the beginning of 2009, paralleling the economic slump and high unemployment rates in the global economy, dropped to 13.1% at the end of the year; however, it is expected to stay elevated in 2010.

Consumer price inflation declined through most of 2009 as a result of the crisis-induced demand slump, but started to tick up in the final months of the year due to the rise in energy and food prices; CPI registered an annual increase of 6.53% in 2009.

As a result of the year-long slide in oil prices, contraction in domestic demand and devaluation in the Turkish lira, trade deficit declined from US\$ 69.9 billion at year-end 2008 to US\$ 38.6 billion in 2009.

Acting in tandem with the trade deficit during 2009, the current account deficit declined 67% in 2009 to US\$ 13.9 billion from US\$ 41.9 billion in 2008.

Parallel to the interest rate moves of the world central banks, the Central Bank of Turkey (CBT) also made aggressive rate cuts in Turkey in response to contracting demand and low inflation. After lowering the policy rates by 1,025 basis points since November 2008, CBT's borrowing and lending rates stood at 6.50% and 9.00%, respectively, at the end of 2009. CBT is expected to hike interest rates in the period ahead as the economy recovers and inflation picks up.

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> Summary Report of the Board of Directors

The central government's budget deficit surged 181.2% in real terms in 2009 and reached TL 52.2 billion. Turkey's total debt stock stands at TL 441.4 billion, consisting of TL 330 billion of domestic debt and TL 111.4 billion of external debt.

The Turkish banking sector that consists of 49 banks had a successful performance in 2009 and the industry's total assets rose 13.8% to TL 833.9 billion. As a result of the Value Added Tax (KDV) and Special Consumption Tax (ÖTV) reductions in certain sectors by the government, consumer loans and commercial loans increased 10.9% and 5.0%, respectively, while the total lending volume of the sector grew 6.9% to reach TL 392.6 billion. As a result of this relatively muted increase, the ratio of loans to total assets for the overall sector declined compared to the previous year while the industry's non-performing loans jumped 55.5%. One of the most striking developments of 2009 was the increase in the size of the sector's securities portfolio as a share of its balance sheet due to of the surge in the public sector borrowing requirement. The securities portfolio of the sector grew 35.5% over the previous year to TL 262.9 billion whereas its share of total assets rose from 26.5% to 31.5%.

The single largest source of funding for the banking industry in 2009 was deposits, which increased 13.2% to TL 514.6 billion. As a result of the problems in the international financial markets, long-term borrowing opportunities from abroad became scarcer and borrowings from overseas during the year dropped 6.5%.

The net profit of the sector surged 49.6% in 2009 to TL 20.1 billion. As a result of this sharp rise in profits, shareholders' equity of the sector reached TL 110.8 billion with a 28.2% increase.

VakıfBank had a stellar performance in 2009 and grew faster than the overall sector. VakıfBank's total assets registered a growth rate of 24.1%, significantly higher than the sector average of 13.8%, and reached TL 64.8 billion; the Bank's loan book reached TL 34.4 billion with a 13.2% rise, again substantially above the sector average of 6.9%. Consumer loans grew 17.9% while commercial loans registered an increase of 11.4%. Mortgage loans, which are a component of our consumer loan portfolio, increased 28.7% and as a result, VakıfBank's market share in mortgages rose from 7.9% to 8.8%.

VakıfBank's securities portfolio grew 60.7% for the year and stood at TL 18.5 billion at year-end while the share of the securities portfolio within the Bank's total assets was 28.5%, three percentage points lower than the sector average of 31.5%. The fact that the Bank's loan book expanded faster than the overall sector's loan portfolio while its securities portfolio was smaller than that of the sector as a share of total assets shows that VakıfBank continues to focus on real banking activities and the rise in profitability stems primarily from real banking operations.

Increasing its total deposits by 20.3% (vs. the overall sector growth rate of 13.2%) to TL 44.7 billion while increasing its shareholders' equity by 30.2% to TL 7.4 billion, VakıfBank also grew its net profit by 66.1% over the previous year to TL 1,251 million. Thanks to the large jump in net profit, the Bank's return on equity rose to 19.2% while its return on assets and capital adequacy ratio ticked up to 2.1% and 15.42%, respectively.

Respectfully yours,

BOARD OF DIRECTORS
TÜRKİYE VAKIFLAR BANKASI T.A.O.

Statutory Auditors' Report

To the General Assembly of Shareholders of Türkiye Vakıflar Bankası T.A.O.;

The activities of Türkiye Vakıflar Bankası T.A.O. for 2009 were audited in accordance with the provisions and practices of the Bank's Charter Act, Articles of Incorporation, the Banking Law and the Turkish Commercial Code.

There has not been any change in the shareholding structure of the Bank during 2009. The Bank's issued capital is TL 2,500,000,000 within its authorized capital limit of TL 5,000,000,000; VakıfBank's total shareholders' equity grew 30.2 % over the previous year and reached TL 7,380,941,000. The Bank's unconsolidated capital adequacy ratio stands at 15.42% at year-end 2009.

The Bank's total assets grew 24.1% year-over-year in 2009 and reached TL 64,797,642,000. VakıfBank's loan book and total deposits increased 13.2% and 20.3%, respectively, in 2009 compared to the previous year.

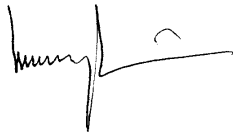
The Bank continued to make investments to improve its information technology infrastructure in 2009.

The Bank's number of domestic branches reached 543 while its number of employees reached 10,153. In regards to continuing training of the personnel, we have observed that the Bank employees attend internal on-the-job training sessions as well as externally-organized domestic and international training programs.

We have observed that the Bank's audit mechanisms function effectively and maximum efforts are expended to keep in check any risky and fraudulent transactions by means of continuous on-site inspections performed by the internal control unit as well as both on-site and centralized audits performed by the auditors of the Board of Internal Auditors.

The Bank's records and documents were kept in compliance with the laws and regulations; therefore, we kindly request that the independently-audited balance sheet and the profit and loss accounts for 2009 are ratified and the Board of Directors is released from liability.

Respectfully yours,



Aydın ŞEÇKİN
Auditor of Class (A) Group



Faruk EROĞLU
Auditor of Class (C) Group

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Profit Distribution Proposal for 2009 and Profit Distribution Policy

At its meeting dated March 4, 2009, the Bank's Board of Directors reached the following resolutions:

1. To submit the following actions for the approval of the General Assembly of Shareholders:

To distribute TL 1,231,045,844.63, calculated by subtracting TL 20,160,081.73 of non-distributable net income from deferred tax assets from TL 1,251,205,926.36 of balance sheet profit from 2009 operations, in accordance with Article 9 of the Bank's Charter Act and with Article 84 of the Bank's Articles of Incorporation, as presented in the appended profit distribution table,

To transfer TL 79,200,000 that was booked as an expense and set aside to be paid to the employees, pursuant to Article 9/D of the Bank's charter act (Law No. 6219) and Article 84/C of VakifBank's Articles of Incorporation, to the related account to be paid to the Bank's employees as their share of the profit,

To transfer TL 3,895,025.60, which is 75% of the TL 5,193,367.46 in proceeds received from the sale of subsidiaries and real estate properties disposed of during 2009, to be tracked in a special liability-side reserve account pursuant to Article 5/1-e of the Corporate Tax Law No. 5520.

2. To submit for the information of the General Assembly of Shareholders the following profit distribution policy of the Bank for 2010 and the years that follow in accordance with Capital Markets Board Corporate Governance Principles: "The profits remaining after the subtraction of deferred tax asset income distribution of which is prohibited by laws and regulations and after the application of Article 9 of the Bank's charter act (Law No. 6219) and of paragraphs (a), (b), and (c) of article 84 of the Bank's Articles of Incorporation shall be distributed according to the principles set forth in the proposal made by the office of the CEO and approved by the Board of Directors, and in accordance with regulations of the Capital Markets Board (CMB) and the Banking Regulation and Supervision Agency (BRSA) and other laws and regulations while also taking into account the Bank's capital adequacy ratio, overall economic environment and outlook for the future.

T. Vakıflar Bankası T.A.O. 2009 Profit Distribution Table (TL)

Balance Sheet Profit	1,251,205,926.36
Deferred Tax Assets (-)	20,160,081.73
Distributable Net Profit	1,231,045,844.63
I-Legal Reserves	123,104,584.46
1. First Legal Reserves (Turkish Commercial Code 466/1)	61,552,292.23
2. Legal Reserves set aside as per the Bank's Charter Act and Articles of Incorporation	61,552,292.23
II-Profit Distributable to Shareholders	1,107,941,260.17
III-Special Reserves	3,895,025.60
IV-Extraordinary Reserves (The Bank's Charter Act 9/E)	983,282,091.03
V-Dividend to be Paid to Shareholders	120,764,143.54

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Compliance Opinion on the Annual Report

To the General Assembly of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı:

We have been engaged to audit the financial information presented in the annual report of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (the Bank) as at December 31, 2009. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the annual report regarding the consistency of the financial information presented in this annual report with those presented in the audited financial statements and explanatory notes.

Our audit was conducted in accordance with the principles and regulations on preparation and issuance of annual report in (Turkish) Banking Law No. 5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance regarding whether the consistency of financial information represented in the annual report with the audited financial statements and explanatory notes is free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial information represented in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at December 31, 2009 in accordance with the existing principles and regulations based on the Article 40 of (Turkish) Banking Law No. 5411 and includes Independent Auditors' Report issued by us and Summary of Board of Directors' Report and is consistent with the audited financial statements and explanatory notes.

Istanbul,
March 4, 2010
Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi



Özkan Genç
Partner, Certified Public Accountant

DECLARATION OF RESPONSIBILITY

We have examined the Bank's "2009 Annual Report" and we accept and state that,

Based on the information we possess pursuant to our duties and responsibilities within the Bank, the report does not have any misstatements in material aspects or omissions that may be construed as misleading;

As of the period the report is prepared for, financial statements and other information on financial matters contained in the report honestly and realistically reflect the financial position of the Bank as well as all major risks and uncertainties it is exposed to.



Yusuf BEYAZIT
Chairman of the Board of
Directors



Ragıp DOĞU
Member of Audit Committee



Sabahattin BİRDAL
Member of Audit Committee



Bilal KARAMAN
CEO



Metin R. ZAFER
Deputy CEO



Ş. Mehmet BOZ
Head of General Accounting and
Financial Affairs

The Bank's Board of Directors decided to put into process the following item, which was discussed and resolved at the Board of Directors meeting No. 2466-5 dated March 4, 2010.

"We hereby resolve to present to the General Assembly the 2009 Annual Report that was prepared in regards to Fiscal Year 2009 operations of Türkiye Vakıflar Bankası T.A.O. in accordance with the "Regulation on the Principles and Procedures Regarding the Preparation and Publication of the Banks' Annual Reports" published in the Official Gazette No. 26333 dated November 1, 2006 and was also approved by the Bank's Audit Committee."

BOARD OF DIRECTORS
TÜRKİYE VAKIFLAR BANKASI T.A.O

2009 at a Glance



VakifBank secured a **US\$ 736 million** syndicated loan

The syndicated loan that was secured in August consists of two tranches of US\$ 203.5 and € 372.5 million.

In 2009, VakifBank was able to refinance more than 100% of the US\$ 700 million syndicated loan it had secured in 2008. The one-year syndicated loan, which was arranged in August with participation of 29 banks from 11 countries to be used in financing foreign trade and that consists of two tranches of US\$ 203.5 and € 372.5 million, is the most important indication of VakifBank's credibility and reputation in international markets.

In an attempt to support the real sector with long-term, low-cost funding, VakifBank continues to cooperate with the European Investment Bank, the World Bank and the European Bank for Reconstruction and Development.

VakifBank's **assets** grew 24%, while **shareholders' equity** and **net profit** increased 30% and 66%, respectively.

VakifBank performed successfully in 2009 and grew faster than the overall sector.

VakifBank's total assets registered a growth rate of 24.1%, significantly higher than the sector average of 13.8% and reached TL 64.8 billion; the Bank's loan book reached TL 34.4 billion with a 13.2% rise, again substantially above the sector average of 6.9%. Increasing its total deposits by 20.3% (vs. the overall sector growth rate of 13.2%) to TL 44.7 billion while increasing its shareholders' equity by 30.2% to TL 7.4 billion, VakifBank also grew its net profit by 66.1% over the previous year to TL 1,251 million. Thanks to the large jump in net profit, the Bank's return on equity rose to 19.2% while its return on assets and capital adequacy ratio ticked up to 2.1% and 15.42%, respectively.

Fitch Ratings raised **VakifBank's credit rating** by two notches.

In its assessment released in December 2009, Fitch Ratings raised the Bank's Long Term Foreign Currency IDR rating from 'BB-' to 'BB+'.

In December 2009, the international rating agency Fitch Ratings raised VakifBank's Long Term Foreign Currency IDR rating from 'BB-' to 'BB+', Long Term TL IDR rating from 'BB' to 'BB+' and baseline support rating from 'BB-' to 'BB+'. The outlook for the rating, which was put on positive watch, was set to stable. Fitch also affirmed the Bank's Short Term Foreign Currency and Short Term Local Currency credit ratings at 'B'; National Long Term ratings at 'AA+' with stable outlook, Individual Ratings at 'C/D' and Support ratings at '3'.

VakifBank conducted **real banking** in 2009.

The share of the securities portfolio within the Bank's total assets was 28.5%, three percentage points lower than the sector average of 31.5%.

VakifBank's securities portfolio grew 60.7% in 2009 and stood at TL 18.5 billion at year-end, while the share of the securities portfolio within the Bank's total assets was 28.5%, three percentage points lower than the sector average of 31.5%. The fact that the Bank's loan book expanded faster than the overall sector's loan portfolio while its securities portfolio was smaller than that of the sector as a share of total assets indicates that VakifBank continues to focus on real banking activities and the rise in profitability stems primarily from real banking operations.



VakıfBank **grew twice as fast** as the overall sector in mortgage loans.

Making a strong move in the housing finance segment in 2009, VakıfBank's risk exposure in mortgages surged 28.7%.

VakıfBank's mortgage loan book grew 28.7% in 2009, while the overall sector grew just 15.4%; the Bank's market share in the residential mortgage sector rose from 7.9% at year-end 2008 to 8.8% as of year-end 2009.

Thanks in part to new residential projects, 27% of all new mortgages in 2009 were made to residential projects. In addition, TL 132.5 million was lent as a result of mortgage campaigns conducted in the second half of 2009.

VakıfBank distinguished itself in **SME Banking**.

Seeing a great potential in banking services for SMEs, VakıfBank is rapidly gaining market share in the commercial banking segment.

The financial solutions consisting of cash and non-cash loans, foreign trade finance and asset management that VakıfBank provided in 2009 to thousands of commercial and SME clients operating in a wide range of sectors and business lines made major contributions to the Turkish economy as well. The foreign trade finance packages put together by the Bank specifically for foreign trade transactions of the SMEs created extensive opportunities for new customer acquisition while proving its commitment to and accomplishment in relationship banking once again.

Branch network expansion efforts continued at full speed in 2009.

After opening 27 new branches in 2009, VakıfBank is planning to open another 100 new branches in 2010.

Aiming to provide effective and efficient service with its extensive domestic branch network, VakıfBank opened 27 new branches, closed eight satellite branches and as a result expanded its domestic branch network to 543 branches. One of the new branches, located in a shopping center includes seven satellite branches and three Express branches geared toward retail customers. Continuing to undertake efficiency enhancement initiatives, VakıfBank is implementing projects that will shift the operational load on the physical service network to alternative delivery channels.

VakıfBank hosted the **IMF and World Bank meetings**.

VakıfBank organized an event in October at the Dolmabahçe Palace attended by representatives of many financial institutions from around the world.

VakıfBank approaches social responsibility activities with respect to its establishment philosophy and as an integral

element of its corporate identity. Utilizing this approach, the Bank undertook many important projects to help the development of the sector and society in addition to its successful banking operations.

VakıfBank hosted the IMF and World Bank meetings that were held in Turkey for the second time after a 54-year hiatus; the event was organized in October 2009 at the Dolmabahçe Palace attended by representatives of many financial institutions from around the world. In addition, the Bank also provided sponsorship support for many meetings and organizations geared toward the sector.

VakıfBank's Building Blocks

Mission

Recognizing that our focus on people and knowledge is our most valuable asset, our mission is to take modern banking to new levels and constantly increase the value we create for stakeholders by operating effectively and productively.

Vision

With the products and services we offer as well as the trust we inspire, our vision is to become Turkey's leading bank.

Core Values

Contributing to the National Economy: VakıfBank prioritizes activities that will contribute to the growth and development of the Turkish economy.

Credibility: VakıfBank is a trusted and reputable bank both domestically and internationally.

Relations with Stakeholders: VakıfBank is impartial and fair in its protection of the rights of all stakeholders (customers, shareholders, investors, business partners and personnel).

Transparency: VakıfBank maintains clear and open channels of communication on Bank-related issues such as management and financial position and performance as well as the rights and obligations regarding the products and services offered to customers.

Social Responsibility: Having originally been established to provide the best management for the assets and revenue of foundations, VakıfBank supports socially and environmentally beneficial projects in line with its purpose of establishment in addition to those whose aim is to safeguard the charitable work of foundations.

Unconditional Customer Satisfaction: VakıfBank gives priority to customer satisfaction while delivering high-quality, reliable service.

Embracing Change: VakıfBank welcomes and embraces change and development.

Business Ethics: VakıfBank is committed to moral values behaving ethically in all of its business dealings and transactions.

Participation: VakıfBank embraces participatory conduct in its management and decision-making processes, believes in effective teamwork and is open to communication on every level.

Primary Goals

VakıfBank seeks to:

- Increase its market share by creating change,
- Ensure healthy growth,
- Achieve unconditional customer satisfaction,
- Address any and all financing needs,
- Adhere to a broad-based deposit policy,
- Develop and launch new products and services,
- Increase non-interest income,
- Reduce costs,
- Enhance employee development and motivation while pursuing these goals, considering that employees are the Bank's most valuable asset.

VakıfBank's "firsts" in the sector...

VakıfBank initiated many groundbreaking practices in the sector with its innovative and pioneering identity:

- Turkey's first "remote banking" unit
- Financial Market branches
- Mobile branches
- Gold Custody Account
- Long-term mortgages
- Account pooling
- Multi-currency ATMs
- Mutual funds geared toward all types of investors
- Remote Access (Ex-API) system that allows automatic order routing to the Stock Market
- Realtor Loyalty Program

History

Contributing to higher savings rates

VakıfBank was incorporated under a special charter act (Law No. 6219) dated January 11, 1954 with a capital of TL 50 million and commenced operation on April 13, 1954. Established to manage and utilize the assets of foundations in the most efficient manner in line with the needs of economic development, VakıfBank has been contributing to Turkey's increasing savings rate since then with modern banking practices and applications.

One of Turkey's leading multi-specialist banks

Providing modern banking products and services in retail and private banking segments as well as corporate, commercial and SME banking services, VakıfBank is among Turkey's leading multi-specialist banks. Offering investment banking and capital markets services in addition to basic banking products and services, VakıfBank assumed a leading role in financing domestic and foreign trade. The Bank also provides its customers with a wide range of financial services, from insurance to leasing and factoring services, through its financial subsidiaries with modern, and state-of-the-art technologies.

As of year-end 2009, VakıfBank serves its retail and corporate clients throughout the country via 441 full-service branches, three of which are corporate service centers and 102 satellite branches as well as alternative delivery channels supported by advanced technology.

VakıfBank has a branch in New York City as well as an offshore banking branch in Bahrain. In addition, the Bank has a participation share in three overseas banks: VakıfBank International AG (Vienna Branch as well as Frankfurt and Cologne branches in Germany), World Vakıf UBB. Ltd. and Kıbrıs Vakıflar Bankası Ltd.; the last two located in the Turkish Republic of Northern Cyprus.

Change and Restructuring Program

VakıfBank initiated a process of comprehensive change and development with the Change and Restructuring Program that was implemented in 2005. Under this program, the Bank reviewed all of its business processes, centralized all operational transactions and oriented the branches completely toward sales and marketing, thereby enhancing service quality at the branches. Since then, VakıfBank also undertook efforts to further improve its infrastructure, business processes and service approach in line with its strategy of sustainable growth and customer-oriented approach.

“This is where you belong”

VakıfBank’s corporate identity, which underwent a complete makeover in 2008, reflects the radical transformation process that the Bank successfully implemented. The Bank’s customer-oriented banking philosophy is best expressed by the motto “This is where you belong”, which has accompanied VakıfBank’s promotion since the beginning of 2009.

Symbol of deep-rooted tradition and experience in Turkish banking

Operating with the purpose of contributing to the growth and development of the Turkish economy and its integration into the global economy since its inception, VakıfBank has become a symbol of deep-rooted tradition and experience in Turkish banking today. The Bank possesses all necessary elements to reinforce its position as one of the best service providers in the sector and to create more value for its shareholders and for the economy in line with its sustainable growth strategy.

Shareholding Structure

No amendments were made to the Bank's Articles of Incorporation in 2009.

Information about the Bank's shareholder structure and the identities and shareholding interests of real persons and legal entities that hold qualified shares:

As of December 31, 2009

Group	Shareholder	Capital TL	%	Number of Persons
A	Registered Foundations Represented by The General Directorate of Foundations	1,075,058,639.56	43.0023	1
B	Foundations	387,726,105.89	15.5090	1
B	Other Foundations	3,179,731.29	0.1272	276
C	VakıfBank Mem. ve Hizm. Em. ve Sağ. Yard. San. Vakfı	402,552,666.42	16.1021	1
C	Individuals and Legal Entities	1,862,041.98	0.0745	452
D	Publicly Traded	629,620,814.86	25.1849	-
Total		2,500,000,000.00	100	731

Shares owned by the Chairman and members of the Bank's Board of Directors, CEO and Executive Vice Presidents:

Hasan ÖZER, a member of the Bank's Board of Directors, owns one share of VakıfBank "Class C" stock representing TL 0.60 of share capital. (0.00000002)

The Bank's subsidiaries and affiliates, its participation in their share capitals, information about each subsidiary and affiliate:

Number of subsidiaries and affiliates of VakıfBank dropped from 25 in 2008 to 24 as of year-end 2009 after one subsidiary was transferred from the Securities Available for Sale account to the subsidiaries account, one subsidiary was sold, one subsidiary was removed from the Bank's balance sheet after the termination of its bankruptcy proceedings, one subsidiary was removed from the subsidiaries account and the Bank participated in a new company.

Sixteen of VakıfBank's subsidiaries operate in the finance industry (five in banking, two in insurance and nine in other financial lines of business) whereas eight are non-financial companies (one in energy, two in tourism, one in manufacturing and four in other non-financial lines of business).

Ratings of VakıfBank by International Rating Agencies

September 2009 (*)	Standard & Poor's
FC Credit Rating	BB -/ Stable /B
FC Deposit Rating	BB-/ -- / B
National	trA / -- / trA-1
Sustainability Rating	BBB- / -- / --

January 2010 (*)	Moody's Investor Services
Financial Strength Rating	D+
LC Deposit Rating	Baa3 / P-3
LC Outlook	Stable
FC Deposit Rating	Ba3 / NP
FC Outlook	Stable

December 2009 (*)	Fitch Ratings
Long Term FC IDR	BB+
Short Term FC	B
FC Outlook	Stable
Long term LC IDR	BB+
Short Term LC	B
LC Outlook	Stable
National Long Term Rating	AA+ (tur)
National Outlook	Stable
Individual Rating	C/D
Support Rating	3
Baseline Support Rating	BB+

December 2008 (*)	Capital Intelligence
Financial Strength Rating	BBB-
Short Term FC	B
Long Term FC	BB-
Support Rating	2
Outlook	Stable

(*) The latest dates of change for credit ratings or outlooks.

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Key Financial Indicators

Key Financial Indicators	2008	2009	VakıfBank's Change (%) 2008-2009	Sector Change (%) 2008-2009
Total Assets	52,193	64,798	24.15	13.84
Securities Portfolio	11,500	18,482	60.71	35.52
Loans (*)	30,417	34,439	13.22	6.85
Non-performing Loans (Net)	85	134	57.65	26.69
Deposits	37,120	44,652	20.29	13.20
Funds Borrowed	5,770	4,366	(24.33)	(6.48)
Shareholders' Equity	5,671	7,381	30.15	28.17
Paid-in Capital	2,500	2,500	0.00	7.96
Profit for the Period	753	1,251	66.14	49.58

(*) Excluding Non-performing Loans

Smart banking for solid financial performance...

Total Assets (TL million)

52,193

2008

64,798

2009

24.15%

2009 (VakifBank)

13.84%

2009 (Sector)

Securities Portfolio (TL million)

11,500

2008

18,482

2009

60.71%

2009 (VakifBank)

35.52%

2009 (Sector)

Loans (TL million)

30,417

2008

34,439

2009

13.22%

2009 (VakifBank)

6.85%

2009 (Sector)

Deposits (TL million)

37,120

2008

44,652

2009

20.29%

2009 (VakifBank)

13.20%

2009 (Sector)

Shareholders' Equity (TL million)

5,671

2008

7,381

2009

30.15%

2009 (VakifBank)

28.17%

2009 (Sector)

Profit for the Period (TL million)

753

2008

1,251

2009

66.14%

2009 (VakifBank)

49.58%

2009 (Sector)

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> Key Financial Indicators

Loans/Total Assets (%)**58.4**
2008**53.4**
2009**47.5**
2009 (Sector)**Loans/Deposits (%)****82.2**
2008**77.4**
2009**76.3**
2009 (Sector)**Average Return on Assets (ROA) (%)****1.6**
2008**2.1**
2009**2.6**
2009 (Sector)**Deposits per Branch (TL million)****70.7**
2008**81.9**
2009**53.7**
2009 (Sector)**Loans per Branch (TL million)****57.9**
2008**63.2**
2009**41.0**
2009 (Sector)**Profit per Branch (TL million)****1.4**
2008**2.3**
2009**2.1**
2009 (Sector)**Deposits per Employee (TL million)****3.9**
2008**4.4**
2009**2.8**
2009 (Sector)**Loans per Employee (TL million)****3.2**
2008**3.4**
2009**2.1**
2009 (Sector)**Profit per Employee (TL thousand)****78.7**
2008**123.2**
2009**109.0**
2009 (Sector)

VakıfBank in Brief

Commencement of Operation	April 13, 1954
Head Office	Ankara, Turkey
Paid-in Capital	TL 2,500,000,000
Number of Employees	10,153
Number of Domestic Branches	543 (441 full service & 102 satellite branches)
Number of Overseas Branches	2 (New York & Bahrain branches)
Number of Regional Directorates	14
Number of Subsidiaries and Affiliates	24
Independent Auditor	AKİS BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Address	Türkiye Vakıflar Bankası T.A.O. Genel Müdürlüğü Atatürk Bulvarı No: 207 06683 Kavaklıdere Ankara, Turkey
Telephone	+90 312 455 7575
Fax	+90 312 455 7690, +90 312 455 7691, +90 312 455 7692
Telex	44428 (Vbum-Tr), 44429 (Vkfb-Tr)
Website	www.vakifbank.com.tr

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Chairman's Message

Our results for 2009 indicate that the Bank performed beyond its targets and successfully continued its growth with a high level of profitability.

Dear Shareholders,

I take great pleasure in telling you that in 2009, as the global economy struggled with the deepest recession since the Second World War, the Bank had a stellar performance and achieved higher rates of growth than the overall sector in every segment. During these difficult times, VakıfBank stayed committed to creating value for the Turkish economy while strictly adhering to its prudent banking approach.

Major signals of recovery have begun to emerge thanks to the monetary measures that have been implemented.

The global financial crisis that broke out in the U.S. economy in 2007 and deepened in the last quarter of 2008 as it rapidly spread to the other countries, led to a severe global recession in the first half of 2009. The stimulus packages unveiled by the governments in a rapid and coordinated manner bore fruit and signs pointing to the start of economic recovery began to emerge from round the world in the second half of 2009. However, dangers and risks threatening the global economy have not been completely eliminated yet.

The exit strategies from the stimulus measures implemented by national economies to counter the financial crisis are critically important in this respect. A faster than appropriate unwinding of these measures carries the risk of causing another recession in the economies that have just begun to recover. On the other hand, leaving these policies intact for too long may cause inflation to spiral out of control. Under these circumstances, global economic growth is expected to be gradual and muted.

After shrinking by 1.1% as of year-end 2009, the global economy is forecast to grow 3.9% in 2010. The emerging economies, with anticipated growth rates of 5-6% in 2010, are expected to play a key role in this process.

Turkey is expected to be among the fastest growing countries in the world.

Thanks to political stability and effective crisis management, the Turkish economy performed successfully - beyond the expectations of the forecasts of international authorities amid the difficult global environment in 2009. This accomplishment was highlighted by the fact that international credit rating agencies raised Turkey's ratings while tens of other countries were downgraded.

Turkish economy began to show signs of life in the second half of 2009 thanks to successful monetary and fiscal policies. Getting out of the recession in the last quarter of 2009, the Turkish economy is expected to begin growing again in 2010 in line with the global economic recovery.

The record amounts of interest rate cuts that the Turkish Central Bank implemented to counter the crisis led to favorable developments in the economy and especially in credit markets. On the other hand, increased government spending as a result of stimulus measures, coupled with lower tax revenue, led to the widening of the budget deficit in Turkey, as was the case globally.

In conclusion, after shrinking by approximately 5.5% as of year-end 2009, the Turkish economy is expected to grow around 5% in 2010 and 2011. Even though these are below the average growth rate of 7% achieved in

the 2002-2007 period, OECD still predicts that Turkey will be among the fastest growing countries in 2010. In other words, after showing great resilience against the crisis, Turkey is a candidate to be among the most rapidly growing countries in the period ahead.

Turkey is a center of attraction for global capital thanks to its young and dynamic population, high growth potential and active economic role in its region. These factors enhance Turkey's opportunity to take advantage of the process of emergence from the global crisis.

Turkish banking sector showed strong resilience to the crisis.

The banking industry was the hardest hit sector during the recent global economic crisis. Nevertheless, thanks in part to the experience and lessons learned during the 2001 crisis, the Turkish banking industry showed strong resilience and sustained its solid performance. Total assets in the sector grew 13.8% and reached TL 833.9 billion as of year-end 2009. The 49.6% surge in net profit also bolstered the sector's overall shareholders' equity.

As long-term borrowing opportunities from abroad became more scarce, deposits became the most important source of funding for the Turkish banking industry during 2009. While the share of loans in total assets decreased compared to year-end, non-performing loans registered a slight increase. Consequently, banks' securities portfolios on their balance sheets expanded significantly after the beginning of the year due to the increase in the public sector borrowing requirement.

VakıfBank's objective was to maintain asset quality and gain market share.

The Bank had a stellar performance in 2009 and achieved higher rates of growth than the overall sector in every segment of basic banking services.

Management via culture of change

The Bank revised its targets based on the worst case scenario and took necessary measures in response to the global crisis following the first warning signs in 2007, accelerating in the third quarter of 2008. VakıfBank's objective during the course of the crisis was to focus on banking activities, maintain asset quality and gain market share. Our results for 2009 indicate that the Bank performed beyond its targets and successfully continued its growth with a high level of profitability.

Gaining market share in every segment in 2009 led by the gains in retail loans, VakıfBank managed to maintain its asset quality as evidenced by a smaller rate of increase in its non-performing loans than that of the sector. As of year-end 2009, the Bank increased its market share from 7.1% to 7.8% in total assets, from 8.3% to 8.8% in loans and from 8.2% to 8.7% in deposits. Consequently, the Bank's pre-tax profit rose 66.7%.

Continuous change process with an innovative look

For the most part, we owe these successful results to the continuous change process that the Bank has been undergoing since 2005. VakıfBank made a quantum leap since it placed the Restructuring Program on its agenda. The Bank completely overhauled its corporate organization and identity and added an innovative look to its image, which is a symbol of deep-rooted tradition and experience.

VakıfBank is currently among the five largest banks in Turkey as well as a respected and leading institution in the Turkish banking industry. The objective the Bank set for itself for the period ahead is to become the leading bank in Turkey with the products and services it offers and the trust it inspires.

The Turkish banking sector will witness new trends and experiments in the near future. Low interest rates and shrinking interest margins will force the sector to focus on basic banking activities and to enhance efficiency, product diversity and service quality.



"Management via culture of change"

With this vision, VakıfBank is investing in its human resources, technological infrastructure and development of effective cost containment systems. Utilizing a customer-oriented approach, the Bank accelerated branch network expansion efforts while making great progress in effective use of alternative delivery channels. We plan to carry on with these investments that have been ongoing since 2005 in accordance with our sustainable growth objective.

"Management via culture of change" constitutes the primary principle of the Bank's Restructuring Program. We are confident that this principle has been internalized at every level of the organization and it is guiding all of the Bank's activities as we march toward our goals step-by-step and that VakıfBank will continue to create value for its shareholders and the Turkish economy in the period ahead.

Our most valuable asset in this process is our human resources. I would like to take this opportunity to congratulate all of our employees for this great performance amid the difficult environment in 2009 and thank each and every one of them. As I conclude my remarks, I would like to express my most sincere gratitude to our shareholders for their support, valued customers for their trust in the Board of Directors and the Bank and all of our domestic and overseas social stakeholders.

Respectfully yours,

Yusuf BEYAZIT
Chairman of the Board of Directors

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CEO's Message

Growing 24.1% and surpassing the sector growth rate of 13.8% in 2009, VakıfBank increased its total assets to TL 64.8 billion and climbed from sixth to fifth place in the bank rankings.

Recovery signals in the global economy

Deepening in the last quarter of 2008, the global financial crisis led to colossal losses in the balance sheets of overseas banks, a large contraction in world trade and a severe recession in the global economy. The stimulus packages implemented by national governments in a rapid and coordinated fashion began to demonstrate favorable results in the second half of 2009 and the macroeconomic indicators started to show signs of recovery.

New world order

As many countries entered into the period of transition to positive growth again, discussion of a new world order is deeply entrenched on the agenda of the global economy even though risks and threats are not yet completely eliminated. Pointing to radical change in many areas, especially in the realm of banking and finance, this process presents great opportunities especially for the developing countries.

Performing beyond expectations in 2009 thanks to effective crisis management, the Turkish economy is among the most likely candidates to take advantage of these opportunities due to its young, dynamic population and vast growth potential.

VakıfBank is prepared for the dynamics that will shape the sector's future.

Implementing a Restructuring Program covering all segments of its banking operations in 2005, VakıfBank foresaw the transformation that tops the world's agenda in advance. The Bank has the competitive advantage of having shaped its organizational structure, technological infrastructure and corporate identity with an innovative approach in accordance with the conditions of the future.

Built on solid and healthy foundations, VakıfBank is prepared for the dynamics that will shape the banking sector's future with its products, services, technological infrastructure and human resources as well as its completely overhauled corporate organization.

Successful financial results after the restructuring

Aiming to maintain asset quality and gain market share in 2009, VakıfBank performed even beyond its targets thanks to its high level of profitability and growth rate above the sector average. VakıfBank's total assets grew 24.1% to reach TL 64.8 billion as of year-end 2009, while the overall sector's growth rate was 13.8%. This growth performance raised the Bank's ranking in total assets from sixth to fifth place in the sector. The Bank's loan book expanded 13.2%, above the sector average of 6.9%.

Retail loans registered a growth rate of 17.9% thanks to the 28.7% increase in mortgage loans, significantly above the mortgage sector growth rate.

The share of loans in VakıfBank's total assets in 2009 was 53.4%, well above the industry average. The Bank's securities portfolio grew 60.7% and stood at TL 18.5 billion at year-end, while the share of the securities portfolio within the Bank's total assets was 28.5%, three percentage points lower than the sector average of 31.5%. This composition of assets clearly shows that VakıfBank focuses on real banking activities and the rise in profitability stems primarily from real banking operations.

Faster, more modern and more dynamic

We increased our total cash and non-cash loans to TL 43.5 billion while strictly adhering to a prudent banking approach and sustaining asset quality.

Increasing total deposits by 20.3%, significantly higher than sector average, to TL 44.7 billion while increasing shareholder equity by 30.2% to TL 7.4 billion, VakıfBank also enhanced its net profit by 66.1% to TL 1,251 million. During this period, the Bank's return on average equity rose to 19.2% while its return on average assets and capital adequacy ratio ticked up to 2.1% and 15.42%, respectively.

A rich portfolio of products and services

The primary factor behind our successful financial results is the customer-oriented and market-focused banking approach of the Bank, which sees customer relations as the basis for long-lasting partnerships. Thanks to our portfolio of products and services that was enhanced with innovative and creative solutions in 2009, we further reinforced our cooperation with existing customers while broadening our retail, commercial and corporate segment operations through new customer acquisitions.

2009 was a year where VakıfBank distinguished itself in the private banking and SME banking segments thanks in large part to customized products tailored to the specific needs of the sector and the customers.

The financial solutions consisting of cash and non-cash loans, foreign trade finance and asset management VakıfBank rendered to thousands of commercial and SME clients operating in a wide range of sectors and business lines made major contributions to the Turkish economy as well. The "foreign trade finance" packages put together by the Bank specifically for the foreign trade transactions of the SMEs created extensive opportunities for new customer acquisition while proving its commitment to and accomplishment in customer-oriented banking approach yet again.

In the retail banking segment in 2009, we focused on more effective provision of alternative delivery channels and other retail banking products to our customers; we reduced the workload of the branches with new credit products that use technological infrastructure more intensively. We developed various new loan products geared toward diverse customer segments during the year and enriched the retail loan portfolio by launching the Installment General Purpose Loan for Retirees, Agriculture Package and Loans for Licensed Professionals. As a result, VakıfBank reinforced its second place position among publicly traded banks in Installment General Purpose Loans (TİK) and the number of our TİK customers approached one million.



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> CEO's Message

As a result of our efforts to raise the quality of the Bank's products and services as well as our tireless sales and marketing activities, VakıfBank's market share in consumer loans increased from 9.5% at year-end 2008 to 9.8% by the end of 2009. I proudly state that our growth rate in housing loans was double that of the overall sector and VakıfBank was the largest residential mortgage lender in Turkey in 2009.

We made a giant leap in credit cards last year thanks to the partnership established with the World brand. In 2009, we further diversified our already extensive credit card portfolio with new products geared toward various customer segments; we invested in new technology and distinguished the Bank from its rivals with MilPlus and TaxiPOS applications.

High credibility in international financial markets

Taking advantage of its potential to secure funding sources from international markets thanks to its strong relationships, VakıfBank continued to provide support for the Turkish economy in 2009 while the real sector was in a severe recession.

Despite large fluctuations in the global financial markets in 2009, VakıfBank managed to refinance more than 100% of the syndicated loan it secured during the previous year. The one-year, US\$ 750 million syndicated loan is an indication of the Bank's long-standing relationships in international markets and the trust and credibility it has established over many years.

The mission of supporting the Turkish economy is part of VakıfBank's establishment philosophy. In line with this mission, in an attempt to support the real sector with long-term, low-cost funding, VakıfBank continues to cooperate with the European Investment Bank, the World Bank and the European Bank for Reconstruction and Development.

Faster, more modern and more dynamic

In line with our customer-oriented banking policy and our commitment to be in proximity to our customers, VakıfBank opened 27 new branches in 2009 and increased the number of its domestic branches to 543; we will continue to grow and expand in 2010.

As we carry on with expanding our branch network, we are also undertaking tireless efforts to develop our alternative delivery channels in order to reduce our operational costs and increase efficiency. In 2009, VakıfBank also registered a significant increase in the number of customers served, number of transactions executed and transaction volume in Internet banking. In October 2009, VakıfBank joined the ATM sharing platform that consists of 26 banks. We aim to increase the total number of ATMs from 2,168 at year-end 2009 to 2,700 and the number of Parabankomats (advanced ATMs) from 616 to 1,150.

Social responsibility in our establishment philosophy

VakıfBank approaches its social responsibility activities in accordance with its establishment philosophy and as an integral element of its corporate identity. With this approach, the Bank undertook many important projects toward the development of the sector as well as the society.

As part of the IMF and World Bank annual meetings that were held in Turkey for the second time after a 54-year hiatus, VakıfBank hosted a reception event in October 2009 at the Dolmabahçe Palace attended by high-level representatives from many financial institutions from round the world. In addition, the Bank also provided sponsorship support to the meetings of IIF, the world's only professional association in its area, that were held in Turkey and increased the visibility and name recognition of the Bank.

Also supporting many qualified projects from culture and arts to sports and education, VakıfBank opened 65 exhibitions throughout the year in its art galleries in Ankara and Istanbul.

In 2009, VakıfBank sponsored the 21st Asia-to-Europe Swimming, Sailing, Canoeing and Rowing Competition organized by the Turkish National Olympic Committee; the Bank also supported the activities of the Turkish Ice Hockey Federation and the International Archery Federation (FITA). In addition, the Bank continued to support the VakıfBank Güneş Sigorta Ladies Volleyball Teams in 2009. The VakıfBank Güneş Sigorta Türk Telekom Ladies Volleyball Team had countless major accomplishments over the previous years in Turkey and in Europe and became the pride of Turkey as well as of VakıfBank with its win in the European championship.

2010 and beyond:

The headlines of VakıfBank's action plan for 2010 and beyond are as follows:

- Continue to produce new and effective solutions with a customer-oriented banking approach,
- Continue to acquire new customers
- Increase product penetration and effectiveness.

The areas we will focus strongly on through the growth process are retail loans and SME banking.

With the support of our valued shareholders, efforts of our employees and trust of our customers, VakıfBank will continue to be the rising star of the Turkish banking sector in 2010.

Respectfully yours,



Bilal KARAMAN
CEO and Managing Director

Developments in the World and in Turkey during 2009

The world economy performed better in the last quarter of 2009 compared to the first three quarters of the year; it is expected to perform increasingly better in 2010.

The World Economy

Global recovery signals are strengthening

While the world economy went through a major contraction due to the global crisis in 2009, the second half of the year ended with developments that suggest the worst part of the crisis is over. Contraction in national economies deepened especially in the first quarter of the year, while the recovery signals emerging from the U.S. economy beginning in March gave credence to the opinions that we would begin to leave the crisis in the rearview mirror toward the end of the year. The first quarter of 2009 witnessed a severe slowdown

worldwide while the contraction began to lose steam in the second quarter and the world economy began an admittedly lackluster recovery in the third quarter. The continuation of the recovery into the last quarter of 2009 raised the hopes that the global recession was about to end and we were likely going to leave the global crisis behind without more damage.

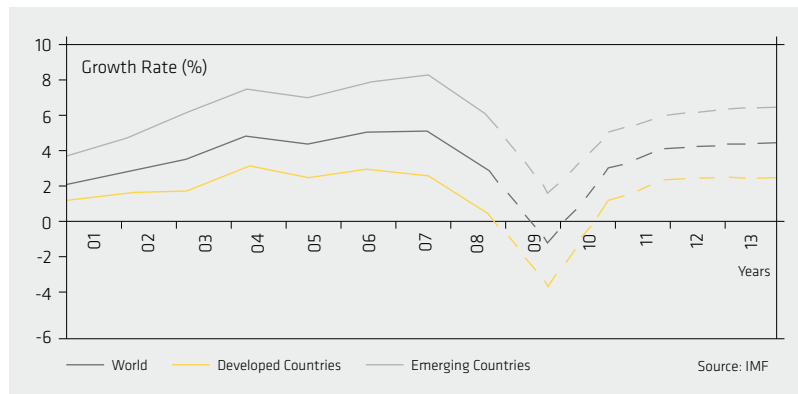
Paralleling the economic contraction, the rapidly rising unemployment rates worldwide continued to climb because of the lagging nature of this indicator despite the recovery in the global markets that began to take root in the second half of the year.

The unemployment rate surged from 7.4% at year-end 2008 to 10.1% as of October 2009 in the United States, which had the most remarkable increase in unemployment. Rising continuously throughout the year, the unemployment rate hovered around 10% in November and December as the expectations for a recovery strengthened in the markets.

After declining globally throughout 2009, inflation began to pick up toward the end of the year. The developing world inflation rates turned generally negative as of year-end 2009 and are widely expected to cross into positive territory due to rising commodity prices and firming aggregate demand.

The CPI data in the emerging economies joined the falling inflation trend of the developed countries and ended the year in the 4-6% range.

As a result of the expansionary monetary policies worldwide, interest rates started to fall in 2009. The signals of economic recovery that emerged in the second half of the year brought about the discussion of exit strategies from these policies. The Federal Reserve, Central Bank of the United States, is expected to start winding down liquidity measures in the first quarter of 2010 and to begin raising rates toward the end of the year. Australia became the first country to begin hiking rates after expansionary monetary policy. As inflationary pressures start to mount as a result of the resumption of global economic

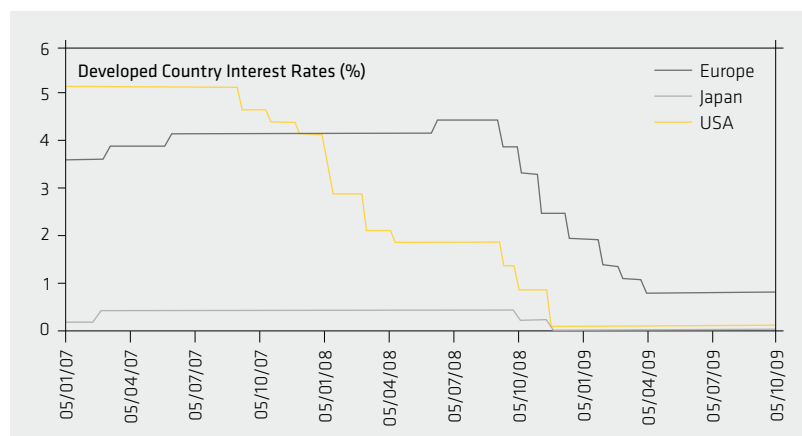
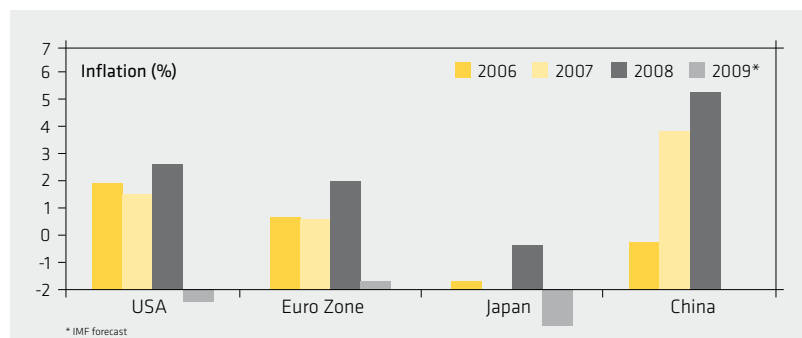
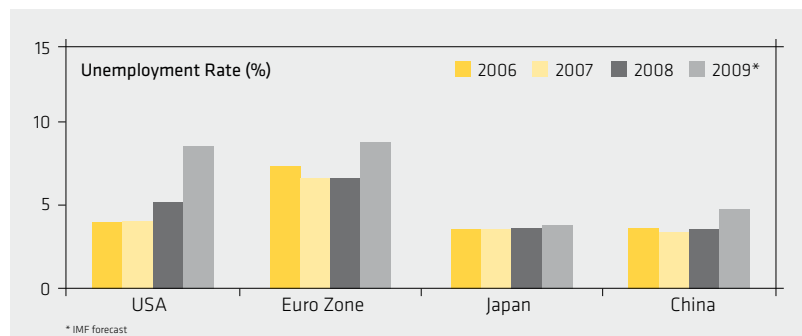


growth, emerging countries are also expected to switch to tighter monetary policies.

As an overall assessment, the world economy performed better in the last quarter of 2009 compared to the first three quarters of the year and it is expected to perform increasingly better in 2010. China, which became the center of attention with its high growth rates in the past few years, had its growth forecasts revised upwards for the near future; it is expected to return to double-digit growth after 2010 while the performances of other emerging economies are expected to improve in a similar manner.

However, the unemployment rate is expected to keep rising until the second quarter of 2010 and stay above its pre-crisis level for years to come even if it declines slightly. While no marked improvement is anticipated in the demand conditions right away, inflation is expected to pick up along with the improvement in economic growth performances.

Despite all these optimistic expectations, it is not yet possible to claim that the possibility of a second dip in the global economy and markets has completely vanished.



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> Developments in the World and in Turkey during 2009

As a result of its coherent public finance policies and its resiliency in the face of global crisis in 2009, Turkey's credit rating was raised while many countries' ratings were downgraded.

Noticeable increase in inflation in the last quarter...

Consumer prices, which began to fall with the crisis as a result of slumping demand, declined throughout 2009 but began to pick up again in the final months of the year due to rising energy and food prices. According to the Turkish Statistical Institute (TurkStat) data, Consumer Price Index (CPI) rose 6.53% in 2009 on a year-over-year basis. Thus, annual inflation rate exceeded the 5-6% interval that was forecasted in the latest inflation report of the Central Bank of Turkey (CBT), but remained below its target of 7.50%. Even though it has been declining on an annual basis for a long time, inflation may continue to rise in 2010 after the unexpected jump in December. Given the basis effect, rising commodity prices and recovery in global markets, inflation can be expected to continue rising at an accelerating pace in 2010. Furthermore, higher taxes that may be part of the 2010 budget proposal might give further support to the rising inflation due to cost-based rather than demand-based measures. The rise in inflation may slow down slightly in the last quarter due to the weakening basis effect.

The Turkish Economy

Turkish Economy shrank significantly in 2009.

After shrinking by a whopping 6.2% in the last quarter of 2008 when the global crisis was beginning to make its presence felt, the Turkish economy started 2009 with a dismal performance and registered its worst ever decline in the first quarter by contracting 14.7%. This was a result of domestic and overseas slump in demand as well as scarcer borrowing opportunities in the private sector and the continued decline in investment expenditures. Thanks to the monetary and fiscal policies implemented after the large decline in the first quarter, the economic contraction continued but at a slower rate in the second quarter of the year and the rate of contraction declined all the way down to 3.3% in the third quarter, clearly signaling that the recovery was already under way. As a result of its coherent public finance policies and resiliency in the face of global crisis in 2009, Turkey's credit rating was raised while many countries' ratings were downgraded.

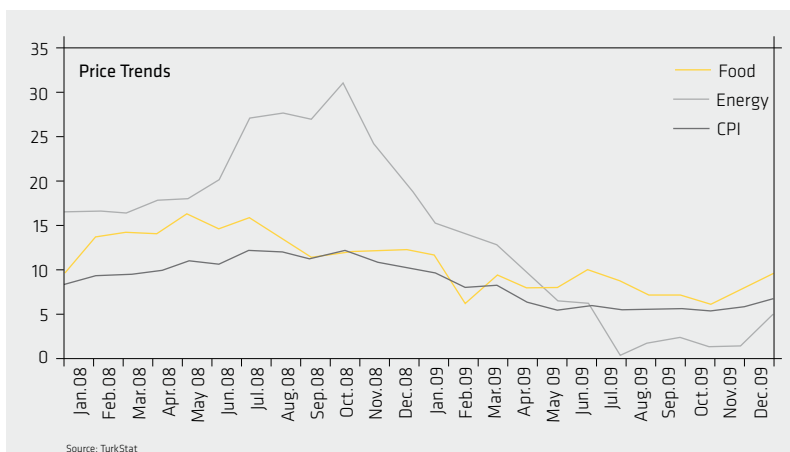
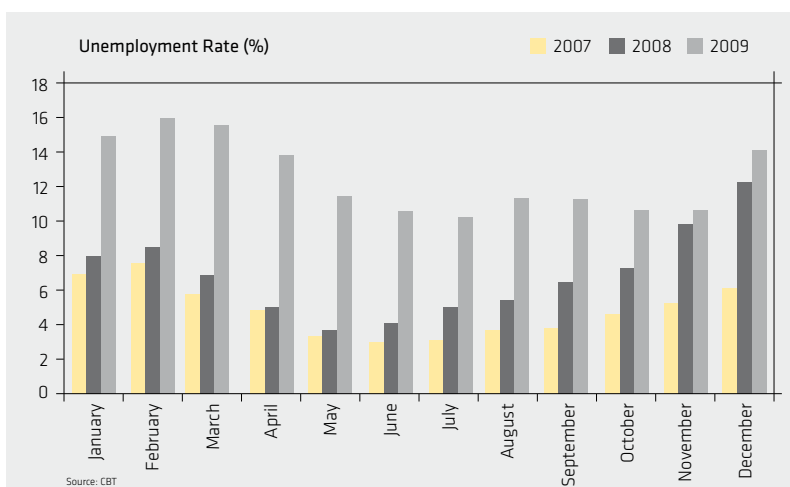
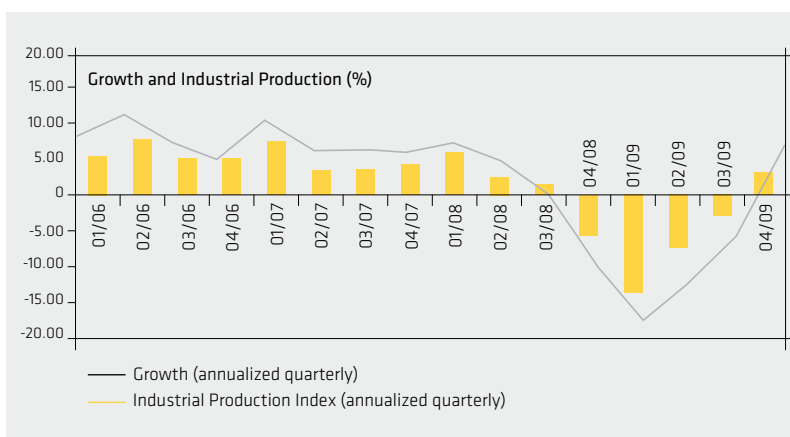
Despite the recovery that began in the second quarter, the Turkish economy is expected to contract 5.7% in 2009 compared to figures from the previous year. The decline in the current account deficit, low real interest rates and the disinflationary environment, all of which are byproducts of the crisis, are expected to create the opportunity for growth in the Turkish economy in 2010. From 2010 onwards, along with the recovery in the global economy, domestic aggregate demand growth and investments are anticipated to accelerate and economic growth to return to the 5% level.

The unemployment rate that began to rise in the middle of 2008 and reached the record level of 16.1% in February 2009 declined to 13.1% in November as a result of seasonal factors and resurgence of the industrial sector. Considering the fact that the unemployment problem is still at large all around the world after the crisis, unemployment rate in Turkey is expected to hover around 14.3% at year-end 2009 and remain at elevated levels in 2010 as well.

Exports are likely to recover faster than imports in 2010.

Trade deficit declined from US\$ 69.9 billion at year-end 2008 to US\$ 38.6 billion as of December 2009 due primarily to the global crisis-induced year-long slide in oil prices that began in the second half of 2008, slumping domestic demand and the devaluation in the Turkish lira.

Current account deficit followed a similar path to the trade deficit in 2009. Current account deficit declined 67% in 2009 to TL 13.9 billion from TL 41.7 billion in 2008. The decline in current account deficit was also primarily the result of the trends in oil prices and the TL; due to the continuation of the impacts of the crisis that broke out in 2007 throughout 2009, financing quality of the current account deficit deteriorated. As a result of the liquidity crunch, foreign direct investment declined 61.9% to US\$ 6 billion in 2009 from US\$ 15.8 billion in 2008. Portfolio investments of foreign investors registered a net inflow of US\$ 198 million in 2009 after a net outflow of US\$ 5 billion in 2008. Borrowing in the real sector from overseas markets, which constituted the principal source of financing for the current account deficit in recent years, registered a major decline in 2009. After borrowing US\$ 22.9 billion from international markets in 2008, the real sector had a dismal performance in 2009 with an outflow of US\$ 16 million.



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> Developments in the World and in Turkey during 2009

The trends in oil prices and the Turkish lira will continue to play a major role in the fate of the current account balance in 2010. Global economic recovery expectations and revival of domestic demand may lead to the widening of the current account deficit in 2010. On the other hand, if external demand recovers faster and the Turkish lira sustains its current trend, exports are likely to recover faster than imports.

Central Bank of Turkey cut rates by 1,025 basis points since the beginning of its easing program in November 2008.

In an environment where world central banks were lowering interest rates rapidly, the CBT also cut rates aggressively due to slumping demand and slowing inflation; it ended this easing program, which has been continuing uninterrupted since November 2008, at its policy meeting in December 2009.

Ending up with borrowing and lending rates of 6.50% and 9.00%, respectively, the CBT lowered its policy rates by a total of 1,025 basis points as a result of the crisis. The CBT is expected to start hiking interest rates in the third quarter due to pickup in economic activity and rising inflation.

Budget deficit surged 181.2% in real terms in 2009.

The central government's budget deficit reached TL 52.215 billion in 2009 with a record increase of 181.2% in real terms. As a result, the 2009 budget deficit surpassed the then record breaking deficits of TL 40.184 billion in 2002 and TL 40.210 billion in 2003. The primary surplus declined 97% in 12 months to a surplus of TL 986 million. Budget revenues declined 3.7% in real terms in 2009 compared to the previous year. Over the same period, budget expenditures increased 10.5% while interest payments declined 1.4%, both in real terms. Interest expenses are likely to increase in the period ahead as well. The largest item in the 13.9% increase in real terms in non-interest expenditures was the current transfers with 22.4%; it is easily observed that the burden of Treasury assistance to social security institutions is getting even heavier. The increase from TL 38.8 billion to TL 56.9 billion in Treasury assistance from last year to this year highlights the burden this item puts on the budget.

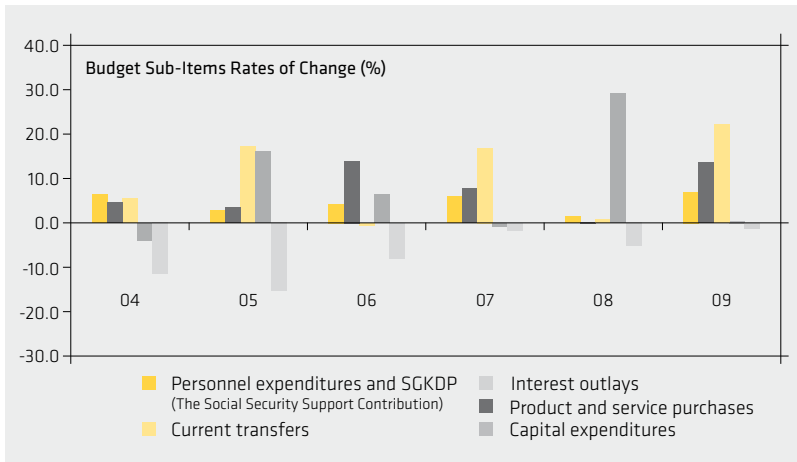
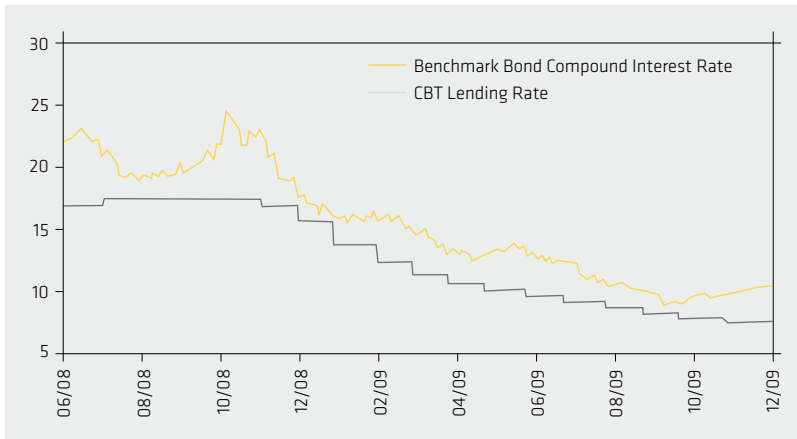
Tax revenue declined nearly 3.7% in real terms in 2009 due to the contraction of consumption demand as a result of the global crisis. Revenue from the Value Added Tax (KDV) that is levied on domestic consumption rose nearly 16.5% while Special Consumption Tax (ÖTV) receipts declined 2.1% due to tax

rate reductions that were implemented to revive the economy. While the global crisis led to a contraction in consumption demand, imports declined as the drop in the value of the Turkish lira was reflected in prices. The proceeds from KDV that was levied on imports declined 18.2% in 2009 due especially to the deterioration in the early months of the year. As better than expected industrial production and economic growth data were followed by favorable unemployment figures, the signs pointing to economic recovery began to accumulate; this bolstered the expectation that KDV receipts from imports may begin to increase soon.

Rate of increase of internal debt stock slowed toward the end of the year.

Total debt stock increased from TL 380.3 billion at year-end 2008 to TL 441.4 billion as of December 2009. Internal debt stock was TL 55.2 billion higher in December compared to year-end 2008, whereas external debt stock grew merely TL 5.9 billion. As a result, internal debt stock stands at TL 330 billion and external debt stock stands at TL 111.4 billion as of December 2009.

Change in Real Terms (%)	Total Internal Debt Stock	Total External Debt Stock
Dec 06 - Dec 07	(6.33)	(22.93)
Dec 07 - Dec 08	(2.20)	22.61
Dec 08 - Dec 09	12.72	(0.90)



Examining the inflation-adjusted change in real terms on an annual basis, there is a noticeably large jump in total debt stock compared to 2008 and 2007. After shrinking by 6.3% in real terms from 2006 to 2007, the internal debt stock increased 12.7% from 2008 to 2009. On the other hand, external debt stock shrank by 22.9% in real terms on an annual basis in 2007, increased 22.6% in real terms in 2008 and declined slightly as of year-end 2009.

The reduction in Turkey's cost of borrowing, accomplished thanks to the CBT's rate cuts as part of measures implemented to counter the global crisis, allowed the Treasury to hold large-scale bond auctions. As a result, the internal debt stock grew compared to previous years both in nominal terms and as a proportion of GDP. Conversely, scarcer overseas borrowing opportunities caused the external debt stocks in both the public and private sectors to decline. If credit becomes easily accessible in the overseas markets along with the global economic recovery in the period ahead, the Treasury can focus on external borrowing as well and the external debt stock will likely return to its previous level.

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> Developments in the World and in Turkey during 2009

Continuing its solid performance in 2009 despite the global crisis, the Turkish banking sector's total assets grew 13.8% over the previous year and reached TL 833.9 billion at year-end.

The Banking Sector

The Banking Sector had a solid performance in 2009.

Despite the global financial crisis that impacted the entire world, the Turkish banking sector continued its solid performance in 2009.

Total assets of the Turkish banking sector that consists of 49 operating banks grew 13.8% in 2009 over the previous year and reached TL 833.9 billion at year-end. Ratio of total assets to GDP rose from 77.1% at year-end 2008 to 83.9% as of the last quarter of 2009.

Sideways trend in lending volume is likely to continue until year-end.

Banking sector's lending volume increased slightly as a result of KDV and ÖTV rate reductions by the government in automotive, housing and information technology sectors toward the end of March; despite the fact that these tax cuts ended in September, the limited increase in lending volume continued amid the expectations of further tax cuts in 2010.

The sector's loan book grew 6.9% in 2009 over the previous year and reached TL 392.6 billion. Share of the loan portfolio in total assets declined from 50.2% at year-end 2008 to 47.1% at the end of 2009 due to the slower growth of loans relative to assets.

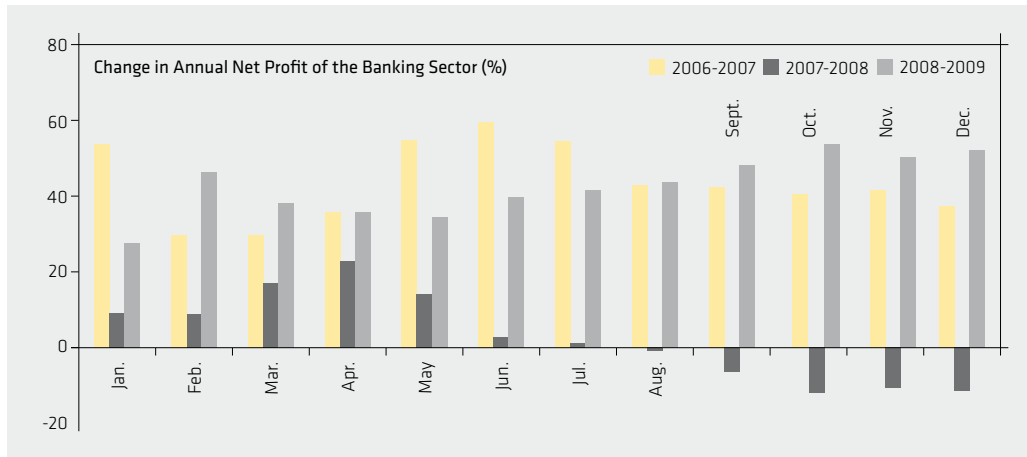
Trend of securities, deposits and international loans.

Due to the noticeable increase in public sector borrowing requirement since the beginning of the year, the share of the securities portfolio in the banking sector's balance sheet also increased until year-end 2009; this ratio is expected to trend sideways in 2010. The share of the securities portfolio in total assets increased from 26.5% at year-end 2008 to 31.5% as of December 2009. Based on these statistics, it can be concluded that a major portion of the increase in the banks' assets was attributable to securities and that the securities portfolio grew faster than total assets.

Total deposits of the banking sector rose 13.2% between December 2008 and December 2009 to reach TL 514.6 billion, while the ratio of securities to deposits increased from 42.7% to 51.1% over the same period.

After declining as a result of the liquidity crunch in the markets in 2008, syndicated loans began to recover slightly along with the recent improvement in markets; however, major fluctuations are still the norm in this area. Total syndicated and securitization loans declined by US\$ 8.2 billion, from US\$ 26.3 billion in September 2008 to US\$ 18.1 billion in December 2009. The refinancing rate of syndicated and securitization loans was 56.9% in 2009.

Net profit of the sector surged by 50.4% over the previous year and reached TL 20.18 billion in 2009. High profit growth that has been ongoing since the beginning of 2009 continued in December as well. While total interest income was 0.6% lower in December compared to the previous year, profitability continued throughout 2009 as a result of the 20.62% decline in interest expenses. This outcome was a result of the rapidly falling bank deposit rates in response to aggressive rate cuts by the Central Bank of Turkey, not accompanied by equally sharp decline in loan interest rates, thereby reducing costs



and bolstering margins. Finally, given the fact that the Central Bank of Turkey left interest rates unchanged in December and is expected to increase the rates during 2010, it can be predicted that this high level of profitability cannot be sustained in 2010.

Shareholders' equity increased 1.79% in December on an annualized basis whereas it surged 28.3% for the year. As a result, total shareholders' equity of the sector stands at TL 110.9 billion as of year-end 2009.

Securities portfolio was the single largest contributor to the balance sheet growth in 2009. While this situation continued through the end of 2009, this item is not expected to make a major contribution to profitability in 2010. After exhibiting a lackluster performance throughout 2009, lending can be expected to continue growing slightly until year-end and register a noticeable increase in 2010.

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Review of Operations in 2009

CORPORATE BANKING

Thanks to its customer-oriented sales and marketing strategy, VakıfBank increased the number of its active corporate banking segment customers by nearly 30% and achieved a substantial market share gain in 2009.

30% increase in the number of clients

VakıfBank serves all corporate banking product and service needs of its customers with a specialized sales and operations staff, diverse product portfolio, extensive branch network, modernized technological infrastructure facilities and business processes.

Thanks to its customer-oriented sales and marketing strategy, company-specific service approach and perspective that considers clients as long-term business partners; VakıfBank increased the number of its active corporate banking segment customers by nearly 30% and achieved a substantial market share gain in 2009. The steady growth that has been the norm since the establishment of this business line in 2007 continued in 2009 as well and VakıfBank attained growth rates higher than those of the sector in credit and financing products.

Despite the negative repercussions of the global financial crisis on the Turkish economy, VakıfBank managed to maintain its asset quality in 2009 and continued to provide funding support to the real sector companies that it handpicked through effective and healthy customer choice criteria.

VakıfBank pursued a proactive policy in financing high value-added projects that will increase production and employment in 2009; it created funding facilities for its clients' investment needs via long-term cash and non-cash loans.

Aiming to serve all customer segments within the financial chain of trade flows, VakıfBank completed segmentation efforts, sales teams and product packages in pursuit of this goal. The Bank focused on promoting cash management products to corporate clients based on their position within the financial chain. Products and applications such as direct-debiting (DBS) and card-based collection systems, dealership letter of guarantee agreements and wholesale payment systems helped VakıfBank make progress in becoming the main bank of its existing clients while also helping the Bank gain new customers from among dealers and suppliers that constitute the other parts of the financial chain.

Thanks to its extensive international correspondent network, specialized sales and operations staff, modernized foreign trade business flow processes and technological infrastructure, VakıfBank offers a rich portfolio of products with a high-quality and active service approach to corporate segment clients, who hold a major share of Turkey's foreign trade volume. As a result, the Bank increased the number of its foreign trade customers significantly in 2009.

Seeing customer relations as the basis for long-lasting partnerships and opting to stand by its customers under all circumstances, VakıfBank aims to further solidify its business relationships with its existing clients via innovative products and cash/non-cash loan facilities in 2010 while broadening its corporate segment activities through new customer acquisitions.

Cash Management

VakıfBank made major strides in 2009 to more widely market cash management products, which play a key role in new customer acquisition and increasing existing customer loyalty, as well as developing new products in line with changing market dynamics and customer needs.

VakıfBank introduced many products to its customers and made customer acquisitions with active marketing initiatives; these products include the Direct Debit System (DBS) that ensures the security, speed and effectiveness of cash flows within the financial chain, the Agency Collection System (BTS), Continuous Check Printing and the "Business to Business" (B2B) application, which is a WEB-based application that links online order-payment processes.

Continuing its tireless efforts to market the Direct Debit System (DBS), VakıfBank signed one of the largest-volume contracts in this line of business in Turkey during 2009 and launched the system successfully. The Bank's DBS-based transaction volume increased 20-fold in 2009 including the other DBS applications placed in service.

In 2009, VakıfBank continued to offer high value-added, innovative technological products and services for the payment and collection transactions of its customers. The E-signature application that was launched during the year allows companies to perform transactions via electronically-submitted orders.

Infrastructure work for the Wholesale Payment System and Check Integration System products, which can be tailored to customer preferences, was completed. Thanks to these company-specific solutions tailored for the unique needs of individual companies, the Bank gained new customers while making major strides in becoming the main bank of its customers.

The automatic bill payment volume increased 29% in 2009 while tax collection volume was up 34%.

Breakdown of Cash Loans by Sector	2008	Share (%)	2009	Share (%)
Agriculture	481	1.6	269	0.8
Farming and Husbandry	383	1.3	148	0.4
Forestry	33	0.1	62	0.2
Fishery	65	0.2	59	0.2
Industrial	7,001	23.0	7,201	20.9
Mining and Coal Production	361	1.2	446	1.3
Manufacturing	6,132	20.1	6,201	18.0
Utilities	508	1.7	555	1.6
Construction	2,070	6.8	1,824	5.3
Services	7,836	25.8	10,584	30.7
Wholesale and Retail Trade	3,392	11.2	4,922	14.3
Hotel and Restaurant Services	857	2.8	878	2.5
Transportation and Telecommunication	2,077	6.8	2,076	6.0
Financial Institutions	1,203	4.0	2,342	6.8
Real Estate and Rental Services	88	0.3	103	0.3
"Self-Employment" Type Services	-	-	-	-
Educational Services	37	0.1	69	0.2
Health and Social Services	182	0.6	196	0.6
Other	13,030	42.8	14,560	42.3
Total	30,417	100.0	34,439	100.0



In 2010, VakıfBank will continue to improve on its existing cash management products that enable synergy generation by establishing connections between retail, SME, commercial and corporate segment customers as well as working on developing new products. In order to ensure the continuity of the steady and sustainable growth trend that the Bank achieved in previous years, VakıfBank will further broaden its already extensive customer base and actively promote its cash management products for this purpose.

Project Finance

VakıfBank provides high value-added solutions and high-quality service in project finance to its diverse base of clients consisting of public and private sector companies.

VakıfBank participates in syndicated loans, either as a lead arranger or as a consortium

member under the lead mandate of foreign banks, for the project financing of dam, highway, railroad, energy and airport investments in large scale government tenders or privatizations. In this scope, the Bank participated in syndicated loans for five companies totaling US\$ 1,810 million in 2009; VakıfBank entered into syndication agreements totaling US\$ 190 million. Including the syndicated loan agreements signed in the previous years, syndicated loans totaling US\$ 25 million and € 71 million were extended to three companies in 2009.

In addition to loans originating from VakıfBank, the Bank also offered and extended to investors credit facilities originating from foreign banks such as European Investment Bank (EIB) SME Loans, Council of Europe Development Bank (CEB) Loans, Union Bank of Switzerland (UBS AG), Dresdner Bank, Credit Suisse, Commerzbank and Deutsche Bank as well as Eximbank loans in 2009.

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COMMERCIAL BANKING

VakifBank acquired a substantial number of new customers in the commercial and SME segment; its commercial-corporate cash loans increased 11.4% whereas non-cash loans were up by 13.5%.

The most dynamic segment of the Turkish economy

VakifBank sees SMEs, which constitute the most dynamic segment of the Turkish economy, as a great potential and is rapidly increasing its commercial banking market share by expanding activities geared toward SMEs. The financial solutions consisting of cash and non-cash loans, foreign trade finance and asset management that VakifBank provides to thousands of commercial and SME clients operating in a wide range of sectors and business lines including manufacturing, services, communication, trade, foreign trade and maritime make increasingly substantial contributions to the Turkish economy as well.

VakifBank's Commercial Banking business line, which serves the commercial and small business (SME) customer segment as well as the public companies and agencies, acquired a substantial number of new customers in the commercial and SME segment in 2009 despite the increasingly fierce competition; its commercial-corporate cash loans increased 11.4% whereas non-cash loans were up by 13.5%.

As part of its commercial banking activities, VakifBank strengthened its cooperation with professional organizations, chambers and associations in 2009; protocols regarding special loan terms for members of more than 150 chambers of industry and commerce were signed.

VakifBank Commercial Banking made human resource investments in 2009 and reorganized its sales staff and SME portfolio managers at the branches. As part of this process, in order to increase the competence of the staff and the Bank's competitive power in this area, VakifBank conducted intense training programs in basic areas such as banking products and services, cash management products and foreign trade finance.

Focusing on relationship banking with a customer-oriented and innovative approach, Commercial Banking continued to develop new products in 2009 geared toward commercial and SME clients. As part of the Foreign Trade Packages, a groundbreaking product in Turkey, six packages were put together that offer speed, confidence, quality, advisory

service and low prices in foreign trade transactions and customers were provided with alternatives to choose from that best suit their needs. Thanks to these products that were met with great interest by commercial and SME clients throughout Turkey, foreign trade protocols were signed with 1,500 firms in nine months.

With the "priority of customer demands" approach, VakifBank will continue to develop sector and customer-specific product packages in the period ahead.

SME Loans

The SME Loans Department that was established as a Head Office unit appraises and rules on all loan applications of SMEs. In addition, as part of the SME Scorecard application, VakifBank is expending efforts to enable its branches to respond to SMEs as fast as possible.

Entering the financial crisis, whose repercussions were felt globally, prepared thanks to its robust capital structure and prudent banking approach, VakifBank had a successful performance and continued to serve SMEs operating in all sectors from manufacturing and services to trade and construction-contracting with an extensive product portfolio.

Supporting the SMEs, which are the cornerstone of the Turkish economy, in this difficult period with its nationwide service network and broad product range, VakifBank offered its customers loan products that were designed based on the unique circumstances and needs of sectors and companies with the most convenient payment plan alternatives.

VakıfBank also played an intermediary role in government support programs for SMEs and continued to extend low-cost loans to SMEs in 2009 in partnership with the SME Development and Support Administration (KOSGEB). As part of this effort, VakıfBank offered the KOSGEB Cansuyu SME Export Financing Support, KOSGEB 100,000 SME Support, KOSGEB Diyarbakır Province Working Capital Support, Southeast Anatolia Project (GAP) SME Machinery Equipment Investment Support and KOSGEB Emergency Support loan packages to SMEs. With the guarantee of the Loan Guarantee Fund, the Bank also extended financial support to firms that were unable to provide sufficient collateral.

VakıfBank devised the environmental banking concept with the understanding that environmental awareness is an integral part of sustainable growth. As part of this initiative, VakıfBank offers its customers package products such as Environmentally-Friendly Vehicle Loans, Environmentally-Friendly Technology Package, Environmentally-Friendly Insulation and Conservation Package, Renewable Energy Loans, and Emissions Trading and Carbon Loans.

Public Finance

Aiming to increase its market share in the public finance segment by providing privileged services to public companies and agencies with its innovative service approach, VakıfBank established

the Public Finance and Marketing Department under the Commercial Banking Division in 2008.

The Public Finance and Marketing Department is responsible for determining marketing strategies geared toward public administrations, local administrations, and state economic enterprises and to formulate marketing plans in line with those strategies. Tending to both financing and cash management needs of its customers, the Department serves them with entity-specific and advantageous financial solutions.

Aiming to increase its market share in banking services for general -and special-budget administrations, institutions of higher education, regulatory and supervisory agencies, health care institutions, local administrations and state economic enterprises; VakıfBank conducted many customer visits and accelerated the promotion and marketing efforts for its products and services in 2009.

Closely monitoring the cash flow needs of public institutions, VakıfBank stepped up its marketing efforts toward this line of business with new products and services, played an intermediary role for the cash flows between public sector institutions and private companies, and thus reinforced the synergy between the Bank and the private companies.

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RETAIL BANKING

VakifBank's consumer loans increased 16.5% in 2009 to TL 9,192 million from TL 7,892 million at year-end 2008.

VakifBank serves an extensive customer base representing every segment of society with a rich array of products that include day-to-day banking transactions, consumer loans, credit and debit cards, and investment accounts.

As fiercely competitive market conditions continued in the sector in 2009, VakifBank focused on more effective provision of alternative delivery channels and other retail banking products to its retail customers. The workload of the branches was reduced with new credit products that use technological infrastructure more intensively.

Retail Loans

Diversifying its retail loan portfolio, the Bank launched new products geared toward diverse customer segments during the second half of the year; these products include Installment General Purpose Loan for Retirees, Agriculture Package and Loans for Licensed Professionals. VakifBank offered its customers various repayment options with Fantastic Loan (Fantastik Kredi), 55th Year Loan (55. Yil Kredisi), Holiday Loan (Bayram Kredisi) and New Year Loan (Yeni Yil Kredisi) and increased its retail loan volume. The Bank also increased its cross-selling ratio in retail banking products with the No-Expense One-Touch Loan (Masrafsiz Dokunmatik Kredi) while bolstering its competitive position in the banking industry with the No-Expense Installment General Purpose Loan (Masrafsiz Taksitli İhtiyaç Kredisi).

The consumer loans market in 2009 was greatly impacted by the global crisis that began in the last quarter of 2008. VakifBank, along with the rest of the sector, had a relatively lackluster performance in consumer loans in the first quarter of the year when the repercussions of the crisis were felt most acutely. Growing faster than the overall sector in this segment from the start of the second quarter until the end of July, the Bank resumed its rising trend in September after a slow period in August.

VakifBank also had a successful year in mortgage and car loans. The Bank increased its mortgage market share thanks to its proactive marketing policies in the residential projects channel, effective utilization of the real estate office channel, Easy Home Flexible Loan (Kolay Konut Elastik Kredisi) as well as mortgage loan campaigns tailored to individual customer segments. Despite the overall slump in the sector, VakifBank expanded its affiliated car dealership network as part of its Auto-Matic Loan (Oto-Matik Kredi) while increasing its business volume and gaining market share through reward campaigns for sales representatives at car dealerships.

VakifBank's consumer loans increased 16.5% in 2009 to TL 9,192 million from TL 7,892 million at year-end 2008. Installment general purpose loans constitute 55.5% of the Bank's consumer loan book, whereas mortgage loans and car loans account for 43.0% and 1.5%, respectively, of the consumer loans. The Bank's consumer loans market share rose from 9.5% at year-end 2008 to 9.8% in 2009.

Consumer Loans (TL million)

Loan Categories	2008	2009
Tik*	4,690	5,098
Automotive	129	139
Mortgage	3,073	3,955
Total	7,892	9,192

* Including overdraft account balances

VakifBank's installment general purpose loans increased 8.7% in 2009 to reach TL 5,098 million at year-end for a market share of 11.6%.

The favorable impact of the ÖTV reduction on car sales led to an industry-wide increase in car loans in the March-June 2009 period, but the sector entered a more stagnant environment from July on. Car loans of the overall sector shrank by 19.6% in 2009. However, VakifBank's car loans market share increased from 2.3% in 2008 to 3.1% as of year-end 2009.

VakifBank's mortgage loans grew twice as fast as the overall industry.

Following the rate cuts by the CBT, mortgage rates declined to the 1% per month level in the second half of the year; which led to a major revival in demand for mortgage loans.

The fall in mortgage rates led to a refinancing boom for existing mortgages; some of this refinancing were handled by the issuing bank while others were transferred to other banks and refinanced by the new bank. During this period, VakifBank refinanced the mortgages in its own portfolio while also transferring some of the mortgages held by other banks.

The sector's mortgage loan risk exposure increased 15.4% in 2009, while VakifBank's mortgage loan portfolio grew 28.7%. Consequently, the Bank's market share in mortgages rose from 7.9% in 2008 to 8.8% as of year-end 2009.

Thanks in part to new residential projects, 27% of all new mortgages in 2009 were made to residential projects. In addition, TL 132.5 million was lent as a result of mortgage campaigns conducted in the second half of 2009.

In 2009, VakıfBank conducted various mortgage campaigns tailored to individual customer segments, including the Easy Home Flexible Loan geared toward interest-sensitive customers. 2,421 customers took advantage of these campaigns throughout the year.

Consumer Loans in 2009

No-Expense One-Touch Loan: VakıfBank revised the terms of the One-Touch Loan that was launched in 2008 and re-launched it in November 2009 as No-Expense One-Touch Loan that does not charge a fixed fee and allows customers to apply via ATM, Internet branch and mobile phone channels.

Installment General Purpose Loan for Retirees: Launched in March 2009, the Installment General Purpose Loan for Retirees aims to provide financial support to retirees whose pension salaries are paid through VakıfBank.

Receipt-Based Installment General Purpose Loan: Launched in March 2009, the Receipt-Based Installment General Purpose Loan was designed to meet the cash needs of customers for the electronics and appliance purchases that increased in response to lower prices triggered by ÖTV reductions.

Fanatic Loan: Launched in June 2009, the Fanatic Loan was developed to advance the cash needed by soccer fans to purchase their favorite teams' season tickets.

No-Expense Installment General Purpose Loan: This is a type of installment general purpose loan that does not charge a fixed fee to customers.

Installment General Purpose Loan for Licensed Professionals: This is a type of installment general purpose loan with special interest rate and terms for VakıfBank's major retail professional customer segments (lawyer, financial consultant, accountant, doctor, etc.).

Agriculture Package: VakıfBank launched a series of loan products for farmers as part of its Agriculture Package in October 2009. These products were developed to extend loans for farmers' purchases of production inputs (fertilizer, pesticides, labor, gasoline, etc.), machinery, equipment and tractor, installation of organic agriculture or greenhouse facilities, as well as personal needs.

VakıfBank is working round the clock to continue to provide faster and better quality service with innovative products and modern practices to its customers for years to come.

In this respect, VakıfBank set the following goals for itself:

- Employing a competitive pricing policy
- Organizing campaigns to boost market share
- Expanding the product portfolio with new products
- Conducting efforts to add authorized car dealerships to the Auto-matic Loan program and directing the lending process completely toward this area
- Increase the use of Bankomat-724 card through product-based advertising campaigns
- Organizing campaigns to increase cross-sales of products
- Implementing operational improvement initiatives to enhance speed and quality of service
- Designing new products to further speed up the lending process
- Launching new mortgage products with diverse payment plans to appeal to various customer groups



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TREASURY OPERATIONS

In 2009, VakıfBank pursued policies in Treasury operations that focused on both profitability and caution while continuing to maintain its leading position in the industry.

The global financial crisis, which suddenly deepened at the end of 2008 and caused a major slump in the real sector, made its presence strongly felt on international markets as well as on the Turkish economy. 2009 was a year of measures for healing the crisis-induced wounds and attempts to restore confidence in the financial system. Central banks worldwide pursued expansionary monetary and fiscal policies to counter the effects of the recession on the overall economy.

During this period, VakıfBank pursued policies in Treasury operations that focused on both profitability and caution while continuing to maintain its leading position in the industry. Increasing its securities portfolio by 60.7% compared to the previous year's end in 2009, a year of record amount of rate cuts by the CBT, the Bank also substantially boosted its capital markets trading profit through its trading activities in the secondary markets.

VakıfBank registered a substantial increase in derivatives trading volume for customer accounts as well as the Bank's own portfolio compared to 2008 levels; these transactions made positive contributions to the Bank's profitability. Expecting increased customer demand due to low interest rates in 2010, VakıfBank will diversify its portfolio of structured products. In addition, the

Bank aims to increase the volume of Turkish Derivatives Exchange (TURKDEX) transactions executed by customers via the Internet branch in 2010.

Total deposit growth of 20%

Thanks to effective and competitive asset management policies and the trust it has established over many years, VakıfBank's total deposits in 2009 were up by 20.3% over 2008. This increase points to a remarkable performance substantially above the sector average.

Despite the increasingly more difficult competitive environment in the banking industry, VakıfBank managed to increase its profitability thanks to its prudent asset management policy that strikes a fine balance between risk, return and cost. The Bank achieved its targets for 2009 via effective practices in the deposit market and boosted its time deposits by 21.8%. VakıfBank's TL deposits were up by 24.8% over the previous year, while foreign currency deposits increased 10.5%. In addition to its service-oriented products, VakıfBank launched the e-time deposit product and continued to offer advantageous investment opportunities for its customers in 2009.

In 2010, the Bank aims to maintain the large increase it achieved in net interest margin in 2009 as a result of its effective asset management policies.

FOREIGN TRADE AND CORRESPONDENT RELATIONS

Thanks to its experience in global financial markets and strong, deep-rooted relationships, VakıfBank is one of the leading banks in its industry in international banking as well.

Correspondent Relations

VakıfBank's correspondent banking network that it has built over the years on the basis of mutual trust and cooperation is a valuable asset in solving the Bank's funding needs as well as producing innovative solutions to customer needs.

The Bank's relationships with international banks and financial institutions are administered by the Foreign Relations and Correspondent Banks Department, a unit operating under the International and Investor Relations Division. The Department administers the extensive correspondent network that consists of 1,540 banks in 107 countries worldwide on the basis of mutual trust and cooperation and continues to expand this network by establishing new partnerships.

Foreign Trade

VakıfBank, which is one of the leading companies in foreign trade transactions, continued to gain market share in 2009 with its innovative conduct, customer-specific solution approach and alternative financing solutions.



Participating in the risk sharing programs of IFC and EBRD as a confirming bank in 2009, VakıfBank began to provide confirmation to the letters of credit and letters of guarantee of 278 banks in 95 countries.

VakıfBank International Relations Division has a dynamic and flexible structure that can quickly adapt to the changing global conditions. In the period ahead, the Division will continue to develop high value-added alternative foreign trade solutions that take customer needs and demands into consideration.

Foreign Funding

In 2009, VakıfBank was able to refinance more than 100% of the US\$ 700 million syndicated loan it secured in 2008. The one-year syndicated loan, arranged in August with the participation of 29 banks from 11 countries to be used in financing foreign trade, consists of two tranches of US\$ 203.5 and € 372.5 million. It is the most important indication of VakıfBank's credibility and reputation in international markets.

In an attempt to support the real sector with long-term, low-cost funding, VakıfBank continues to cooperate with the European Investment Bank, the World Bank and the European Bank for Reconstruction and Development.

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CREDIT CARDS

Utilizing a customer-oriented service approach, VakıfBank further diversified its already extensive credit card product portfolio in 2009.

Credit Cards Market Share	Market		Market	
	2008	Share (%)	2009	Share (%)
Total Credit Card Receivables (TL million)	761	2.30	1,010	2.75
Credit Cards Turnover (TL million)	3,800	2.05	4,959	2.45
Number of Credit Cards	2,026,962	4.67	2,245,011	5.06

VakıfBank's success in credit cards in 2008, which was a result of the recently-initiated transformation process and the partnership with the World brand, continued in 2009 with new products and services.

Working with a customer-oriented service approach, VakıfBank further diversified its already extensive credit card product portfolio in 2009 with new products geared toward various customer segments.

VakıfBank's credit card portfolio consists of:

- VakıfBank Platinum, equipped with specialized services designed for high-income individuals,
- Rail & Miles for those who prefer to travel by train,
- Beşiktaş, Fenerbahçe, Galatasaray, Trabzonspor, Antalyaspor, Gaziantepspor and Diyarbakırspor team credit cards for sports fans who want to support their teams,
- Öğretmenim, Polinom and Kamusen credit cards designed to meet the needs of specific professional groups,

- VakıfBank Business geared toward the needs of commercial enterprises and
- VakıfBank Classic and VakıfBank Gold credit cards for customers who are not in any of the segments above.

VakıfBank credit cardholders are eligible to take advantage of all opportunities offered by VakıfBank member merchants as well as World member merchants. In addition, through periodic campaigns, cardholders are offered unique opportunities such as earning additional Worldpoints, discounted shopping, promotions, additional installments and deferring installments.

MilPlus: A brand-new travel program from VakıfBank

VakıfBank added yet another feature to its portfolio of credit card product with MilPlus. Cardholders can use the Worldpoints they earn from their purchases with MilPlus at triple value for plane tickets and at double value for bus or hotel/tour reservations; cardholders can travel with the airline of their choice without paying additional airport landing fees.





In addition, when they do not have sufficient points, cardholders can use Advance MilPlus to pay back with the World points they will earn from their purchases within a year.

Furthermore, cardholders can also benefit from the travel advisory service of MilPlus that provides information about special tour programs and alternative vacations as well as its car rental service at attractive prices. With its shuttle service, MilPlus also offers upscale and comfortable transfer opportunity at Istanbul, Ankara, Izmir and Antalya airports.

Exclusive campaigns for customers

VakıfBank continued to conduct Customer Relations Management (CRM)-based campaigns designed to meet the needs and expectations of cardholders throughout 2009. Aiming to achieve activation and loyalty while increasing customer satisfaction and card use; these campaigns also boosted turnover.

Rail & Miles CIP Lounge

Designed for the target audience who prefer train travel and launched in partnership with the Turkish State Railways (TCDD), the Rail & Miles card is the only credit card in the sector that earns train miles. The Rail & Miles CIP Lounge, a complementary service for cardholders by Rail & Miles, opened at the Ankara Station of the TCDD.

Striving to provide comfortable and pleasant time for passengers as they wait for their trains, the Rail & Miles CIP Lounge offers food and beverage service, wireless Internet connection, Internet-enabled computers as well as newspapers and magazines.

Team Credit Cards Expanded to Anatolian Teams

VakıfBank, which launched Turkey's first official team credit cards, expanded its portfolio with Anatolian soccer

teams' credit cards such as Antalyaspor, Gaziantepspor and Diyarbakırspor in addition to the team credit cards of the four major clubs (Galatasaray, Beşiktaş, Fenerbahçe, Trabzonspor).

As the only bank featuring seven team clubs, VakıfBank became the largest player in the sector with the motto "Believe with your heart, win with your mind".

By using their World brand credit cards, team cardholders can financially support their teams without incurring any additional costs. Team cardholders are also offered exclusive opportunities such as additional discounts and installments at the official club stores as well as watching team practices and winning free tickets to games as part of seasonal promotional activities. Customers whose team card applications are approved also receive complimentary licensed team merchandise.

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TaxiPOS: Another first from VakıfBank

Investing in the latest technology to maximize customer satisfaction, VakıfBank launched the TaxiPOS application in Istanbul. The Multimedia TaxiPOS application, offered in cabs for the first time in Turkey, allows customers to pay cab fares with their credit cards while having access to many information services to meet their needs.

Installed initially in 400 cabs in Istanbul, the TaxiPOS service will also be launched in other large cities in short order; VakıfBank aims to increase the number of cabs with TaxiPOS service to 2,000.

Enabling payment with credit cards, VakıfBank TaxiPOS also relieves customers of the frequent problem of not having enough cash or the correct change. Accepting contactless cards as well, this application allows for express payment for transactions that do not exceed TL 35.

VakıfBank TaxiPOS allows passengers to learn about the opportunities of the month instantaneously, easily reach campaign information from VakıfBank and World member merchants, monitor exchange rates and stock markets in real time and access information about current activities such as concerts, fairs, plays, exhibitions and museums during the ride. In addition, passengers are able to make hotel and restaurant reservations and purchase daily cultural city tours using the TaxiPOS call center.

In an attempt to enrich the TaxiPOS services, VakıfBank is currently working on launching applications such as the sales of prepaid mobile phone minutes, tickets and current campaign products.

New products and developments at member merchant services

As of year-end 2009, VakıfBank had 69,824 member merchants and its member merchant turnover market share was 3.65%. The Bank ranks seventh in terms of member merchant turnover among card-accepting banks.

In 2009, VakıfBank worked tirelessly to improve other member merchant services:

- An agreement has been reached with the Revenue Administration to set up a system that will allow motor vehicle tax, traffic and other fines to be paid using VakıfBank credit cards via a virtual POS that will be integrated into the Revenue Administration's website.
- VakıfBank started to install kiosks, integrated with external POS devices at train stations throughout Turkey that allow rail passengers to purchase train tickets on a self-serve basis using their credit cards.
- VakıfBank established partnerships with the three GSM network operators in Turkey, launching a service that allows customers to purchase prepaid mobile phone minutes with their credit cards through the Bank's ATMs, Internet Branch and Call Center.

- VakıfBank initiated efforts to equip VakıfBank POS devices with World features. This initiative will allow Yapı Kredi Worldcard holders to make installment purchases and earn and spend patronage points at VakıfBank member merchants. The Bank plans to launch this new application in the first half of 2010.
- The Turkish Telecom bill collection system, infrastructure of which was created by VakıfBank, was enhanced to support Chip&PIN. After the launch of this application, planned for mass deployment at the beginning of 2010, the Bank will begin system development work to make multimedia payphones Chip&PIN-compatible as well.
- VakıfBank is planning to market the new automatic bill payment system to all companies and institutions in 2010; the pilot application was completed successfully.

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ALTERNATIVE DELIVERY CHANNELS

Seeking to reduce operational costs and make efficiency improvements, VakıfBank is working to shift the operational load of the physical service network to alternative delivery channels.

Aiming to provide effective and efficient service with its Turkey-wide extensive branch network, VakıfBank opened 27 new branches in 2009 raising the number of its domestic branches to 543. One of the new branches, which includes seven satellite branches as well as three Express branches geared toward retail customers, is located in a shopping center. VakıfBank is planning to expand its branch network in 2010.

VakıfBank established two more regional directorates, Southeast Anatolia and Ankara Second Region, in 2009, bringing its number of regional directorates to 14. Located in Istanbul (4), Ankara (2), Izmir, Adana, Bursa, Samsun, Konya, Antalya, Erzurum and Diyarbakır, these regional directorates are responsible for increasing the performance and efficiency of branches under their supervision.

Seeking to reduce operational costs and make efficiency improvements, VakıfBank is expending decisive efforts to shift the operational load of the physical service network to the alternative delivery channels.

ATM

As of year-end 2009, VakıfBank serves its customers via 2,168 ATMs, 616 of which are Parabankomats (advanced ATMs), throughout Turkey. The Bank

retired 204 ATMs during the year and replaced them with new ATMs. In order to expand its ATM network, VakıfBank initiated efforts to purchase 550 Parabankomats and modernize ATMs. As of year-end 2009, all VakıfBank's ATMs are EMV-compliant and equipped with FDI apparatus that prevent card skimming.

VakıfBank switched its ATM data line protocol from X25 to TCP/IP in 2009, which allows cost reduction, better logging of ATM transactions, remote access to ATMs and more accurate representation of cash information.

In 2009, ATM screens were redesigned with new colors, fonts and graphical elements in line with VakıfBank's corporate identity. In addition, menu flows were revised to allow customers to perform their ATM transactions more easily and access the menus more quickly; the Bank has begun to install the new software on the ATMs.

VakıfBank began testing the ATM Monitoring program in order to ensure better examination and monitoring of ATM malfunctions.

On October 1, 2009, VakıfBank successfully joined the ATM sharing platform that consists of 26 banks. The Bank earned revenue of more than

TL 11 million and incurred TL 10 million in costs in 2009 from the ATM sharing platform as well as the Altın Nokta platform, which was scrapped when the ATM sharing platform was launched.

The first phase of the project consisting of installing security cameras and alarm systems in ATMs outside of branches was completed. Once the installation of the communication infrastructure is complete, the Bank will be able to monitor the non-branch ATMs centrally online.

VakıfBank is planning to expand its network to 2,400 ATMs and 1,150 Parabankomats.

Internet Banking

In 2009, VakıfBank registered a significant increase in the number of customers served, number of transactions executed and transaction volume for Internet banking.

As of year-end 2009, more than 25 million financial transactions were performed on Internet banking for a total transaction volume of nearly TL 15 billion. Compared to 2008, these correspond to increases of 36% and 5% in number of financial transactions and total transaction volume, respectively. Total number of transactions performed on Internet banking in 2009 was 57.5 million.

The number of registered users of Internet banking, which was launched in 2000, rose 14% over 2008 and reached 1,287,084 at year-end 2009, while number of active customers increased 23% to 419,113.

The pilot Internet banking project that was launched for VakıfBank personnel in December commenced service for customers in January 2010.

WAP Banking

24,358 transactions for a total volume of TL 332,973 were performed through WAP banking during 2009.

Tahsilat-724 Banking

VakıfBank's "Tahsilat-724" branch allows VakıfBank Bankomat cardholders who are not telephone or Internet banking users to make bill payments through Internet banking. In 2009, 4,032,701 transactions for a total volume of TL 77.2 million were conducted through the Tahsilat-724 branch.

One-time Password

Pursuant to a Banking Regulation and Supervision Agency communiqué in 2009, a one-time password requirement was implemented for Internet banking login.

As of year-end, the number of customers using VakıfAnahtar and VakıfSMS, one-time password products of VakıfBank, stood at 10,026 and 62,356, respectively.

Telephone Banking

As of year-end 2009, VakıfBank's telephone banking received 7,584,683 calls. The number of calls received by customer representatives surged 91% over the previous year and reached 3,492,638; the response-to-call ratio for these calls was 83%.

153,444 financial transactions were performed via telephone banking for a total volume of TL 86.4 million.

In addition to the calls made by the outgoing call staff of telephone banking by August, VakıfBank contracted with an external party to increase its outgoing call volume; 880,039 customers were called as of year-end 2009.

In 2009, VakıfBank initiated a technical infrastructure modernization project and began hiring new personnel to enhance telephone banking customer satisfaction and service quality as well as sustaining the quality of calls amid increasing call traffic. The Bank also launched a new project to enhance the technical infrastructure and functional capacity of the Interactive Voice Response system.

Telephone banking personnel were given customer communications training by external instructors; customer greeting criteria and quality targets were established and shared with the staff. The Bank implemented new performance and shift scheduling systems to increase the performance and efficiency of the telephone banking channel.

VakıfBank implemented measures to gather all complaints, problems and requests received from customers in one channel, to respond to the customers from a single point of communication within the Bank and to gather requests and complaints so as to formulate the remedial and preventative activities. The Bank also initiated efforts to create a new program that will channel customer requests to all units through a single program and to be able to monitor the requests the regularly.



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INVESTMENT BANKING

As of year-end 2009, VakıfBank had a market share of 4.21% in mutual funds, which are managed to achieve the highest returns in line with customer needs.

Major fluctuations in capital markets

Amid the major fluctuations in capital markets in 2009, VakıfBank monitored the developments closely and sought to maintain its competitive advantage while gaining market share. In this respect, the Bank provided brokerage services for companies' capital markets transactions while offering the alternative investment vehicles in its portfolio to investors in order to enable them to direct their savings as effectively as possible.

A successful and experienced company in brokerage services

VakıfBank is a successful and experienced company providing securities brokerage services and products. Acting as a broker of securities transactions for its customer in various segments, the Bank also plays a pioneering role in developing new products and services in this area.

VakıfBank's securities brokerage services are provided through all branches, Investment Unit, Internet branch and the Call Center of the Bank.

VakıfBank acts both as an agent and a broker for public offerings and stock trading on the Istanbul Stock Exchange.

Public Offerings

Developments in the Turkish economy and innovations in technology have brought about major supply-side changes in capital markets. Companies with growth potential are moving rapidly to tap capital markets for their financing needs.

With regard to public offerings, VakıfBank accepts offers and executes sales through all of its branches and its Investments Unit as well as telephone, online and WAP banking channels.

4.21% market share in mutual funds

As one of the first institutions to offer mutual funds in the Turkish market, VakıfBank is highly experienced in the areas of risk and asset management. The Bank has two Type A (equity) and eight Type B (money market) mutual funds.

Shares of the Bank's mutual funds can be traded freely without quantity restrictions through all of the Bank's branches as well as alternative delivery channels including the Internet branch, telephone banking and the ATM network. VakıfBank has a market share of 4.21% in mutual funds, managed to achieve the highest returns in line with customer needs.

An active member of the Istanbul Gold Exchange

Gold, which has been attracting substantial investor attention in recent years, is also regarded as one of the soundest investment vehicles in Turkey. As the most active player in the gold market, VakıfBank is also a member of the Istanbul Gold Exchange, created to provide a secure, convenient, competitive and transparent platform for trading precious metals as well as precious metals-based capital markets instruments.

VakıfBank issues gold bars (2, 5, 10, 50, and 100 gram weights) in 995 and 999 purities as well as one-ounce GAP, Sinan and Osmanlı commemorative coins. These are available to investors at all VakıfBank branches and through its Investments Unit.

www.vakifbank.com.tr

044 0 724

Altın seçenekler VakıfBank'ta!



ister gramla, ister külçeyle, ister fonla...

Şimdi VakıfBank yatırım hesabınıza ile bir gramdan başlayan miktarlarda altın alıp serabilirsiniz. Ayrıca biriktirmenizi en az %511 altından oluşan B Tipi Altın Fonu ile de değerlendirebilirsiniz. Siz de altına yatırım yapmak istiyorsanız, altın seçenekler VakıfBank'ta.



In its ongoing efforts to diversify and enrich offerings of investment vehicles, VakıfBank also engages in daily trading of registered gold on the Istanbul Gold Exchange in addition to the sales of Vakıf-brand gold bars and coins.

These 0.995-purity İAB1-code gold bars are purchased on the Istanbul Gold Exchange, where they are kept under custody in VakıfBank's name. The Bank's sales of İAB1 registered gold bars are made to customers from this pool as well.

A member of the Central Registry Agency

VakıfBank became a member of the Central Registry Agency as an intermediary and issuer to provide brokerage services for the dematerialization of capital markets securities. Since the introduction of dematerialization, all ten of VakıfBank's Type A and Type B mutual funds were dematerialized. At the end of 2009, 99% of the Bank's investment accounts had been duly dematerialized; VakıfBank aims to track all of its investment accounts through the dematerialized system.

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COMMUNICATION AND MEDIA RELATIONS

VakıfBank continued to expand its portfolio of products and services with a customer and marketing-oriented corporate structure approach in 2009.

Operating under a customer and marketing-oriented corporate service model, VakıfBank initiated a restructuring process in 2005 that covers all areas of banking operations led by products, services, technological infrastructure and human resources. The Bank's corporate identity, overhauled in 2008 to highlight this process, reflects the dynamism of the new structure that is built on the continuity of change and development. With this dynamism, VakıfBank continued to expand its portfolio of products and services with a customer and marketing-oriented corporate structure approach in 2009.

VakıfBank continued to promote its retail and commercial products and services as well as its credit cards via

corporate image ads and commercials on television, in newspapers, on radio, Internet and outdoor venues. The Bank publicized its products and services as well as its banking operations via press conferences, press releases and interviews. VakıfBank also actively took advantage of promotional opportunities in the domestic and international press with news clips, ads and interviews placed through these channels.

The "Whatever is on Your Mind" retail banking ad campaign as well as the "The Card for Smart Shopping" and "Believe with Your Heart, Win with Your Mind" credit card ad campaigns were met with great delight by the public.

SOCIAL RESPONSIBILITY

In line with the concepts of foundations and social responsibility approach in its establishment philosophy, VakıfBank undertook many important projects toward the development of the sector as well as society in addition to its successful banking operations.

Social responsibility and sustainable growth concepts constitute the essence of the establishment philosophy of VakıfBank, a deep-rooted institution in the Turkish banking sector. With this approach, while creating value for its shareholders and the Turkish economy, the Bank is aware of its responsibilities to the environment and society; this awareness has been an integral part of its corporate identity since the day of its inception.

In 2009, as the entire world struggled with a severe economic recession, VakıfBank focused on providing high-quality banking services to its customers. In addition to its successful banking operations, in line with its concern for foundations and the concept of social responsibility in its established philosophy, VakıfBank undertook many important projects toward the development of the sector as well as society.

VakıfBank carried out various sponsorships in a wide range of areas; culture and the arts, sports, education and financial sector, at both national and international levels. The Bank assumed many kinds of responsibility to ensure successful organization of these activities. The Bank's activities are exemplified by its sponsorship of the 21st Asia-to-Europe Swimming, Sailing, Canoeing and Rowing Competition organized by the Turkish National Olympic Committee, the activities of the Turkish Ice Hockey Federation and the International Archery Federation (FITA), the Turkey Finance & Investment Forum organized by Euromoney, the WSBI/ESBG Reception of the World Savings Banks Institute and European Savings Banks Group, the 2009 IIF Annual Membership Meeting and the Turkey Trade & Export Finance Conference.

Taking great pride in the development of the Turkish economy and its integration with the global economy, VakıfBank supported and contributed to many organizations in 2009 to help promote Turkey and the Turkish banking sector on the international stage. In addition, as part of the IMF and World Bank annual meetings held in Turkey for the second time after a 54-year hiatus, VakıfBank hosted a reception in October 2009 at the Dolmabahçe Palace attended by representatives from many financial institutions from around the world.

The Bank also continued to support the VakıfBank Güneş Sigorta Ladies Volleyball Teams in 2009. The VakıfBank Güneş Sigorta Türk Telekom Ladies Volleyball Team had countless major accomplishments over the previous years in Turkey and in Europe and became the pride of Turkey as well as of VakıfBank with the European championship it won.

Continuing its culture and arts activities in 2009 as well, VakıfBank opened 65 exhibitions throughout the year in its art galleries in Ankara and Istanbul.

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Subsidiaries

Sixteen of VakıfBank's subsidiaries operate in the finance industry (five in banking, two in insurance and nine in other financial lines of business) whereas eight are non-financial companies.

In addition to its contemporary banking services, VakıfBank also contributes to the Turkish economy through the operations of its subsidiaries that span a diverse set of sectors and business lines. The number of VakıfBank subsidiaries and affiliates dropped from 25 in 2008 to 24 as of year-end 2009 after one subsidiary was transferred from the Securities Available for Sale account to the subsidiaries account, one subsidiary was sold, one subsidiary was removed from the Bank's balance sheet after the termination of its bankruptcy proceedings, one subsidiary was removed from the subsidiaries account and the Bank participated in a new company.

Sixteen of VakıfBank's subsidiaries operate in the finance industry (five in banking, two in insurance and nine in other financial lines of business) and eight are non-financial companies (one in energy, two in tourism, one in manufacturing and four in other non-financial lines of business).

The value of the Bank's subsidiary and affiliate portfolio rose 27.64% in 2009 to TL 688 million by year's end from TL 539 million in 2008.

VakıfBank Financial Services Group

VakıfBank International AG

VakıfBank International AG was established in 1999 to increase VakıfBank's international operations in line with its policy of expansion abroad. VakıfBank controls a 90% stake in the Company, which has a capital of € 20 million.

World Vakıf UBB Ltd.

World Vakıf UBB Ltd. was established in 1993 in the Turkish Republic of Northern Cyprus with US\$ 500,000 and serves as an international banking unit. VakıfBank owns an 82% stake in World Vakıf UBB Ltd.

Kıbrıs Vakıflar Bankası Ltd.

Kıbrıs Vakıflar Bankası Ltd. was established to encourage the use of Visa and MasterCard/Eurocard credit cards issued by VakıfBank and to increase foreign currency revenue. VakıfBank owns a 15% stake in Kıbrıs Vakıflar Bankası Ltd, which has a capital of TL 26 million.

Türkiye Sınai Kalkınma Bankası A.Ş.

Türkiye Sınai Kalkınma Bankası A.Ş. is an industrial development bank founded in 1950. VakıfBank owns an 8.38% stake in the Bank's share capital of TL 600 million.

Takasbank İMKB Takas ve Saklama Bankası A.Ş.

Takasbank is engaged in clearing and custody services as well as investment banking activities. VakıfBank owns a 4.86% stake in the Bank's share capital of TL 60 million.

Güneş Sigorta A.Ş.

Güneş Sigorta is a general (non-life) insurer originally established in 1957 under VakıfBank's direction. VakıfBank owns a 36.35% stake in the Company's share capital of TL 150 million.

Vakıf Emeklilik A.Ş.

Vakıf Emeklilik A.Ş. was established in 1991 as a life insurer. The Company acquired a license to sell private pensions on August 1, 2003 pursuant to the Private Pension Savings and Investment System Law No. 4632 and received a license to establish private pension funds on September 5, 2003. VakıfBank owns a 53.90% stake in the Company's share capital of TL 26.5 million.

Vakıf Finansal Kiralama A.Ş.

Vakıf Finansal Kiralama A.Ş. was founded in 1988 to render the full range of leasing services. VakıfBank owns a 58.71% stake in the Company's share capital of TL 25 million.

Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.

Established in 1991 as a publicly-held company, Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş. is an investment trust that operates to manage the savings of small and individual investors professionally in the Stock Market, profiting through proprietary trading and maximizing the returns of its portfolio by closely monitoring foreign exchange, stock and money markets. VakıfBank owns an 11.75% stake in the Company's share capital of TL 7.5 million.

Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.

Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. was founded under the guidance of VakıfBank as the first real estate investment trust in Turkey with an issued capital of TL 250 billion. It was established to establish and manage a portfolio of real estate properties and real estate-backed capital markets instruments and make changes as needed. VakıfBank owns a 27.63% stake in the Company's share capital of TL 20.8 million.

Vakıf Finans Factoring Hizmetleri A.Ş.

Vakıf Finans Factoring Hizmetleri A.Ş. was established in 1998 to provide factoring services for all domestic and international commercial ventures. VakıfBank owns a 78.39% stake in the Company's share capital of TL 22.4 million.

Vakıf Yatırım Menkul Değerler A.Ş.

Vakıf Yatırım Menkul Değerler A.Ş. is a brokerage house originally established as Vakıf Yatırım A.Ş. (Vakıf Investment Inc.) under the direction of VakıfBank to conduct capital markets activities pursuant to the Capital Markets Board's governing resolutions as of August 15, 1996. VakıfBank owns a 99% stake in the Company's share capital of TL 35 million.

In addition to brokerage services, Vakıf Yatırım Menkul Değerler A.Ş. also performs repurchasing agreements of securities (repo transactions), investment advisory and portfolio administration and asset management activities.

Vakıf Portföy Yönetimi A.Ş.

Vakıf Portföy Yönetimi A.Ş. was established to manage client portfolios consisting of capital market instruments as the authorized agent under discretionary portfolio management agreements pursuant to the Capital Markets Law and related regulations as well as to provide investment advisory services and conduct capital markets activities. VakıfBank owns a 99.99% stake in the Company's share capital of TL 3 million.

KKB - Kredi Kayıt Bürosu A.Ş.

Kredi Kayıt Bürosu A.Ş. was established in 1995 to manage the flow of credit information. VakıfBank owns a 9.09% stake in the Company's share capital of TL 7.4 million.

Bankalararası Kart Merkezi A.Ş.

Bankalararası Kart Merkezi A.Ş. was founded in 1990 to conduct card-based payment systems, clearing and provisioning services. VakıfBank owns a 9.70% stake in the Company's share capital of TL 6 million.

Kredi Garanti Fonu A.Ş.

Kredi Garanti Fonu A.Ş. was established in 1991 to provide all kinds of loan guarantees for SMEs, farmers, artisans, craftsmen and the self-employed. VakıfBank owns a 1.67% stake in the Company's share capital of TL 240 million.

VakıfBank Non-Financial Services Group**Taksim Otelcilik A.Ş.**

Taksim Otelcilik A.Ş. was established in 1966 to build, contract out and manage hotels, motels and similar facilities at the quality and value capable of increasing Turkey's international tourism potential. VakıfBank owns a 51% stake in the Company's share capital of TL 97.2 million.

Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret Sanayi A.Ş.

Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret Sanayi A.Ş. was established in 1989 under the direction of VakıfBank and operates in the areas of printing, stationery and sales of computer consumables as well as sales and maintenance of copiers and fax machines. VakıfBank owns a 73% stake in the Company's share capital of TL 3 million.

Vakıf Gayrimenkul Değerleme A.Ş.

Vakıf Gayrimenkul Değerleme A.Ş. was established in 1995 to provide appraisal and evaluation services for all types of real estate properties. VakıfBank owns a 54.29% stake in the Company's share capital of TL 3.5 million.

Vakıf Enerji ve Madencilik A.Ş.

Vakıf Enerji ve Madencilik A.Ş. was founded under the guidance of VakıfBank to build electric and heat energy generation facilities, to produce electric and heat energy from these facilities and to sell the electric and heat energy it produces within the framework of current laws, regulations and administrative provisions. VakıfBank owns a 65.50% stake in the Company's share capital of TL 85 million.

Roketsan Roket Sanayii ve Ticaret A.Ş.

Roketsan Roket Sanayii ve Ticaret A.Ş. engages in the production, manufacturing and sale of rocket fuel as well as missiles, rockets and rocket launchers, including their engines. VakıfBank owns a 10% stake in the Company's share capital of TL 146 million.

Güçbirliği Holding A.Ş.

Güçbirliği Holding A.Ş. was established in 1995. VakıfBank owns a 0.07% stake in the Company's share capital of TL 30 million.

Vakıf Pazarlama ve Ticaret A.Ş.

Vakıf Pazarlama ve Ticaret A.Ş. is engaged in the purchase, sales, exports and imports of ships, tankers, sea-going vessels and shipyard construction equipment. VakıfBank owns a 68.55% stake in the Company's share capital of TL 24,950 thousand.

İzmir Enternasyonal Otelcilik A.Ş.

İzmir Enternasyonal Otelcilik A.Ş. is engaged in building, managing and contracting out the management of hotels and commercial centers. VakıfBank owns a 5% stake in the Company's share capital of TL 120 thousand.

Board of Directors and Statutory Auditors



Yusuf Beyazıt 01 Chairman

Yusuf Beyazıt began serving as a Member and the Deputy Chairman of the VakıfBank Board of Directors on March 21, 2003. He was appointed Chairman of the Board of Directors on April 30, 2004. Mr. Beyazıt currently holds the position of Director-General of the General Directorate of Foundations. A graduate of Ankara University, Faculty of Law; Yusuf Beyazıt holds a master's degree in public administration from the Public Administration Institute for Turkey and the Middle East.

Ragıp Doğu 02 Deputy Chairman

Ragıp Doğu began his career at Pamukbank in 1971 and later was promoted to the position of Regional Manager at the same bank. Mr. Doğu has been a Member of the VakıfBank Board of Directors since April 6, 2005 and was appointed Deputy Chairman of the Board of Directors on March 31, 2006. A graduate of Ankara University, Academy of Economics and Commercial Sciences, Ragıp Doğu is also a member of the Audit Committee.

Bilal Karaman 03 CEO & Managing Director

Working in various capacities at VakıfBank since 1977, Bilal Karaman served as a Member of the Bank's Board of Directors from April 30, 2004 to June 22, 2005 before being appointed CEO and Managing Member of the Board of Directors on June 22, 2005. Mr. Karaman is a graduate of Marmara University, Faculty of Economics and Administrative Sciences.

Halim Kanatçı 04 Board Member

After working as a Branch Manager for Garanti Bank, Finansbank and Toprakbank; Halim Kanatçı served as the CEO of İstanbul Marmara Eğitim Sağlık Kurumları A.Ş. (İstanbul Marmara Education and Health Institutions Inc.) and a Member of the Board of Trustees at Maltepe University. After assuming the position of Vice President of Maltepe University, Mr. Kanatçı was appointed as a Member of the VakıfBank Board of Directors by the Office of the Prime Minister on April 28, 2009. He is also an Alternate Member of the Bank's Credit Committee.

İsmail Alptekin 05 Independent Board Member

Beginning his professional career as a freelance lawyer in 1969, İsmail Alptekin later worked as an attorney at Türkiye Zirai Donatım Kurumu

(Agricultural Equipment Agency of Turkey) and inspector at Scientific and Technological Research Council of Turkey (TÜBİTAK). He served as a Member of the VakıfBank Board of Directors for two terms, Council Member of Ankara Metropolitan Municipality, Member of Parliament in 21st term representing Bolu, Member of Parliament in 22nd term representing Ankara as well as the Deputy Speaker of the Parliament during the same term. Mr. Alptekin was elected Member of the VakıfBank Board of Directors at the Ordinary General Assembly meeting on April 3, 2009. He is also a member of the Bank's Corporate Governance and Nominating Committee.

Sabahattin Birdal 06 Board Member

Beginning his career in 1977 as an Assistant Auditor at VakıfBank, Sabahattin Birdal worked as a manager in various branches and units of the Bank. Mr. Birdal served as a manager at Faisal Finans Kurumu A.Ş., manager and Executive Vice President at Kuveyt Türk Evkaf Finans Kurumu A.Ş., and Deputy Mayor of Üsküdar Municipality. He has been a Member of the VakıfBank Board of Directors since March 21, 2008 and is also a member of the Bank's Audit Committee. Sabahattin Birdal is a graduate of İstanbul University, Faculty of Economics, Department of Business Administration and Finance.



Hasan Özer 07

Board Member

Beginning his career in 1984 as an Assistant Auditor at VakıfBank, Hasan Özer served in various capacities at the Bank until his retirement in 1999. Mr. Özer was appointed as a Member of the VakıfBank Board of Directors on February 7, 2003. A graduate of the Ankara Academy of Economics and Commercial Sciences, School of Banking and Insurance, Department of Banking; Hasan Özer is also a member of the Bank's Corporate Governance and Nominating Committee.

Ramazan Gündüz 08

Independent Board Member

Beginning his career at VakıfBank in 1977 as an intern, Ramazan Gündüz served as assistant auditor, auditor and manager at various levels, Executive Vice President and Member of the Board of Directors at the Bank during the following years. Also holding the position of General Manager at two VakıfBank subsidiaries, Vakıf Finansal Kiralama A.Ş. (Vakıf Leasing) and Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (Vakıf Real Estate Investment Trust), Mr. Gündüz was elected Member of the VakıfBank Board of Directors at the Ordinary General Assembly meeting on April 3, 2009. He is also a full member of the Bank's Credit Committee.

Serdar Tunçbilek 09

Independent Board Member

Beginning his career as an Assistant Auditor at T. Emlak Bankası in 1985, Serdar Tunçbilek served various levels of the same bank and also assumed duties at the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund of Turkey since 2001. He was appointed Member of the VakıfBank Board of Directors on July 24, 2007. A graduate of Ankara University, Faculty of Political Sciences, Department of Economics; Serdar Tunçbilek is also a full member of the Bank's Credit Committee.

(*) Erkan Topal and Mehmet Çekinmez, who were former Members of the Board of Directors; as well as Cem Demirağ, who was a Member of the Board of Directors and the Audit Committee, left their positions at the Bank after their terms of office expired.

Statutory Auditors

Aydın Seçkin 10

Aydın Seçkin served as a teacher and principal at various schools supervised by the Ministry of National Education as well as Department Manager at the Ministry of National Education followed by posts of Revolving Fund Operations Director of the Prime Ministry's Printing House

and Advisor to the Prime Ministry Press and Public Relations. Mr. Seçkin was appointed to the General Directorate of Foundations as Head of Department on August 22, 2003 and was promoted to Vice President in this agency on January 5, 2006. He has been a Statutory Auditor of VakıfBank since December 25, 2009.

Faruk Eroğlu 11

Having previously worked as a freelance certified public accountant, the Chief Auditor of the Government Accounting Office and the Head of Financial Affairs (CFO) of Yem Sanayi T.A.Ş., Faruk Eroğlu served as a Statutory Auditor of VakıfBank from March 10, 1998 to September 5, 2000 as well. Also licensed as a Certified Public Accountant and an Independent Auditor, Mr. Eroğlu has been serving as a Statutory Auditor of VakıfBank since March 21, 2003.

(*) Ahmet Tanyolaç, who had been elected as the full member of the Audit Board for the Bank's Class (A) group pursuant to agenda item #10 of VakıfBank's Extraordinary General Assembly Meeting convened on April 3, 2009, resigned from this duty as of December 25, 2009. Aydın Seçkin, who had been elected as an alternate member pursuant to the same General Assembly resolution, took over as the full member of the Audit Board for the Bank's Class (A) group.

Senior Management



Tanju Yüksel
Executive Vice President

International and Investor Relations
Tanju Yüksel began his banking career as an Internal Auditor at the Ankara branch of Citibank NA in April 1984. After working in various operations units of the same bank, he was promoted to Deputy Executive Vice President of Citibank NA's Turkish Financial Institutions Marketing Department. Mr. Yüksel joined VakıfBank as Executive Vice President on May 1, 2000. A graduate of Middle East Technical University, Faculty of Administrative Sciences, Department of Business Administration; Tanju Yüksel is fluent in English in addition to his native language Turkish.



Şahin Uğur
Executive Vice President

Support Services
Şahin Uğur began his career at VakıfBank as a trainee of foreign exchange clerk in 1984. After serving in various capacities at the Bank, Mr. Uğur was appointed Executive Vice President in 2004. A graduate of Erzurum Atatürk University, Faculty of Business, Department of Business Administration; Şahin Uğur is fluent in Arabic and English in addition to his native language Turkish.



Feyzi Özcan
Executive Vice President

Retail Loans - Retail Banking - Institutional Salary Payments - Delivery Channels - Bank Employee Pension and Health Assistance Fund - Regional Directorates
Feyzi Özcan joined VakıfBank in 1989 as an Assistant Auditor and served as Manager, Deputy Director and Director at various branches and units of the Bank before being appointed Executive Vice President in 2005. A graduate of Gazi University, Faculty of Economic and Administrative Sciences; Mr. Özcan is fluent English in addition to his native language Turkish.



Metin Recep Zafer
Executive Vice President

General Accounting & Financial Affairs - Planning & Performance - Human Resources - Investment Banking and Subsidiaries & Affiliates

Metin Recep Zafer joined VakıfBank on June 13, 2006 as Executive Vice President after serving in various capacities for several banks, most recently as Manager of the Department of Financial Management at T.C. Ziraat Bankası A.Ş. A graduate of Marmara University, Faculty of Economics and Administrative Sciences, Department of Economics; he holds a PhD in banking and insurance from Marmara University. Dr. Zafer is fluent in English in addition to his native language Turkish.



Birgül Denli
Executive Vice President

Treasury

Joining VakıfBank in November 2003 as Head of the Correspondent Banking and International Finance Department at VakıfBank International AG in Vienna, Birgül Denli was appointed Executive Vice President on June 15, 2006. Having served in various capacities in many banks and companies both in Turkey and abroad, Ms. Denli most recently was a Member of the Board of Directors of VakıfBank International AG / Vienna. Birgül Denli is a graduate of Middle East Technical University, Department of Statistics and holds a Master's degree in Financial Markets and Derivatives from London Metropolitan University. She is fluent in English, German and French in addition to her native language Turkish.



Mehmet Kürşad Demirkol
Executive Vice President

Software Development - Treasury & International Operations - Banking Operations - Electronic Business Intelligence System (EBIS) Operations - EBIS Support & Business Analysis - Alternative Delivery Channels

Joining VakıfBank in July 2007 as Head of the Bank's EBIS unit, Mehmet Kürşad Demirkol was appointed Executive Vice President on December 3, 2007. He previously served in various capacities in several banks and companies both in Turkey and abroad. Mr. Demirkol is a graduate of Bilkent University, Department of Electrical and Electronic Engineering; he holds a Master's degree and a PhD in electrical engineering as well as a doctorate in operations research from Stanford University. He is fluent in English and German in addition to his native language Turkish.

> Senior Management



İhsan Çakır
Executive Vice President

Commercial Banking - Corporate Banking - Corporate Centers - Cash Management - Communications and Media Relations
İhsan Çakır joined VakıfBank as Executive Vice President on November 30, 2007 after serving in various positions at Garanti Bank and its subsidiaries. Mr. Çakır is a graduate of Anadolu University at Kütahya, Faculty of Economics and Administrative Sciences, Department of Business Administration and holds a Master's degree from Istanbul University, Faculty of Business Administration. He is fluent in English in addition to his native language Turkish.



Mehmet Cantekin
Executive Vice President

Legal Proceedings
Mehmet Cantekin joined VakıfBank as Executive Vice President on December 28, 2007 after serving in a number of banks and public agencies, most recently as a Department Manager at the Banking Regulation and Supervision Agency. A graduate of Ankara University, Faculty of Political Sciences, Department of Public Finance; Mr. Cantekin holds a Master's degree in accounting from University of Illinois. He is fluent in English and French in addition to his native language Turkish.



Ömer Elmas
Executive Vice President

Legal Affairs
A graduate of Istanbul University, Faculty of Law; Ömer Elmas holds a Master's degree in private law and is currently working on his PhD in the same field. Mr. Elmas previously worked as a freelance attorney and a Legal Coordinator during the liquidation of T. Emlak Bankası, as well as in managerial positions in several companies. While he was serving as the Chief Legal Advisor for T.C. Ziraat Bankası, Ömer Elmas joined VakıfBank in 2006 as the Bank's Chief Legal Advisor and was subsequently appointed Executive Vice President on January 5, 2009. Mr. Elmas is fluent in German and English in addition to his native language Turkish.

(*) Doğan Peççe, who has been serving as Executive Vice President in charge of Commercial Loans-Intelligence at VakıfBank since 2006, resigned from his position in 2009 and no appointment was made to replace him.

Internal Systems Heads

Yakup Şimşek

Head of the Board of Internal Auditors

Yakup Şimşek began his career at VakıfBank as an Assistant Auditor on the Board of Internal Auditors on December 16, 1996. After serving in a number of the Bank's branches and departments, Mr. Şimşek was appointed Head of the Board of Internal Auditors on March 6, 2008. He is a graduate of Ankara University, Faculty of Political Sciences, Department of Business Administration.

Ramazan Sıryol

Head of Internal Control

Ramazan Sıryol began his career at VakıfBank as an Assistant Auditor on the Board of Internal Auditors on September 13, 1993. After serving as Branch Manager in a number of the Bank's branches, he was appointed Head of Internal Control on January 10, 2008. Ramazan Sıryol is a graduate of Istanbul University, Faculty of Economics, Department of Public Finance.

Zeki Sözen

Head of Risk Management

Zeki Sözen began his career at VakıfBank as a Programmer in the Electronic Business Intelligence Systems (EBIS) Department on September 9, 1987. After serving as Senior Programmer, Deputy Manager, Manager and Director in a number of units of the EBIS Department; Mr. Sözen was appointed Head of Risk Management on August 7, 2008. Zeki Sözen is a graduate of Middle East Technical University, Department of Computer Engineering and holds a Master's degree in Computer Engineering from Middle East Technical University, Institute of Sciences.

Committees

Audit Committee

The Independent Members of the Board of Directors, Sabahattin Birdal and Ragıp Doğu, were elected to the Audit Committee that was established to assist VakıfBank Board of Directors in executing its auditing and oversight functions.

The Audit Committee has assumed the following duties and functions:

- Monitoring the effectiveness and adequacy of the internal control systems of the Bank; functioning of these systems as well as the accounting and reporting systems in accordance with laws and related regulations; and the integrity of the information generated by these systems on behalf of the Board of Directors,
- Performing the preliminary assessments required for the selection of the independent audit firms by the Board of Directors,
- Monitoring the activities of the independent audit firms selected by the Board of Directors on a regular basis,
- Ensuring the consolidated functioning and coordination of the internal audit functions of the institutions subject to consolidated audit,
- Preparing reports on the functioning of internal audit, internal control and risk management system for the annual report.

Credit Committee

VakıfBank's Credit Committee consists of two full members and two alternate members. The full members are Ramazan Gündüz and Serdar Tunçbilek; alternate members are Yusuf Beyazıt and Halim Kanatçı.

The functions of the Credit Committee are as follows:

- Performing the tasks stipulated in the Banking Law in accordance with the principles set by the Board of Directors,
- Soliciting the written recommendation of the Head Office in lending decisions, and providing the financial analysis and news and intelligence reports about those applying for loans with respect to recommendations for loans that require the procurement of account status document,
- Providing any sort of information that may be requested by any of the members of the

Board of Directors about the Committee's activities and cooperating in the performance of any checks and controls since the Committee's activities are audited by the Board of Directors,

- Recording the Committee's decisions on a daily basis and obtaining signatures of the Committee members.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is responsible for overseeing the Bank's compliance with the corporate governance principles. The Committee consists of two members of the Board of Directors, İsmail Alptekin and Hasan Özer.

The functions and duties assumed by the Committee are as follows:

- Monitoring the degree of compliance with the corporate governance principles within the Bank and determining the reasons in case of noncompliance as well as determining the negative impacts resulting from incomplete adherence to these principles and recommending corrective actions to be taken in respect thereof,
- Formulating methods that will provide transparency in the identification of the candidates for the Board of Directors to be recommended to the Board of Directors,
- Undertaking research and developing recommendations about the number of executives in the senior management positions,
- Formulating recommendations and monitoring the implementations regarding principles and practices for performance evaluation and compensation of the members of the Board of Directors and the executives,
- Providing recommendations to the Board of Directors regarding the persons to be appointed to the Bank's senior management positions consisting of Executive Vice Presidents and equivalents,
- Investigating the independence of the members of the Board of Directors and uncovering any conflicts of interest,
- Providing assessments and recommendations regarding the structure

and operating principles of the committees reporting to the Board of Directors,

- Preparing the Corporate Governance Principles Compliance Report for the annual report,
- Providing detailed information about the activities of the Corporate Governance and Nominating Committee within the scope of the Board of Directors' Annual Report.

Asset-Liability Management Committee

Established to evaluate the impacts of opportunities and risks arising from developments in the markets on the balance sheet and to make the tactical decisions, the Committee is chaired by the CEO and consists of Executive Vice Presidents responsible for Treasury, Banking-Marketing, Planning and Loans as well as the Chief Economist and the Head of Risk Management.

Committee Meeting Times and Attendance in Meetings

Board of Directors: It generally convenes every 15 days and more frequently in case of emergencies. The Board of Directors convened for a total of 36 meetings and passed 1,528 resolutions in 2009.

Audit Committee: the Audit Committee generally convenes once a month. The Audit Committee convened for 14 meetings and passed 20 resolutions in 2009.

Credit Committee: It generally convenes every 15 days and holds extraordinary meetings in case of emergencies. The meeting time is determined by the CEO based on the number of agenda items received by the meeting secretariat and their emergency status. The Committee convened for 44 meetings and passed 157 resolutions in 2009.

Asset-Liability Management Committee: Convening weekly, the Committee had 52 meetings in 2009.

Corporate Governance and Nominating Committee: It convenes at the dates specified by the Committee Chairman at least twice a year, generally every three months but not to exceed six months between meetings.

Human Resources Applications

VakıfBank is fully aware of the fact that human resources play the most important role in achieving its sustainable growth strategy as well as the objectives of its restructuring project.

In 2009, VakıfBank carried on with its improvement efforts in recruitment, promotion, performance evaluation, career planning and training processes, knowing that human resources play the most important role in achieving its sustainable growth strategy as well as the objectives of its restructuring project.

The number of domestic branches of the Bank increased to 543 at year-end 2009 from 524 at the beginning of 2009. A total of 1,229 employees were recruited due to the personnel needs of the newly-established units and newly-opened branches in 2009 whereas 643 employees left the Bank due to retirement, resignation or other reasons. The number of employees rose 6.12% to 10,153 as of year-end 2009 from 9,567 at year-end 2008.

As part of the new employee recruitment process, the Bank accepted applications from candidates with degrees from four-year banking-related departments and institutes of Turkey's leading universities; candidates who try to improve themselves, hold advanced degrees, and are fluent in foreign languages were preferred.

Share of employees with undergraduate degrees increased from 70% at year-end 2008 to 74% at the end of 2009.

After the promotion trainings and exams conducted in 2008, of those having succeeded;

- 269 supervisors were promoted to assistant manager,
- 115 office chiefs were promoted to supervisor,
- 222 assistant office chiefs were promoted to office chief,
- 165 officers were promoted to assistant office chief in 2009.

The trainings identified in accordance with the training need analyses performed by the Training Department were conducted in a manner that meets the requests of all employees as well. 35,603 employees attended 835 training sessions in 300 subjects in 2009; the number of employees who obtained training was 7,944 while 5,923 employees attended multiple training sessions. As part of the in-house development trainings conducted by the Bank internally; 592 training sessions were conducted in 147 unique subjects in 11 locations (Ankara, Istanbul, Izmir, Mersin, Adana, Samsun, Bursa, Erzurum, Antalya, Diyarbakır and Ayvalık). These training sessions were attended by a total of 23,684 employees.

The strategic goals of the Human Resources Department for 2010 are as follows:

- In order to meet staffing needs of the existing units as well as the newly-created units and newly-opened branches as part of the restructuring project; VakıfBank will continue to recruit assistant financial analysts, assistant specialists and trainee officers with good KPSS scores based on the same criteria in 2010.
- Performance of the employees who are already eligible for retirement or will become eligible in 2010 will be monitored. Those with declining performance will be retired while the ones who are still performing effectively will be retained.
- The trainings identified in accordance with the training need analyses performed by the Training Department will continue with an emphasis on e-learning application.

Outsourced Support Services

VakıfBank procures support services from various companies in order to improve its service quality and maximize customer satisfaction. Support services are procured from the following companies for POS operation; check book printing; cash transportation services from the companies within the scope of Law No. 5188 on Private Security Services; maintenance of information systems software services; issuance of debit and credit cards, check book and account statement printing, and electronic distribution of statements; and Call Center operations.

For POS operation:

- Fujitsu Siemens Computers Bilişim Teknolojileri Ürün Hizm. A.Ş.
- Teknoser Bilgisayar Teknik Hizmetler Sanayi ve Dış Ticaret A.Ş.
- Servus Bilgisayar A.Ş.

For cash transportation services received from the companies within the scope of Law No. 5188 on Private Security Services:

- Securverdi Güvenlik Hizmetleri A.Ş.
- Group 4 Securicor Güvenlik Hizmetleri A.Ş.
- Erk Armored Güvenlik Hizmetleri A.Ş.

For check book printing:

- MTM Holografi Güvenlikli Basım ve Bilişim Tekn. San. ve Tic. A.Ş.

For Call Center operations:

- CMC İletişim Bilgisayar Reklam ve Danışmanlık Hizmetleri San. ve Tic. A.Ş.

For maintenance of information systems software services:

- İnternet Bilgi İşlem Programlama Tasarım Ltd. Şti.
- Eretim Bilgisayar Hizmetleri ve Danışmanlık Ltd. Şti.
- Biznet Bilişim Sistemleri ve Danışmanlık San. Tic. A.Ş.
- Global Bilişim Yaz. Dan. Tic. Ltd. Şti.
- Ortadoğu Yazılım Hizmetleri A.Ş.
- SPSS Yazılım Eğitim Danışmanlık Tic. Ltd. Şti.
- Bilge Adam Bilgisayar ve Eğitim Hizmetleri San. Tic. A.Ş.
- IBM Türk Ltd. Şti.
- NCR Bilişim Sistemleri Ltd. Şti.
- Sybase Yazılım Ürünleri ve Bilişim Hizmetleri Ltd. Şti.
- Sothis Yazılım Danışmanlık ve Tic. Ltd. Şti.
- Innova Bilişim Çözümleri A.Ş.
- Oracle Bilgisayar Sistemleri Ltd. Şti.
- Infotech Bilişim ve İletişim Teknolojileri San. Tic. A.Ş.
- Netlab Uluslararası Bilgi İşlem ve Haber. Hiz. San. Tic. A.Ş.
- Etcbase Yazılım ve Bilişim Teknolojileri Ltd. Şti.

- 4s Bilgisayar İth. İhr. Yaz. Dan. Ltd. Şti.
- ITD İletişim Teknoloji Danışmanlık Ticaret A.Ş.
- V.R.P. Veri Raporlama Programlama Bilişim Yazılım ve Danış. Hizm. Tic. A.Ş.
- Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.
- Pro-G Proje Bilişim Güvenliği Araştırma Tic. San. Ltd. Şti.
- Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.
- Vega Bilgisayar Hizmetleri Ltd. Şti.
- Microsoft Bilgisayar Yazılım Hizmetleri Ltd. Şti.
- Sentim Bilişim Teknolojileri Sanayi ve Tic. A.Ş.
- Sigma Danışmanlık ve Uygulama Merkezi A.Ş.
- Kartek Kart ve Bilişim Teknolojileri Ltd. Şti.
- Finar Yazılım Geliştirme Sanayi ve Tic. A.Ş.
- Univera Bilgisayar Sistemleri Sanayi ve Tic. A.Ş.
- Pharos Strateji Danışmanlık Ltd. Şti.
- İstanbul Pazarlama A.Ş.

For issuance of debit and credit cards, check book and account statement printing, and electronic distribution of statements:

- Provus Bilişim Hizmetleri A.Ş.

Related Party Transactions

The details and the related notes about the transactions conducted by the Bank with its risk group in 2009 are presented in the Note No. VII in Section Five of the unconsolidated independent audit report provided within the annual report.

Report on Compliance with Corporate Governance Principles

Pursuant to the resolution passed at the Bank's Extraordinary General Assembly Meeting dated October 24, 2005, VakıfBank committed to compliance with Corporate Governance Principles with the addition of an article (Article 75) to the Articles of Incorporation.

Pursuant to Resolution No. 78425 passed by the Bank's Board of Directors on April 7, 2009, two independent directors, İsmail Alptekin and Hasan Özer, were elected to the Corporate Governance and Nominating Committee. By the virtue of being an independent member of the Board of Directors, İsmail Alptekin serves as the Chairman of this Committee.

The Declaration of Compliance with Corporate Governance Principles of Türkiye Vakıflar Bankası T.A.O. was prepared within the framework of the Corporate Governance Principles published by the Capital Markets Board taking into consideration the issues stipulated by the Corporate Governance Principles to be included in the annual reports of the publicly-held companies, international principles and industry practices.

I - SHAREHOLDERS

Shareholder Relations Unit

VakıfBank is committed to the Corporate Governance Principles published by the Capital Markets Board and expends maximum efforts to comply with these principles.

The Bank's investor relations activities are organized under two different groups to serve domestic and international investors in the most effective manner.

Shareholder relations are administered by a separate group under the Investment Banking and Subsidiaries Department, which operates as a Head Office unit and reports to Executive Vice President Metin Recep Zafer.

The names and the contact information of the personnel working in the Shareholder Relations Group are as follows.

The Shareholder Relations Group primarily conducts the following activities to serve domestic investors:

- Transmitting accurate, clear, comprehensive and complete information simultaneously to the Bank's shareholders and investors excluding the information that are considered confidential and trade secrets,
- Organizing periodic meetings with the participation of the Bank's management for informing the Bank's shareholders and investors,
- Ensuring that the General Assembly meetings are conducted in accordance with the legislation, Articles of Incorporation and the internal regulations of the Bank,
- Preparing the documents for the General Assembly meetings and transmitting them to the shareholders,
- Taking all necessary actions and measures to ensure the provision of the Bank's services to the satisfaction of the investors,
- Performing the Bank's capital increase transactions and ensuring the use of bonus share rights and the tracking of existing shares in the dematerialized system,
- Carrying out the transactions needed to make dividend payments to shareholders should the Bank decide to pay a dividend,
- Sending material disclosures about VakıfBank to the Istanbul Stock Exchange and announcing material disclosures and other news to the investors by means of the Bank's website.

Name &			
Surname	Title	Phone Number	E-mail Address
Dr. Adnan Güzel	Head	+90-312-455 88 00	adnan.guzel@vakifbank.com.tr
Nurullah Censur	Manager	+90-312-455 87 67	nurullah.censur@vakifbank.com.tr
Hasan Coşkuner	Manager	+90-312-455 88 55	hasan.coskuner@vakifbank.com.tr
Deniz Varan	Assistant Manager	+90-312-455 88 56	deniz.varan@vakifbank.com.tr
Vedat Paslı	Assistant Manager	+90-312-455 89 29	vedat.pasli@vakifbank.com.tr
Kübra Şen	Specialist	+90-312-455 89 27	kubra.sen@vakifbank.com.tr

Fax: +90-312-455 88 34

The "Investor Relations" section with Turkish content published on the <http://www.vakifbank.com.tr> website was regularly updated and kept current with respect to its content in order to make available the necessary information and documents to the investors, shareholders and other related parties.

244 information requests were submitted to the Shareholder Relations Group in 2009 and all of these requests were answered via the fastest means of communications.

Information requests of the Bank's foreign investors are responded to by the International and Investor Relations Department.

The names and contact information of the personnel working in the International and Investor Relations Department that reports to Executive Vice President Tanju Yüksel are as follows.

Primary activities conducted by the International and Investor Relations Unit in this area include the following:

- Responding to the information requests that are not Bank or client secrets of existing and potential investors residing abroad, the rating agencies and the related parties in international borrowings, participating in the meetings held in Turkey and abroad in representation of VakıfBank,
- Making presentations about VakıfBank to the investors and other related institutions residing abroad,
- Making available the required information and documents to investors, shareholders and other related parties via the "Investor Relations" section with English

content published on the www.vakifbank.com.tr website and keeping the website content up-to-date,

- Furthermore, yatirimciiliskileri@vakifbank.com.tr and investor.relations@vakifbank.com.tr e-mail addresses were set up to make it easier for investors to reach the Bank.

The primary activities conducted by the International and Investor Relations Unit geared toward investors residing abroad in 2009 are listed below.

The Unit participated in 11 investor information conferences; nine in London, New York and Frankfurt, two in Istanbul and Göcek.

177 meetings were held at the conferences and road shows as well as at the Bank's Istanbul office and a total of 284 investors/analysts were met with.

Following the investor information conferences attended, the Unit prepared reports in accordance with the information received from the investors and submitted them to the senior management.

The Unit organized conference calls at certain times to present current information about the Bank to investors.

Quarterly investor presentations were prepared to be used during these meetings.

Press releases were prepared pertaining to important developments regarding the Bank and the regulatory authorities and the public were informed about such developments in coordination with the Communications and Media Relations Department and the Investment Banking and Subsidiaries Department. In addition, international institutional investors were also informed about these developments by means of the investor announcements sent to the mail group created for this purpose.

The Unit was in close contact with all analysts authoring reports about the Bank, provided accurate and healthy information to the analysts regarding the Bank to assist them in drafting the reports and transmitted the Bank's views and opinions about the reports to the analysts.

The "Investor Relations" section with English content published on the <http://www.vakifbank.com.tr> website was regularly updated and kept current with respect to its content in order to make available the necessary information and documents to the investors, shareholders and other related parties.

Name & Surname	Title	Phone Number	E-mail Address
Selçuk Gözüak	Head	+90-212-316-7001	selcuk.gozuak@vakifbank.com.tr
Mustafa Turan	Manager	+90-212-316-7120	mustafa.turan@vakifbank.com.tr
Nergis Özer	Assistant Specialist	+90-212-316-7385	nergis.ozer@vakifbank.com.tr

> Report on Compliance with Corporate Governance Principles

Information requests submitted to the e-mail addresses above mentioned are directly responded to by Executive Vice Presidents Tanju Yüksel and Metin R. Zafer as well as Dr. Adnan Guzel, Head of the Investment Banking and Subsidiaries Department.

In addition, the International and Investor Relations Group received nearly 600 information requests and all of these requests were responded to by means of the fastest means of communication.

Exercise of Shareholders' Rights to Obtain Information

A total of 844 information requests received by the Shareholder Relations Group and the International and Investor Relations Group were responded to in 2009. The information and events about the Bank such as the dates of the general assembly meetings, the minutes of the general assembly meetings, financial reports, material disclosures, etc. that are of interest to shareholders are made available to the related parties on a regular basis by means of the Bank's website, newspaper ads, mail and telephone. In addition, investors residing abroad are also informed about these developments and events via e-mails by the International and Investor Relations Group.

The information and announcements regarding the Bank's capital increases and dividend payments are published via material disclosures on the Bank's website after the resolution of the Board of Directors and following the completion of the related legal authorizations.

The capital increases and the announcements regarding the General Assembly meetings are disclosed to the shareholders by means of the press in accordance with the provisions of the Turkish Commercial Code and Capital Markets Law.

The agenda of and the letter of invitation for the General Assembly meeting are transmitted via mail to the shareholders who have their addresses registered in the Bank's records at least 15 days prior to the date of the General Assembly meeting.

The necessary announcements are made via the Bank's website before VakıfBank's capital increase transactions commence and these announcements are kept on the website until the completion of the related capital increase transactions.

With respect to the profit distribution activities; the dividends of the Bank's non-publicly traded A, B and C group shareholders are deposited in their dedicated investment accounts at VakıfBank and these funds are invested in VakıfBank's Type B Liquid Mutual Fund until their application for those shareholders who have dematerialized their shares at the Central Registry Agency (CRA). Dividend payments of the publicly-traded D group shareholders are made through the CRA.

During the period, the shareholders' requests for converting their Class B or Class C shares into Class D shares as well as the transfer of Class C shares to their beneficiaries as a result of inheritance were performed; these transactions were recorded into the share register

book, dematerialized through the Central Registry Agency and the shareholders were informed regarding these transactions.

While the activities toward enhancing the "Investor Relations" concept created on the Bank's website in order to facilitate the exercise of shareholders' rights to obtain information and the other shareholding rights are ongoing, the following categories of information are provided to the investors on the Bank's website.

Information about VakıfBank;

- Shareholding structure,
- Information about the Board of Directors and Senior Management,
- VakıfBank's Charter Act and Articles of Incorporation,
- Information on credit ratings,
- Ethics principles,
- Registry information

Financial information;

- Annual reports,
- Consolidated reports,
- IFRS reports,
- Subsidiary consolidation balance sheet for financial and non-financial participations in the BRSA format

Material Disclosures;

Corporate Governance Report;
VakıfBank's Information Disclosure Policy;

General Assembly;

- Information regarding invitation to shareholders, agenda, proxy forms and blockage (for the current year),
- Attendee lists,
- Meeting minutes

News from VakıfBank

The information and documents specified above are updated regularly.

The Bank is regularly audited by independent audit firms, the Prime Ministry Supreme Audit Board, Banking Regulation and Supervision Agency and two statutory auditors appointed pursuant to the Articles of Incorporation within the framework of the provisions of the Banking Law, Turkish Commercial Code and its Charter Act.

Pursuant to Article 24 of the Banking Law and Article 73 of VakıfBank's Articles of Incorporation, Board Members Sabahattin Birdal and Ragıp Doğu also serve as the members of the "Audit Committee".

In addition, İsmail Alptekin and Hasan Özer serve as the members of the "Corporate Governance and Nominating Committee" to perform the functions stipulated in Article 74 of VakıfBank's Articles of Incorporation.

Information about the General Assembly

The Bank's 55th Ordinary General Assembly Meeting was held on April 3, 2009. The arrangements about the meetings of the Bank's General Assembly are stipulated in the Charter Act and Articles of Incorporation of VakıfBank, which are available on the Bank's website for the viewing of the public.

For the purpose of informing the shareholders prior to the General Assembly meetings, the announcements about the General Assembly meetings are published in the newspaper stipulated in Article 37 of the Turkish

Commercial Code and in at least two daily national newspapers as determined by the Board of Directors no later than 15 days prior to the date of the meeting, excluding the dates of the announcement and the meeting. Information about the General Assembly meetings, letters of invitation and proxy forms are published on the Bank's website. Furthermore, these documents are mailed to the shareholders whose current address information is registered in the Bank's records.

The Annual Report produced for submission to the General Assembly is also presented for the information and examination of the Bank's shareholders prior to the date of General Assembly meeting. In addition, the Bank's balance sheet and the profit and loss statements, the agenda of the General Assembly and proxy forms are made available for viewing by the shareholders at all VakıfBank branches. Shareholders representing 79.44% of the Bank's outstanding shares who have the right to participate in the General Assembly meetings and performed the required procedures for participation attended the 55th Ordinary General Assembly.

In the letters of announcement and invitation published before the General Assembly meetings, the following information is announced to the shareholders:

- Date, hour and location of the meeting,
- Agenda of the Meeting,
- The body inviting the General Assembly for a meeting (The Bank's Board of Directors),
- The addresses at which the annual report and the balance sheet and profit and loss statements will be

made available for the examination of shareholders in case of ordinary meeting announcements (Head Office and VakıfBank branches),

- Proxy forms for shareholders who cannot attend the meeting in person.

The Annual Report prepared for this meeting contains information such as the activities of the Bank in 2009, information about senior management, the Bank's balance sheets, notes to the balance sheet, independent audit report, statutory auditors' report, profit distribution proposal of the Board of Directors, Report on Compliance with Corporate Governance Principles, etc. Upon request, shareholders are given a copy of the annual report by the Investment Banking Shareholder Relations Group before or after the General Assembly meeting.

In both the ordinary and extraordinary meetings of the Bank's General Assembly, all of the shareholders have the right to speak, declare opinion and ask questions about the agenda items regardless of the number of their shares they own. Shareholders can submit proposals on the issues on the agenda of the General Assembly, and these proposals are voted on and resolved by the General Assembly under the procedure in accordance with the legislation and the Bank's Articles of Incorporation.

The minutes of the General Assembly meetings are published in the Trade Registry Gazette of Turkey. The minutes of the General Assembly meetings are sent to shareholders upon request by the Investment Banking Shareholder Relations Group.

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The agenda, place, hour and minutes of the General Assembly meetings and the resolutions passed are also announced to the public and our shareholders by way of "Material Disclosures" after the meeting of the General Assembly.

Voting Rights and Minority Rights

VakifBank is divided into Class (A), (B), (C) and (D) group shares. The nominal values and voting rights of the share certificates of all classes are equal. Class (D) consists of publicly held shares.

A shareholder who owns or represents ten shares has one vote at the meetings of the General Assembly. Those with more than ten shares have number of votes determined based on the proportion specified above without any limitation.

The Bank's Board of Directors consists of nine members including the CEO. One of the members of the Class (A) is elected by the Prime Minister to represent the General Directorate of Foundations; the other three members of Class (A) and one member of Class (B) and two members of Class (C) are elected by the General Assembly from among the candidates nominated by a majority of their own groups and one member is elected from among the candidates nominated by the shareholders. Class (D) group has priority in determined this member.

One member elected to the Board of Directors by the General Assembly and one member per each of Class (A) and Class (C) groups are independent members. There is not any member on the Board of Directors elected by minority shares.

In the absence of the Bank's CEO, the Deputy CEO is the ex officio member of the Board of Directors. The CEO and the Chairman of the Board of Directors of the Bank cannot be the same person.

Dividend Distribution Policy and Dividend Distribution Timeline

The principles governing the Bank's profit distribution are stipulated in detail in the Articles of Incorporation of the Bank. The Articles of Incorporation of the Bank is made available on the VakifBank website for information and examination of the public and shareholders.

The Board of Directors of VakifBank presents its dividend proposal to the General Assembly and to the information of the shareholders by means of the annual report prior to the General Assembly meeting each year. The dividend distribution proposal of the Board of Directors is discussed and resolved at VakifBank's General Assembly meeting.

The dividend distribution approved by the General Assembly of VakifBank is performed within the timeline specified by legislation.

However, at the 55th. General Assembly held in 2009, it is resolved that the Bank would not distribute dividend from the profit amount of 2008.

Transfer of Shares

The shares are divided into Class (A), (B), (C), and (D) groups and all of them are registered shares.

The Council of Ministers is authorized to sell and to determine the procedures and principles about the sale of Class (A)

shares of the Bank as well as the Class (B) shares owned by the foundations that are represented by the General Directorate of Foundations.

There is no provision in VakifBank's Articles of Incorporation limiting the transfer of remaining Class (B) shares (shares owned by foundations that are not controlled by the General Directorate of Foundations), or the shares representing Class (C) and (D) groups.

However, VakifBank's Board of Directors is authorized to convert Class (B) shares that are owned by registered and added foundations (upon the consent of the General Directorate of Foundations) as well as Class (C) shares into Class (D) shares upon the demand of the shareholders.

II - PUBLIC DISCLOSURE AND TRANSPARENCY

VakifBank's Information Disclosure Policy

VakifBank's Information Disclosure Policy was approved by the Board of Directors on March 19, 2009 and was announced to the public. The mentioned Information Disclosure Policy is available on the www.vakifbank.com.tr website.

The following categories of information are disclosed to the public within the scope of the Bank's information disclosure policy:

- Announcement of issues (agenda, proxy, invitation to shareholders) to be discussed at the General Assembly meeting via the press and Internet,
- Making the mandatory announcements via the Trade Registry Gazette of Turkey and daily

newspapers for changes in Articles of Incorporation, General Assembly meetings, capital increases and dividend payments,

- In accordance with the Banking Regulation and Supervision Agency (BRSA) regulations; the annual report is prepared with the statutorily required information and announcements prior to the General Assembly meeting each year, provided to the shareholders for their examination, published on the Bank's website (<http://www.vakifbank.com.tr>) and hard copies are made available by the Investor Relations Group upon request or at the Bank's branches,
- Disclosure of the Bank's dividend policy via the Istanbul Stock Exchange (ISE) and the Bank's website,
- Submitting quarterly unconsolidated and consolidated financial statements and notes to these statements prepared in accordance with BRSA regulations as well as the independent audit report to the ISE within the statutorily stipulated timeline and publishing these reports and information on the Bank's website,
- Timely submission of Material Disclosures to the ISE as required by Capital Markets Board (CMB) regulations,
- The Bank makes press releases via the print or visual media when necessary. These print or visual media press releases can only be prepared by the Chairman of the Board of Directors, the CEO, the Deputy CEO or a person officially authorized by either one of them.

Material Disclosures

Pursuant to the Communiqué on the Principles Regarding the Public Disclosure of Material Events issued by the Capital Markets Board, 47 material disclosures were made in 2009 pertaining to issues affecting the Bank or the Bank's operations.

The material disclosures that are prepared and made centrally by the Investment Banking Group are also forwarded regularly to the overseas-based fund managers, institutional investors and other investors via e-mail by the International and Investor Relations Group. The Bank did not receive any request for supplemental material disclosures from the Istanbul Stock Exchange with respect to its material disclosures.

No sanctions were imposed on the Bank by the Capital Markets Board for non-compliance with material disclosure requirements.

VakifBank Website and Its Content

The Bank's website can be reached at <http://www.vakifbank.com.tr>.

The Investor Relations section of VakifBank's website contains the following information:

Information about the Bank

Shareholding Structure
Board of Directors and Senior Management
VakifBank Articles of Incorporation
VakifBank Charter Act
Credit Ratings
Ethics Principles
Trade Registry Information

Financial Information

Annual Reports
Consolidated Reports
IFRS Reports
Subsidiary Consolidated Balance Sheet for Financial and Non-financial Participations in the BRSA Format

Material Disclosures

Material disclosures made in 2005, 2006, 2007, 2008, 2009.

Corporate Governance Report

Corporate Governance Report

General Assembly

Ordinary General Assembly
Agenda, Invitations to Shareholders, Proxy Forms
General Assembly List of Attendees
General Assembly List of Attendees for 2005, 2006, 2007, 2008, 2009
General Assembly Meeting Minutes
Minutes from 2005, 2006, 2007, 2008, 2009

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News from VakıfBank

Disclosure of Real Person Ultimate Controlling Shareholder(s)

There is no real person controlling shareholder in the Bank. None of the Bank's real person shareholders own more than 5% of the Bank's outstanding shares.

The shareholding structure of the Bank is published in the annual reports and the website.

Public Disclosure of Persons with Access to Inside Information

Pursuant to Article 73 of the Banking Law; banks' partners, Members of their Board of Directors, their relatives and persons assigned to act on behalf of them are prevented from disclosing the secrets about the banks and their clients that they learn as a result of their positions and duties to any parties other than the people and entities that are clearly authorized by law in this respect.

Information about the Bank's financial, economic, credit and cash position that are known by the members of the Bank's executive and audit functions, their relatives and other officials consist of;

- Bank's customer potential,
- names of its customers,
- lending, deposit collection and strategic management principles,
- information that would potentially harm the Bank's competitive position if it were acquired by its rivals and thus that should not be disclosed to third parties or to the public,
- research and product development initiatives,

- operating strategy, pricing policy and marketing tactics,
- all information, documents, electronic records and data regarding its major contracts and risk positions.

With deference to principles and limitations stipulated in the Banking Law and other laws, Bank's secrets cannot be revealed, used or given to third parties by the Bank's official bodies and their officers. This responsibility continues after the termination of employment.

The Bank prepared a list of individuals who work for the Bank pursuant to an employment contract or other means and have regular access to insider information, updates this list when there is change and stands ready to send the list to the Capital Markets Board and the Istanbul Stock Exchange. This list kept confidential for at least eight years.

A separate list of persons with access to insider information is not disclosed. The members of the Board of Directors and members of the senior management who can be in that position are listed in the annual reports and on the Bank's website.

III – STAKEHOLDERS

Disclosure of Information to Stakeholders

VakıfBank stakeholders and investors are informed in accordance with the public disclosure principles.

Information requests, wishes and complaints of customers about the Bank's products and as well as customers' problems are tended to and resolved by all units of the Bank in the most effective manner.

An Information System Portal was created for providing information to the employees. All of the announcements were migrated to a system-based format by means of this portal, which is an intra-Bank information sharing system. Since access to all information within the company is available over the system, employees can reach any information they need quickly and from various points in the most efficient manner. Therefore, this platform enhances employee satisfaction as well as preventing loss of time and effort. VakıfBank's purpose in launching this portal was to cut costs and achieve faster communication.

Stakeholder Participation in Management

The Bank's stakeholders are represented in its management as stipulated in the Articles of Incorporation as follows:

The Bank's Board of Directors consists of nine members including the CEO. One of the members of the Class (A) is elected by the Prime Minister to represent the General Directorate of Foundations; the other three members of Class (A) and one member of Class (B) and two members of Class (C) are elected by the General Assembly among the candidates nominated by the majority of their own groups and one member is elected amongst the members nominated by the shareholders; the latter member is determined taking into consideration the preferences of Class (D) group. Three of the nine Members of the Board of Directors are elected as independent members.

The employees and pensioners of VakıfBank participate in the management by means of the Türkiye Vakıflar Bankası T.A.O. Employees Pension and Health Benefits Fund Foundation, which owns 16.10% of the Bank's share capital.

Activities toward enhancing the communication among the Bank's personnel are carried out with the purpose of establishing efficient and productive work relations and creating team spirit among the employees of the Bank. Participation in management is always encouraged and the employees are provided with means and opportunities to have access to and to express their wishes and recommendations to the senior management. To this effect, an e-mail address was created as part of the Bank's restructuring efforts in order to enable all employees at every level and with any title to participate in the Bank's management with the purpose of ensuring efficiency in the implementation of restructuring operations and increasing productivity, effectiveness and performance. The suggestions submitted to this e-mail address are examined and evaluated.

Human Resources Policy

Aware of the fact that the success of the growth strategy it has adopted in the recent years, the successful completion of the still ongoing restructuring project and the achievement of the predetermined targets are mostly

dependent on the human resources; the Bank is continuously undertaking improvement efforts in the recruitment, promotion, performance evaluation, career planning and training processes.

VakıfBank recruits new personnel in order to meet the personnel needs of the regional directorates, units and branches that are being established as part of its restructuring project. The Bank accepts applications from candidates with degrees from four-year banking-related departments and institutes of Turkey's leading universities; candidates who try to improve themselves, hold advanced degrees, and are fluent in foreign languages are preferred. Separate examinations are conducted for recruiting for positions such as inspector, financial analyst and specialist that require specific specialization. The functioning of the Bank's recruitment process and necessary qualifications are clearly stipulated in personnel by-laws.

The Bank has career advancement plans for all of its employees; career steps and the required qualifications are stipulated in personnel by-laws. The promotions of employees are made in accordance with these predetermined plans.

As part of the restructuring project, performance evaluations of branch employees who have assumed TPY (Commercial Portfolio Manager) and BPY (Individual Portfolio Manager) roles are conducted; in addition, performance evaluations of the branches, regional directorates and the head office are conducted separately and performance-based bonuses are given to the Bank's personnel.

Furthermore, an appraisal of record model is currently being devised for measuring the performance of the personnel based on objective criteria, determining their qualifications and the fields in which they can be productive and evaluating their productivity by the fields in which they work; the Bank's aim is to assess its employees from every aspect.

The training needs of the personnel are analyzed and training programs that will meet the training needs and requests of all of the employees are developed and conducted.

The Bank's personnel are subject to the provisions and principles of private law and their employment is governed by the provisions of the Labor Law No. 4857, which is still in force. The Bank's personnel are unionized and they are members of the Union of Bank and Insurance Workers (BASS). The employment conditions of the personnel are determined by the Collective Bargain Agreements (TIS) concluded between the Bank and this union. Currently, the 19th Period TIS, which is effective between May 1, 2009 and April 30, 2011, is in force.

The relations between the employees and the employer are conducted by means of the managers and representatives of this union.

Requests and complaints of the Bank's employees regarding their working conditions, benefits, duties and

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responsibilities are transmitted to the employer via the union representatives and followed up closely. The full names and positions of the union administrators are listed below.

Name & Surname Title

Turgut YILMAZ	President
Erol DEMİR	General Secretary
Salih KALFA	General Secretary of Education
Mustafa EREN	General Secretary of Finance
Gökhan EYGÜN	General Secretary of Organization

This union also has branch offices at the regional directorates and representatives at all branches and units of the Bank.

Relations with Customers and Suppliers

A "Customer Problems Solution Centre" unit was established within the Bank in order to ensure customer satisfaction. This unit can be reached on the Internet and all requests, complaints or gratifications about the Bank's products and services can be transmitted to the related unit via e-mail. Furthermore, clients can resolve all of their banking transactions with a single call through the Vakıfbank-724 branch via by dialing 444 0 724.

All practices regarding the suppliers are conducted in accordance with the Labor Law and other legislation. The recruitment, promotion and dismissal policies are documented in writing in the personnel by-laws.

Social Responsibility

As the economic crisis devastated the entire world in 2009; VakıfBank, one of Turkey's leading banks, performed at a high level and launched many important products and services for its retail and commercial customers.

In addition to its solid market position in the banking industry, VakıfBank conducted sponsorship activities in social initiatives including sports, culture, arts, education and finance in 2009; the Bank assumed all financial and non-financial responsibility to ensure successful execution of these projects. These sponsorship initiatives consisted of regional support projects as well as activities concerning the overall public.

Taking pride providing services that contribute to the development of the Turkish economy as well as its integration with the global economy, VakıfBank also focused on promoting Turkey and the Turkish banking industry internationally in 2009 and carried out sponsorship activities and organizations toward increasing the Bank's visibility on the international platform as well.

VakıfBank proved its support for the arts once again by opening 65 exhibitions throughout 2009 at art galleries in Ankara and Istanbul. The Bank also provided all kinds of support and opportunities for the continued activities of the Turkish Art Music and Turkish Folk Music choirs comprised entirely of VakıfBank employees.

Complementing its support for other social fields by its support for the sports, VakıfBank provided all kinds of support to the efforts of the VakıfBank Güneş Sigorta Ladies Volleyball Team, which had countless major accomplishments over the previous years in Turkey and in Europe and became the pride of VakıfBank with the European championship it won. The Bank also participated in other sports activities that were of national interest as a sponsor.

IV – BOARD OF DIRECTORS

Structure, Composition and Independent Members of the Board of Directors

Name & Surname	Position	Start of Service
Yusuf Beyazıt	Chairman of the Board of Directors Member of the Board of Directors (A) (Credit Committee Alternate Member)	April 30, 2004 (March 21, 2003)* March 31, 2006
Ragıp Doğu	Deputy Chairman of the Board of Directors Member of the Board of Directors (A) (Audit Committee Member)	March 31, 2006 (April 6, 2005)* April 7, 2009
Bilal Karaman	CEO Ex Officio Member of the Board of Directors	June 22, 2005 (May 4, 2004)*
Halim Kanatçı	Member of the Board of Directors (A) (Credit Committee Alternate Member)	April 28, 2009 April 30, 2009
İsmail Alptekin	Member of the Board of Directors (A)- Independent (Corporate Governance and Nominating Committee Member)	April 6, 2009 April 7, 2009
Sabahattin Birdal	Member of the Board of Directors (B) (Audit Committee Member)	March 21, 2008 August 21, 2008
Hasan Özer	Member of the Board of Directors (C) (Corporate Governance and Nominating Committee Member)	February 7, 2003 August 21, 2008
Ramazan Gündüz	Member of the Board of Directors (C)- Independent (Credit Committee Full Member)	April 6, 2009 April 7, 2009
Serdar Tunçbilek	Member of the Board of Directors (D)- Independent (Credit Committee Full Member)	July 24, 2007 August 21, 2008

(*) Date of the first appointment to the Bank's Board of Directors

Qualifications of the Members of the Board of Directors

The minimum qualifications required to be eligible to serve on the Bank's Board of Directors are identical to the qualifications stipulated in Articles 3.1.1, 3.1.2 and 3.1.5 of Section IV of Corporate Governance Principles of the Capital Markets Board.

Mission, Vision and Strategic Goals of the Bank

Mission

Recognizing that our focus on people and knowledge is our most valuable asset, our mission is to take modern banking to new levels with new ventures in line with our social banking approach.

Vision

With the products and services we offer as well as the trust we inspire, our vision is to become Turkey's leading bank.

Goals

- Increasing our market share by creating change via the Restructuring Program,
- Ensuring healthy growth,
- Achieving unconditional customer satisfaction,
- Addressing any and all financing needs,
- Adhering to a broad-based deposit policy,
- Developing and launching new products and services,
- Increasing non-interest income,
- Reducing costs,
- Enhancing employee development and motivation while pursuing these goals, since employees are the Bank's most valuable asset.

Risk Management and Internal Control Mechanism

Internal Control

Pursuant to Article 29 of the Banking Law; in order to monitor the risks they are exposed to and to keep these risks under control, banks are obligated to establish and operate an adequate and effective internal control, risk management and internal audit system that is compatible with the scope and

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structure of their operations, that adapts to changing conditions and that covers all branches and consolidated subsidiaries.

The Bank's internal control activities are executed under the supervision of the Audit Committee, which consists of certain members of the Board of Directors.

The Bank conducts its internal control activities within the framework of the provisions of Regulation on Banks' Internal Systems, which was published at the Official Gazette of Turkey No. 26333, dated November 1, 2006, regarding internal control, risk management and internal audit systems of the banks.

The internal control system was formulated from the procedures, principles and methods put forth by the Internal Control Department. It was structured to ensure that the Bank's activities are conducted in line with Bank's internal rules and regulations, external legislation and regulations, as well as the Bank's strategies, policies, principles and targets; account and record-keeping system is functioning reliably; and financial and operational risks are kept at a manageable level.

In this scope, systems were created so as to prevent errors and fraud by way of implementation procedures, business flows, separation of authorities, duties and responsibilities, authorization and approval mechanisms, cross checks, signature authorities, rules geared toward safeguarding cash and countable securities, and systematic self controls.

Necessary updates are performed in line with changing needs and circumstances.

The internal control system prevents flawed operation of implementation processes and systems, while protecting the Bank from financial losses and legal sanctions due to personal errors and fraud.

The operation, adequacy and effectiveness of the internal control system executed by the Internal Control Department are audited and reported by the Board of Internal Auditors.

Risk Management

Pursuant to Regulation on Banks' Internal Systems; the Board of Directors is responsible for the development of internal systems and ensuring effective, adequate and appropriate operation of these systems.

In this context; Board of Internal Auditors, Internal Control Department and Risk Management Department were created such that the duties and responsibilities of each are clear, there is no conflict of duties between them and they will work together in a coordinated fashion.

Structured to report directly to the Board of Directors via an Audit Committee member, the Risk Management Department operates in accordance with local legislation and international regulations and standards.

Authorities and Responsibilities of the Members of the Board of Directors and the Executives

The duties, authorities and responsibilities of the members of the Bank's Board of Directors are specified in Articles 56 and 59 of the Bank's Articles of Incorporation in accordance with the principles determined as per the provisions of the Turkish Commercial Code and the Banking Law.

Operating Principles of the Bank's Board of Directors

The Bank's Board of Directors is obliged to convene no fewer than twice a month upon the invitation of the Chairman or the request of at least two members as required by the Bank's operations and business. However, in the case that there are no issues to be discussed in the agenda, the meeting can be postponed for one time only upon the approval of the Chairman (Article 53 of the Bank's Articles of Incorporation).

The meeting agendas are set according to the memorandums received from the Head Office departments; reports requested by the Board of Directors from the Bank's executives and various issues brought up by the Members of the Board are discussed during the meetings. The agenda and the related documents are distributed to the members before the meeting.

The information and communication services for the Members of the Bank's Board of Directors are carried out by the Board of Directors' Office.

The Board of Directors held 36 meetings in 2009. All of the opinions and objections expressed by the members during the meetings of the Board of Directors are recorded in the minutes. The members participate in person at the meetings where issues specified in Article 2.174 of Section IV of Corporate Governance Principles published by the Capital Markets Board are to be discussed.

Prohibition from Doing Business or Competing with the Bank

Pursuant to Article 60 of the Bank's Articles of Incorporation, the members of the Board of Directors cannot be engaged in any business relationship with the bank directly or indirectly for themselves or on behalf of others or become an executive member of any other company or institution doing business with the Bank without the permission of the Bank's General Assembly.

Ethics Rules

Embracing the principles of preventing unfair competition and maintaining stability and confidence in the banking industry, increasing the service quality, and maintaining the existing distinguished image of the banking profession in the society; the Bank's Board of Directors has adopted the Banking Ethics Rules that were formulated by the Banks Association of Turkey with resolution No. 74205 dated February 16, 2006 and committed to adhere to these principles. This resolution was approved at the Bank's General Assembly held on March 31, 2006.

Number, Structure and Independence of the Committees established by the Board of Directors

Audit Committee, Credit Committee and Corporate Governance and Nominating Committee were formed from among the members of the Board of Directors in accordance with the Banking Law No. 5411, the Regulation on the Banks' Corporate Governance Principles issued by BRSA (Banking Regulation and Supervising Agency), the Corporate Governance Principles issued by CMB (Capital Markets Board) and the Bank's Articles of Incorporation.

The Audit Committee consists of Ragıp Doğu, who was appointed on April 6, 2005, and Sabahattin Birdal, whose service commenced on March 21, 2008. The Audit Committee convenes at the times specified by the Chairman of the Audit Committee at least twice a year without exceeding six months between meetings.

The Credit Committee consists of two full and two alternate members. Ramazan Gündüz and Serdar Tunçbilek

are the full members whereas Yusuf Beyazıt and Halim Kanatçı are the alternate members. The Credit Committee convenes every 15 days in general but holds extraordinary meetings in case of emergencies. The date of meeting is determined by the CEO according to the number and the urgency of the items on the agenda received by the secretariat of the meeting.

The Corporate Governance and Nominating Committee consists of Hasan Özer and the Independent Board Member İsmail Alptekin. The Corporate Governance and Nominating Committee convenes at the dates specified by the Committee Chairman at least twice a year, generally every three months but not to exceed six months between meetings.

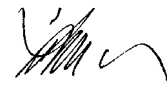
Remuneration to the Board of Directors

The Chairman, Deputy Chairman and the Members of the Board of Directors receive an annual salary determined by the General Assembly every year.

Yours sincerely;



İsmail ALPTEKİN
Member of the Corporate
Governance and Nominating
Committee



Hasan ÖZER
Member of the Corporate
Governance and Nominating
Committee

Assessment of the Functioning of Internal Systems and Activities Performed during the Year

Audit activities in 2009 consisted of on-site audits, central audits and information technology application audits.

The audit of the units that are responsible for the operation of the Bank's internal systems are performed within the framework of the Regulation on Banks' Internal Systems that was published by the Banking Regulation and Supervision Agency on November 1, 2006, under the direct oversight of the Board of Directors via the Audit Committee and in a way to cover all operations of the Bank.

Internal Audit Activities

In line with the Internal Audit Plan for 2009, audit activities in 2009 consisted of on-site audits, central audits and information technology application audits.

As part of the on-site audit activities in 2009; operations of 417 branches, nine subsidiaries, 27 Head Office units, two overseas branches and one overseas subsidiary were audited with respect to whether these operations were performed in line with the Banking Law and other laws and regulations as well as the Bank's internal strategies, policies, principles and targets. Within the scope of Article 32 of the Regulation on Banks' Internal Systems, monitoring activities were carried out regarding the issues that were brought up in auditors' reports following the audits and conveyed by the Board of Internal Auditors to the Executive Vice Presidents and/or Head Office Units authorized to take necessary corrective measures.

As part of the information technology (IT) application audits in 2009; application audits of six head office departments as well as the audit of application development processes administered by the Bank's information technology departments were conducted.

In line with the regulations of the Banking Regulation and Supervision Agency as well as the risk-based periodic audit vision, the Board of Internal Auditors focused on central audit activities. The enquiries formulated as part of the central audit were revised in 2009 based on the Bank's restructuring efforts. In this respect; similar enquiries were merged into a single enquiry, enquiries that were deemed inefficient were eliminated, actions were taken to accelerate the controls of the enquiries and the audits of branches and units that carry higher risk were given higher priority. The effectiveness of the coordination between the internal audit and internal control functions was enhanced by allowing Internal Control employees access to central audit findings regarding their branches via the audit portal that is created and kept current by the central audit staff.

Efforts were expended to correct the deficiencies identified during these audits and to eliminate or insure the Bank's losses resulting from operational risks. In addition, the necessary survey and investigation reports about the responsible parties were generated and submitted for the information of the senior management along with recommendations to prevent similar risk-bearing activities.

As part of the compliance audits; all operations, new transactions and products developed or planned by the Bank were assessed for compliance with the Banking Law, other legislation, Bank's internal policies and rules and banking trends and the conclusions reached were reported.

Internal Control Activities

In 2009;

- Branch operations were reviewed with a risk management approach with special emphasis on operational and financial results; risky areas were monitored with more effective control methods.
- Detailed inspections and physical document controls were performed for branch transactions that were identified as carrying high risk potential by the Internal Audit Unit.
- Processes and systems for new products and services were assessed and controlled before they were launched. Internal control areas and methods were updated based on changing implementation processes.
- Operational errors and deficiencies that were identified during the internal control activities were first shared with the employees who perform the tasks; it was ensured that supplementary and preventative measures were taken rapidly. The operational errors and deficiencies that were not fixed were mentioned in reports and were recorded in the database with predetermined codes. An assessment of the data quantified in this database was performed, and a report was created and submitted to the senior management featuring the frequent operational errors and deficiencies as well as opinions and recommendations regarding process improvements for the elimination of these errors and deficiencies.

- Major rule violations, transactions that caused the Bank to incur losses, as well as fraudulent transactions and transactions that create liability were reported to the Board of Internal Auditors.

In 2010, the Internal Control Department aims to conduct risk monitoring activities based on a database created from financial and operational risk data, prepare reports from risk measurement results, focus on the control activities toward selected risky areas at the branches, and develop effective internal control methods that yield faster results.

Risk Management Activities

VakifBank conducted its risk management initiatives in 2009 in light of risk management policies that were approved by the Board of Directors as well as the laws and regulations and international practices.

The global crisis and its repercussions were monitored closely during this period; scenario analyses were performed regarding the impacts of economic developments and outlook on capital adequacy standard ratio as well as the impacts of potential economic changes and legislative/regulatory activity on liquidity, credit and market risks. Structural interest rate risk was also monitored closely through gap/duration analyses and standard interest rate shock analyses.

The research findings that are reported to the Audit Committee and the Bank's Senior Management are also discussed at the Asset-Liability Management Committee meetings.

During this period, concentration limits that were set to ensure that risks are kept below some threshold levels as well as the Market Risk Management Policy Document, New Product Development

Directive and Operational Risk Framework were reviewed and updated. In addition, the Bank undertook efforts to determine the limits based on value at risk (VaR) that is calculated with the historical simulation method and VaR-based limit.

As part of operational risk management initiatives, the Bank began collecting operational risk loss and potential risk data that have the capability to allow the application of advanced measurement approaches. Currently, the Bank has eight years of operational risk data. Operational loss data were analyzed in order to identify the risk factors and the findings were reported to the management levels of the Bank. The efforts to improve the technical infrastructure of the database and to convert it into a web-based platform are at the final stages.

The Impact Analysis work being conducted at the Head Office units are still ongoing. As part of this effort; business processes are analyzed, ineffective and inadequate controls are identified and necessary measures are planned to keep operational risks under control.

The operational risk management approach of the Bank is to create a forward-looking control culture that encourages all employees to identify and assess the risks in their tasks, report the risk-related issues to their managers, and take the necessary steps to make the control function more effective. The Impact Analysis efforts within this scope are performed in working group meetings with a method that allows employees to evaluate themselves.

In addition to impact analysis work, as part of the information systems risk management initiative, the Bank is conducting efforts for determining the recovery time objective (RTO) and recovery point objective (RPO) for the information

systems in business processes, determining alternative systems and analyzing the impacts of risks that may arise.

The Risk Management Department's activities in compliance with Basel II and the European Union capital adequacy regulations and developing the risk management applications in accordance with international best practices are still ongoing.

Legal Compliance Activities

As part of the Bank's compliance efforts with the Law No. 5549 on Prevention of Laundering of Criminal Proceeds and related regulations, the Bank's Board of Directors established the Legal Compliance Department with its resolution dated January 22, 2009 in an attempt to fight more effectively against the laundering of criminal proceeds and to prevent the use of the financial system by criminals.

The Department drafted VakifBank's Policy on Preventing the Laundering of Criminal Proceeds and the Financing of Terrorism; this policy was approved by the Board of Directors and became effective as of May 14, 2009.

In addition, VakifBank employees attend training sessions on this issue organized by the Financial Crimes Investigation Board (MASAK) of the Ministry of Finance of Turkey as well as by the Banks Association of Turkey. The Bank also puts together internal training programs on the issue with the joint effort of the Legal Compliance Department and the Training Department. In addition, the Bank is represented at the MASAK working group of the Banks Association of Turkey.

Risk Management Policies by Types of Risk

Market Risk: Market risk exposure occurs as a result of the changes and fluctuations that may occur in the foreign exchange rates, interest rates and stock prices. The market risk exposure of the Bank stemming from its trading activities is measured and monitored using the standard method and internal models in parallel to the local and international practices.

The market risk measurement results that are calculated as of the end of each month using the standard method within the framework of the provisions of "Regulation on the Measurement and Assessment of Banks' Capital Adequacy" are reported monthly to the Bank's Senior Management and the Banking Regulation and Supervising Agency.

In addition, Historical and Monte Carlo Simulation methods are used for internal model-based VaR calculations. These two methods meet the needs of the Bank considering the composition of the Bank's portfolio and the market environment in Turkey.

VaR is calculated daily with the use of one-tail 99% confidence interval and scaled to 10 business days on the basis of the square-root-of-time rule. The historical time period used in VaR calculation is one year.

The Bank performs daily back testing analyses in order to test the reliability and performance of the model results. Furthermore, scenario analyses and stress tests supporting the standard method and internal models are performed.

Structural Interest Rate Risk: In order to determine the interest rate risk that the Bank may be exposed due to maturity mismatch on its balance sheet, the impacts of liquidity, gap, duration, interest rate sensitivity and interest rate jumps on the returns are analyzed. All analyses are reported to the Board of Directors, Audit Committee and the Bank's Senior Management.

Liquidity Risk: The Bank's approach to liquidity risk management is based on the principle of monitoring the liquidity risk throughout the day on a continuous basis. To this effect, cash inflows and outflows in TL and FX are closely monitored every minute, long-term cash flow tables are created, and scenario analysis and stress tests based on the previous experiences and expectations are performed in order to determine the Bank's resilience against sudden crises. In addition, the bank also adheres to the liquidity-related regulations of the regulatory authorities.

Operational Risk: Operational risk is the possibility of incurring loss that may result from factors such as overlooking the errors and irregularities as a result of the defects in the Bank's internal audits, the failure of the Bank's management and personnel to act timely and in accordance with the market conditions, the judgment errors of the Bank's management, the errors and breakdowns in the information technology systems, the acts of God such as earthquake, fire, flood as well as terror attacks.

Oversight of operational risks is performed by the Board of Internal Auditors and the Internal Control Department whereas the Risk Management Department is responsible for the evaluation and analysis of the data obtained and the creation of the operational risk database. In addition, joint work is conducted with the Board of Internal Auditors to create the "VakıfBank Risk Map".

The operational loss data collected from the Board of Internal Auditors, Internal Control Department, General Accounting and Financial Affairs Department, Human Resources Department, Treasury Operations Department, Credit Cards Department and Banking Operations Department are analyzed regularly by the Risk Management Department and the risk factors that the Bank is exposed during the course of its operations are identified. These findings are reported to the Board of Directors, Audit Committee and the Bank's Senior Management.

Operational Risk Framework is a corporate dictionary that comprehensively defines all major risks the Bank is exposed to by category including some examples. New Product Development Directive identifies the business flow for the design of new products and for revision/improvement efforts in existing products and services as well as duties, authorizations and responsibilities within this flow. Both documents were updated in 2009 as part of risk management initiatives and applications.

In the product development process, risk potential of products are also taken into account when assessing the new product demands of business units and the Risk Management Department develops recommendations to eliminate these risks. Opinions of the Board of Internal Auditors, Internal Control Department, Secure Banking Department and Legal Compliance Department about new products are also solicited.

The operational risk capital requirement is calculated on unconsolidated and consolidated basis within the scope of the Key Indicator Approach pursuant to Regulation on the Measurement and Assessment of Banks' Capital Adequacy that was issued for Basel II compliance; and Value at Operational Risk is reported annually to the Senior Management and the Banking Regulation and Supervision Agency. The Bank's ultimate goal is to use advanced measurement approach in operational risk measurement.

Credit Risk: Credit risk arises from the failure of counterparty to partially or entirely fulfill its commitments in accordance with the requirements of the contract. The credit risk definition of the Bank is based on the credit risk definition of the Banking Law and includes the credit risk of all products and activities.

The findings from analyses of the composition and concentrations of the loan portfolio (type of loan, currency, maturity, sector, geographical region, borrower, holding, group, participation), quality of the portfolio (standard loans, non-performing loans, delinquent loans, and the analysis of the data obtained from the credit rating system), portfolio analysis (duration, average maturity, interest rate sensitivity), and from scenario analyses are reported to the Board of Directors, Audit Committee and the Bank's Senior Management by means of monthly reports and individual reports.

The Bank uses rating and scoring models for assessing the borrower's credit quality. The SME Scoring Model was developed and put into practice in 2008. The efforts in creating a Commercial Loan Scoring Model have reached software development stage. Efforts to revise the Retail Loan Scoring Model are also currently under way.

In order to determine the risks resulting from concentration of loans and create a balanced loan portfolio, sector-based concentration limits and country risk limits were set. The sector-based concentration limits were updated in 2009 as a result of the limit revision efforts undertaken in 2009 in light of the Bank's credit policy and economic developments.

Implementation of credit risk internal methods in accordance with Basel II and the European Union capital adequacy regulation and the international best practices is considered among the key targets of the Bank's credit risk management initiative.

**Türkiye Vakıflar Bankası
Türk Anonim Ortaklığı
Unconsolidated Financial
Report As at and for the Year
Ended 31 December 2009**
With Independent Auditors' Report
Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci
Mali Müşavirlik AŞ

18 February 2010

This report contains "Independent Auditors'
Report" comprising 2 pages and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 83 pages.



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com.tr

**Convenience Translation of the Auditors' Report
Originally Prepared and Issued in Turkish (See Section 3 Note I)**

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

We have audited the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as at 31 December 2009 and the related unconsolidated statement of income, statement of cash flows, statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

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

The Bank's Board of Directors is responsible for establishing and maintaining an effective internal control system over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidance published by the Banking Regulation and Supervision Agency ("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 audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no. 26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at 31 December 2009 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements and guidance published by the BRSA on accounting and financial reporting principles.

İstanbul,
18 February 2010

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Özkan Genç
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

Adres : Atatürk Bulvarı No:207
Kavaklıdere - Ankara
Telefon : 0312 455 75 75
Fax : 0312 455 76 92
Electronic web site : www.vakifbank.com.tr
Electronic mail address : posta@vakifbank.com.tr

The unconsolidated financial report as at and for the year ended 31 December 2009, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in thousands of Turkish Lira (TL).

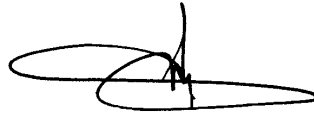
18 February 2010




Yusuf BEYAZIT
Board of Directors
Chairman



Ragıp DOĞU
Board Member
Audit Committee Member



Sabahattin BİRDAL
Board Member
Audit Committee Member



Bilal KARAMAN
General Manager and
Executive Director of the Board



Dr. Metin Recep ZAFER
Executive Vice President



Ş. Mehmet BOZ
Director of Accounting and Financial Affairs

The authorized contact person for questions on this financial report:

Name-Surname/Title : A. Sonat ŞEN/Manager S. Buğra SÜRÜEL/Assistant Manager.
Phone no : 0 312 455 75 66 0 312 455 75 70
Fax no : 0 312 455 76 92 0 312 455 76 92

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

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

SECTION ONE

General Information

I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

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

II. The Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank's risk group

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

As at 31 December 2009 and 2008, the Bank's paid-in capital is TL 2,500,000, divided into 2.500.000.000 shares with each has a nominal value of 1 Turkish Lira.

The Bank's shareholder structure as at 31 December 2009 is stated below:

Shareholders	Number of Shares	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
The General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Foundations (Group B)	387.726.106	387,726	15.51
Other Foundations (Group B)	3.179.731	3,180	0.13
Individuals and legal entities (Group C)	1.862.042	1,862	0.08
Publicly traded (Group D)	629.620.815	629,620	25.18
Total	2.500.000.000	2,500,000	100.00

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2009

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

III. Information on the Bank’s board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the Bank

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking
Board of Directors				
Yusuf BEYAZIT	Chairman	21 March 2003	Master	13 years
Ragıp DOĞU ⁽¹⁾	Deputy Chairman	6 April 2005	University	36 years
Bilal KARAMAN	Member – General Manager	22 June 2005	University	32 years
Hasan ÖZER	Member	7 February 2003	University	25 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	26 years
Sabahattin BİRDAL	Member	21 March 2008	University	25 years
İsmail ALPTEKİN ⁽²⁾	Member	3 April 2009	University	11 years
Ramazan GÜNDÜZ ⁽²⁾	Member	3 April 2009	University	31 years
Halim KANATÇI ⁽³⁾	Member	28 April 2009	University	36 years
Audit Committee				
Ragıp DOĞU ⁽¹⁾	Member	7 April 2009	University	36 years
Sabahattin BİRDAL	Member	21 August 2008	University	25 years
Auditors				
Aydın ŞEÇKİN ⁽⁴⁾	Auditor	25 December 2009	Master	2 years
Faruk EROĞLU	Auditor	21 March 2003	University	10 years

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2009

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking
Executive Vice Presidents				
Tanju YÜKSEL	International Relations and Investor Relations	1 May 2000	University	25 years
Şahin UÇUR	Support Services	9 August 2004	University	24 years
Feyzi ÖZCAN	Retail Banking, Pension Fund, Directorates of the Regions, Distribution Channels, Consumer Loans	20 September 2005	University	20 years
Dr. Metin Recep ZAFER	Accounting and Financial Affairs, Planning and Performance, Human Resources, Investment Banking and Subsidiaries	13 June 2006	PHD	14 years
Birgül DENLİ	Treasury	15 June 2006	Master	16 years
İhsan ÇAKIR	Commercial Banking, Corporate Banking, Corporate Communication, Corporate Salary Payments and Commercial Centers	30 November 2007	University	14 years
Dr. M. Kürşad DEMİRKOL	Software Development, Treasury and Foreign Operations, Banking Support, Ebis Operations, Ebis Support and Work Analysis, Alternative Distribution Channels Operations	3 December 2007	PHD	9 years
Mehmet CANTEKİN	Loans Follow-up	28 December 2007	Master	17 years
Ömer ELMAS ⁽⁵⁾	Legal Services	5 January 2009	Master	8 years

⁽¹⁾ As per the 7 April 2009 dated resolution of the Board of Directors, Rağıp Doğu, the deputy chairman of the Board of Directors has also been appointed as a member of the Audit Committee of the Bank.

⁽²⁾ As per the resolution of 55th Annual General Assembly held on 3 April 2009, İsmail Alptekin and Ramazan Gündüz have been appointed as the member of the Bank's Board of Directors and have taken up their duties on the same date.

⁽³⁾ Halim Kanaatçı has been appointed as the member of the Board of Directors representing The General Directorate of the Foundations (A Group Shareholder), as per the article 15 of the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and has taken up his duty on 28 April 2009.

⁽⁴⁾ Ahmet Tanyolaç, who had been appointed as a member of Audit Committee representing Group (A) as per the resolution of 55th Annual General Assembly held on 3 April 2009, has resigned on 25 December 2009 and Aydın Seçkin, who had been an associate member of Audit Committee as per the same resolution the General Assembly, has taken up his duty as member of Audit Committee.

⁽⁵⁾ As per the 20 November 2008 dated resolution of the Board of Directors, Ömer Elmas has been appointed as Executive Vice President in charge of Legal Services and has taken up his duty on 5 January 2009.

Doğan Pençe, who had been the Executive Vice President in charge of Corporate Loans and Directorates of Information, has resigned on 10 December 2009; and, after his resignation, the responsibilities of Corporate Loans and Directorates of Information has been temporarily taken up by the General Manager of the Bank.

Cem Demirağ, who was also the member of Audit Committee of the Bank, Erkan Topal, and Mehmet Çekinmez were resigned from their responsibilities in the Bank after they had completed their Board membership period.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2009

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

Hasan Özer, the member of the Bank's Board of Directors, holds a C group non-admissioned share of the Bank amounting of TL 0.60. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

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

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 43.00% of the Bank's outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Bank.

V. Information about the services and nature of activities of the Bank

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

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

As at 31 December 2009, the Bank has 543 domestic, 2 foreign, in total 545 branches (31 December 2008: 523 domestic, 2 foreign, in total 525 branches). As at 31 December 2009, the Bank has 10.153 employees (31 December 2008: 9.567 employees).

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 31 DECEMBER 2009

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

ASSETS	Notes	Audited Current Year 31 December 2009			Audited Current Year 31 December 2008		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	1,656,694	1,392,941	3,049,635	825,741	1,279,045	2,104,786
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	698	38,123	38,821	6,901	40,146	47,047
2.1 Financial assets held for trading purpose		698	38,123	38,821	6,901	40,146	47,047
2.1.1 Debt securities issued by the governments		-	17,297	17,297	-	15,634	15,634
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading purpose	V-I-2	698	20,826	21,524	6,901	24,512	31,413
2.1.4 Other securities		-	-	-	-	-	-
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Debt securities issued by the governments		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.2.4 Loans		-	-	-	-	-	-
III. BANKS	V-I-3	245,530	2,493,028	2,738,558	2,648	2,554,652	2,557,300
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		3,400,614	-	3,400,614	3,201,333	-	3,201,333
4.1 Interbank money market placements		3,400,614	-	3,400,614	3,201,333	-	3,201,333
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	12,753,102	2,212,777	14,965,879	6,397,648	1,583,997	7,981,645
5.1 Equity securities		-	10,750	10,750	9,181	10,750	19,931
5.2 Debt securities issued by the governments		12,753,102	2,175,301	14,928,403	6,388,467	1,566,288	7,954,755
5.3 Other securities		-	26,726	26,726	-	6,959	6,959
VI. LOANS AND RECEIVABLES	V-I-5	23,761,896	10,810,759	34,572,655	19,512,373	10,989,926	30,502,299
6.1 Performing loans and receivables		23,627,978	10,810,759	34,438,737	19,427,285	10,989,926	30,417,211
6.1.1 Loans provided to the Bank's risk group	V-VII-1	440,589	148,790	589,379	74,388	60,510	134,898
6.1.2 Debt securities issued by the governments		-	-	-	-	-	-
6.1.3 Others		23,187,389	10,661,969	33,849,358	19,352,897	10,929,416	30,282,313
6.2 Loans under follow-up		2,118,967	-	2,118,967	1,455,822	-	1,455,822
6.3 Specific provisions (-)		1,985,049	-	1,985,049	1,370,734	-	1,370,734
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	2,075,831	1,422,642	3,498,473	1,915,921	1,555,417	3,471,338
8.1 Debt securities issued by the governments		2,075,831	1,386,876	3,462,707	1,915,921	1,520,332	3,436,253
8.2 Other securities		-	35,766	35,766	-	35,085	35,085
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	142,008	-	142,008	56,780	-	56,780
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		142,008	-	142,008	56,780	-	56,780
9.2.1 Financial associates		134,414	-	134,414	49,186	-	49,186
9.2.2 Non-Financial associates		7,594	-	7,594	7,594	-	7,594
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	446,091	100,158	546,249	382,431	100,158	482,589
10.1 Unconsolidated financial subsidiaries		301,369	100,158	401,527	235,100	100,158	335,258
10.2 Unconsolidated non-financial subsidiaries		144,722	-	144,722	147,331	-	147,331
XI. INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES	V-I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	V-I-12	1,082,464	655	1,083,119	983,954	716	984,670
XV. INTANGIBLE ASSETS (Net)	V-I-13	43,549	-	43,549	30,774	-	30,774
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		43,549	-	43,549	30,774	-	30,774
XVI. INVESTMENT PROPERTIES (Net)	V-I-14	-	-	-	-	-	-
XVII. TAX ASSETS		79,899	-	79,899	86,057	-	86,057
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	V-I-15	79,899	-	79,899	86,057	-	86,057
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-16	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-17	450,926	187,257	638,183	372,956	313,919	686,875
TOTAL ASSETS		46,139,302	18,658,340	64,797,642	33,775,517	18,417,976	52,193,493

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AT 31 DECEMBER 2009

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

	Notes	Audited Current Year 31 December 2009			Audited Current Year 31 December 2008		
		TL	FC	Total	TL	FC	Total
LIABILITIES AND SHAREHOLDERS' EQUITY							
I. DEPOSITS	V-II-1	31,720,631	12,931,092	44,651,723	25,420,833	11,699,444	37,120,277
1.1 Deposits of the Bank's risk group	V-VII-1	1,484,393	112,275	1,596,668	1,325,732	123,825	1,449,557
1.2 Other deposits		30,236,238	12,818,817	43,055,055	24,095,101	11,575,619	35,670,720
DERIVATIVE FINANCIAL LIABILITIES HELD FOR							
II. TRADING PURPOSE	V-II-2	9,549	30,259	39,808	5,551	21,576	27,127
III. FUNDS BORROWED	V-II-3	43,875	4,322,235	4,366,110	74,719	5,695,675	5,770,394
IV. INTERBANK MONEY MARKET		4,640,658	1,502,724	6,143,382	1,023,695	663,407	1,687,102
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Obligations under repurchase agreements		4,640,658	1,502,724	6,143,382	1,023,695	663,407	1,687,102
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		83,383	-	83,383	99,056	-	99,056
6.1 Funds against borrower's note		-	-	-	-	-	-
6.2 Others		83,383	-	83,383	99,056	-	99,056
VII. MISCELLANEOUS PAYABLES		808,982	50,503	859,485	525,088	71,150	596,238
VIII. OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	152,235	148,149	300,384	116,652	234,306	350,958
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES	V-II-5	-	-	-	-	16,427	16,427
10.1 Finance lease payables		-	6	6	-	16,947	16,947
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred finance leasing expenses (-)		-	6	6	-	520	520
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	787,429	20,926	808,355	653,999	20,508	674,507
12.1 General provisions		319,100	3,889	322,989	253,982	4,925	258,907
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		295,632	-	295,632	261,621	-	261,621
12.4 Insurance technical provisions (Net)		-	-	-	-	-	-
12.5 Other provisions		172,697	17,037	189,734	138,396	15,583	153,979
XIII. TAX LIABILITIES	V-II-8	160,238	3,833	164,071	177,913	2,495	180,408
13.1 Current tax liabilities		160,238	3,833	164,071	177,913	2,495	180,408
13.2 Deferred tax liabilities	V-I-15	-	-	-	-	-	-
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	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY		7,226,323	154,618	7,380,941	5,683,305	(12,306)	5,670,999
16.1 Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2 Capital reserves		1,202,442	154,618	1,357,060	909,517	(12,306)	897,211
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	410,856	154,618	565,474	120,115	(12,306)	107,809
16.2.4 Revaluation surplus on tangible assets		1,138	-	1,138	25	-	25
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		66,530	-	66,530	65,459	-	65,459
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		2,272,675	-	2,272,675	1,520,590	-	1,520,590
16.3.1 Legal reserves		353,012	-	353,012	279,893	-	279,893
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		1,713,233	-	1,713,233	1,056,276	-	1,056,276
16.3.4 Other profit reserves		206,430	-	206,430	184,421	-	184,421
16.4 Profit or loss		1,251,206	-	1,251,206	753,198	-	753,198
16.4.1 Prior years' profit/loss		-	-	-	-	-	-
16.4.2 Current year's profit/loss		1,251,206	-	1,251,206	753,198	-	753,198
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		45,633,303	19,164,339	64,797,642	33,780,811	18,412,682	52,193,493

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED OFF BALANCE SHEET ITEMS

AT 31 DECEMBER 2009

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

	Notes	Audited Current Year 31 December 2009			Audited Current Year 31 December 2008		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		13,306,535	6,813,589	20,120,124	9,670,279	7,131,591	16,801,870
I. GUARANTEES AND SURETIES	V-III-2-4	4,294,507	4,799,725	9,094,232	3,449,407	4,561,670	8,011,077
1.1 Letters of guarantee		4,287,299	1,818,278	6,105,577	3,449,407	2,063,290	5,512,697
1.1.1 Guarantees subject to State Tender Law		856,655	555,653	1,412,308	553,624	767,022	1,320,646
1.1.2 Guarantees given for foreign trade operations		161,158	-	161,158	183,909	159	184,068
1.1.3 Other letters of guarantee		3,269,486	1,262,625	4,532,111	2,711,874	1,296,109	4,007,983
1.2 Bank acceptances		-	436,822	436,822	-	513,161	513,161
1.2.1 Import letter of acceptance		-	45,760	45,760	-	192,409	192,409
1.2.2 Other bank acceptances		-	391,062	391,062	-	320,752	320,752
1.3 Letters of credit		4,130	2,522,041	2,526,171	-	1,970,897	1,970,897
1.3.1 Documentary letters of credit		4,130	2,522,041	2,526,171	-	1,970,897	1,970,897
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed pre-financings		-	18,355	18,355	-	13,240	13,240
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Marketable securities underwriting commitments		-	-	-	-	-	-
1.7 Factoring related guarantees		-	-	-	-	-	-
1.8 Other guarantees		-	1,061	1,061	-	1,082	1,082
1.9 Other sureties		3,078	3,168	6,246	-	-	-
II. COMMITMENTS		7,825,442	237,385	8,062,827	6,060,131	219,160	6,279,291
2.1 Irrevocable commitments		7,817,760	237,385	8,055,145	6,052,395	218,945	6,271,340
2.1.1 Asset purchase commitments	V-III-1	61,292	237,385	298,677	75,063	218,702	293,765
2.1.2 Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitments to associates and subsidiaries	V-III-1	2,001	-	2,001	-	-	-
2.1.4 Loan granting commitments	V-III-1	2,839,123	-	2,839,123	1,273,207	-	1,273,207
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	735,839	-	735,839	1,456,567	-	1,456,567
2.1.8 Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9 Commitments for credit card limits	V-III-1	4,043,910	-	4,043,910	3,050,410	-	3,050,410
2.1.10 Commitments for credit card and banking operations promotions		135,591	-	135,591	197,148	-	197,148
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		4	-	4	-	243	243
2.2 Revocable commitments		7,682	-	7,682	7,736	215	7,951
2.2.1 Revocable loan granting commitments		7,682	-	7,682	7,736	215	7,951
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	1,186,586	1,776,479	2,963,065	160,741	2,350,761	2,511,502
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		1,186,586	1,776,479	2,963,065	160,741	2,350,761	2,511,502
3.2.1 Forward foreign currency purchases/sales		66,090	197,741	263,831	12,529	12,016	24,545
3.2.1.1 Forward foreign currency purchases		33,051	98,888	131,939	6,266	6,008	12,274
3.2.1.2 Forward foreign currency sales		33,039	98,853	131,892	6,263	6,008	12,271
3.2.2 Currency and interest rate swaps		924,063	1,351,804	2,275,867	148,212	2,277,945	2,426,157
3.2.2.1 Currency swaps-purchases		-	721,146	721,146	-	855,118	855,118
3.2.2.2 Currency swaps-sales		447,000	277,484	724,484	-	868,064	868,064
3.2.2.3 Interest rate swaps-purchases		180,959	238,390	419,349	72,059	285,643	357,702
3.2.2.4 Interest rate swaps-sales		296,104	114,784	410,888	76,153	269,120	345,273
3.2.3 Currency, interest rate and security options		196,433	212,034	408,467	-	-	-
3.2.3.1 Currency call options		98,216	106,017	204,233	-	-	-
3.2.3.2 Currency put options		98,217	106,017	204,234	-	-	-
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 Others		-	14,900	14,900	-	60,800	60,800
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		71,982,783	22,062,561	94,045,344	59,877,902	19,836,062	79,713,964
IV. ITEMS HELD IN CUSTODY		15,481,970	408,451	15,890,421	15,408,119	370,231	15,778,350
4.1 Customers' securities held		-	14,493	14,493	-	14,785	14,785
4.2 Investment securities held in custody		13,710,326	3,531	13,713,857	14,312,854	3,602	14,316,456
4.3 Checks received for collection		1,068,035	141,378	1,209,413	522,369	101,000	623,369
4.4 Commercial notes received for collection		270,923	66,382	337,305	213,041	107,369	320,410
4.5 Other assets received for collection		2,152	60	2,212	4,993	860	5,853
4.6 Assets received through public offering		-	4,709	4,709	-	4,798	4,798
4.7 Other items under custody		233,158	57,537	290,695	214,692	29,942	244,634
4.8 Custodians		197,376	120,361	317,737	140,170	107,875	248,045
V. PLEDGED ITEMS		56,500,813	21,654,110	78,154,923	44,469,783	19,465,831	63,935,614
5.1 Securities		981,862	56,793	1,038,655	1,215,495	55,497	1,274,192
5.2 Guarantee notes		261,065	92,769	353,834	748,070	306,292	1,054,362
5.3 Commodities		9,234,986	45,375	9,280,361	7,885,064	30,400	7,915,464
5.4 Warranties		-	-	-	-	-	-
5.5 Real estates		41,580,523	18,625,220	60,205,743	31,640,884	17,194,560	48,835,444
5.6 Other pledged items		3,897,517	2,677,275	6,574,792	2,626,745	1,815,280	4,442,025
5.7 Pledged items-depository		544,860	156,678	701,538	353,525	63,802	417,327
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		85,289,318	28,876,150	114,165,468	69,548,181	26,967,653	96,515,834

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Audited Current Year 31 December 2009	Audited Current Year 31 December 2008
I. INTEREST INCOME		6,403,054	6,413,658
1.1 Interest income from loans	V-IV-1	4,478,413	4,345,633
1.2 Interest income from reserve deposits		112,716	183,970
1.3 Interest income from banks	V-IV-1	10,348	85,422
1.4 Interest income from money market transactions		92,504	82,206
1.5 Interest income from securities portfolio	V-IV-1	1,690,885	1,695,839
1.5.1 Trading financial assets		3,212	22,646
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Available-for-sale financial assets		1,255,380	1,316,295
1.5.4 Held-to-maturity investments		432,293	356,898
1.6 Finance lease income		-	-
1.7 Other interest income		18,188	20,588
II. INTEREST EXPENSE		3,325,629	4,438,967
2.1 Interest expense on deposits	V-IV-2	2,890,805	3,906,897
2.2 Interest expense on funds borrowed	V-IV-2	146,709	232,082
2.3 Interest expense on money market transactions		261,784	227,615
2.4 Interest expense on securities issued	V-IV-2	-	-
2.5 Other interest expenses		26,331	72,373
III. NET INTEREST INCOME (I-II)		3,077,425	1,974,691
IV. NET FEES AND COMMISSIONS INCOME		465,547	466,215
4.1 Fees and commissions received		594,295	633,819
4.1.1 Non-cash loans		71,514	63,026
4.1.2 Others		522,781	570,793
4.2 Fees and commissions paid		128,748	167,604
4.2.1 Non-cash loans		15	10
4.2.2 Others		128,733	167,594
V. DIVIDEND INCOME	V-IV-3	24,265	25,499
VI. TRADING INCOME/LOSSES (Net)	V-IV-4	177,766	89,720
6.1 Trading account income/losses	V-IV-4	123,501	58,962
6.2 Income/losses from derivative financial instruments	V-IV-4	(6,439)	(7,608)
6.3 Foreign exchange gains/losses	V-IV-4	60,704	38,366
VII. OTHER OPERATING INCOME	V-IV-5	311,216	312,704
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		4,056,219	2,868,829
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	981,325	624,319
X. OTHER OPERATING EXPENSES (-)	V-IV-7	1,532,720	1,319,172
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,542,174	925,338
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		1,542,174	925,338
XVI. CONTINUING OPERATIONS PROVISION FOR TAXES	V-IV-11	(290,968)	(172,140)
16.1 Current tax charges		(311,128)	(194,149)
16.2 Deferred tax credits		20,160	22,009
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV±XVI)	V-IV-12	1,251,206	753,198
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES (±)		-	-
21.1 Current tax charge		-	-
21.2 Deferred tax charge		-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-12	1,251,206	753,198
Earnings per share (full TL)	III-XXII	0.5005	0.3013

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN
SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

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

GAINS AND LOSSES RECOGNIZED IN SHAREHOLDERS' EQUITY		Notes	Audited Current Year 31 December 2009	Audited Current Year 31 December 2008
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	V-V-1	400,004	(113,245)
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		125,202	(69,246)
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-V-1	(66,470)	16,210
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY		458,736	(166,281)
XI.	CURRENT YEAR'S PROFIT/LOSS		1,251,206	753,198
11.1	Change in fair value of securities (transfers to the statement of income)	V-V-1	(9,873)	44,324
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		1,261,079	708,874
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE YEAR		1,709,942	586,917

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

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

Notes	Capital Reserves from Inflation Paid-in Capital	Share Premium	Share Cancellation Profits	Less Reserves	Estates Reserves	Other Reserves	Current Year Profit/(Loss)	Price Year Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Intangible Assets and Investments in Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Restriction Surp. on Assets Held for Sale	Shareholders' Minority Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY															
Plan Year - 31 December 2008															
I. Balances at the beginning of the year	2.500.000	723.918		179.631	296.122	148.451	1.030.700	7.886	275.430	25	64.119			5.226.282	
II. Corrections made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Z1. Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Z2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances (1+II)	2.500.000	723.918		179.631	296.122	148.451	1.030.700	7.886	275.430	25	64.119			5.226.282	
Changes during the year															
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	(167.621)	-	-	-	-	(167.621)	
VI. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	1.340	-	-	1.340	
X. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.1 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.2 External sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII.3 External sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX. Current year's net profit/loss	-	-	-	100.262	760.154	35.970	(1.030.700)	(7.886)	-	-	753.198	-	-	753.198	
XX. Profit distribution	-	-	-	100.262	760.154	35.970	(888.510)	(7.886)	-	-	(142.200)	-	-	(142.200)	
20.1 Dividends	-	-	-	100.262	760.154	35.970	(888.510)	(7.886)	-	-	(142.200)	-	-	(142.200)	
20.2 Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the year	2.500.000	723.918		279.893	1.056.276	184.421	753.198		107.809	25	65.459			5.670.999	
Current Year - 31 December 2009															
I. Balances at the beginning of the year	2.500.000	723.918		279.893	1.056.276	184.421	753.198		107.809	25	65.459			5.670.999	
II. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Hedges for risk management	-	-	-	-	-	-	-	-	457.665	-	-	-	-	457.665	
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	-	-	-	-	-	-	-	-	-	-	1.071	-	-	1.071	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Current year's net profit/loss	-	-	-				1.251.206							1.251.206	
XVIII. Profit distribution	-	-	-	73.119	656.957	22.009	(753.198)			1.113					
18.1 Dividends	-	-	-	73.119	656.957	22.009	(753.198)			1.113					
18.2 Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the year	2.500.000	723.918		353.012	1.713.233	206.430	1.251.206		565.474	1.138	66.530			7.380.941	

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED OFF STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Audited Current Year 31 December 2009	Audited Current Year 31 December 2008
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		2,895,248	258,184
Operating profit before changes in operating assets and liabilities			
1.1.1		6,738,087	6,310,344
Interests received			
1.1.2		(3,388,246)	(4,450,924)
Interests paid			
1.1.3		11,208	18,235
Dividends received			
1.1.4		465,547	466,215
Fee and commissions received			
1.1.5		(193,937)	117,604
Other income			
1.1.6	V-I-5	447,995	107,328
Collections from previously written-off loans and other receivables			
1.1.7		(1,143,261)	(1,247,094)
Payments to personnel and service suppliers			
1.1.8		(315,655)	(232,473)
Taxes paid			
1.1.9	V-VI-1	273,510	(831,051)
Others			
1.2		5,398,417	1,684,287
Changes in operating assets and liabilities			
1.2.1		229	222,214
Net (increase) decrease in financial assets held for trading purpose			
1.2.2		-	-
Net (increase) decrease in financial assets valued at fair value through profit or loss			
1.2.3		(12,872)	(314,309)
Net (increase) decrease in due from banks and other financial institutions			
1.2.4		(5,428,919)	(7,262,391)
Net (increase) decrease in loans			
1.2.5		48,787	(176,084)
Net (increase) decrease in other assets			
1.2.6		706,487	723,216
Net increase (decrease) in bank deposits			
1.2.7		6,893,492	7,524,723
Net increase (decrease) in other deposits			
1.2.8		(1,384,302)	1,086,143
Net increase (decrease) in funds borrowed			
1.2.9		-	-
Net increase (decrease) in matured payables			
1.2.10	V-VI-1	4,575,515	(119,225)
Net increase (decrease) in other liabilities			
I.		8,293,665	1,942,471
Net cash flow from banking operations			
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(6,933,449)	(204,034)
Net cash flow from investing activities			
2.1	V-I-7V-I-8	(2,000)	(1,794)
Cash paid for purchase of associates, subsidiaries and joint-ventures			
2.2	V-I-8	2,140	-
Proceeds from disposal of associates, subsidiaries and joint-ventures			
2.3		(64,983)	(140,098)
Purchases of tangible assets			
2.4		49,060	37,448
Proceeds from disposal of tangible assets			
2.5		(11,843,047)	(4,443,967)
Cash paid for purchase of available-for-sale financial assets			
2.6		4,431,703	4,240,695
Proceeds from disposal of available-for-sale financial assets			
2.7		(467,189)	(803,484)
Cash paid for purchase of held-to-maturity investments			
2.8		981,147	928,203
Proceeds from disposal of held-to-maturity investments			
2.9		(20,280)	(21,037)
Others			
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		(16,427)	(150,479)
Net cash flow from financing activities			
3.1		-	-
Cash obtained from funds borrowed and securities issued			
3.2		-	-
Cash used for repayment of funds borrowed and securities issued			
3.3		-	-
Equity instruments issued			
3.4		-	(142,200)
Dividends paid			
3.5		(16,427)	(8,279)
Repayments for finance leases			
3.6		-	-
Others			
IV.	V-VI-1	5,304	4,219
Effect of change in foreign exchange rates on cash and cash equivalents			
V.		1,349,093	1,592,177
Net increase in cash and cash equivalents			
VI.	V-VI-4	6,831,038	5,238,861
Cash and cash equivalents at the beginning of the year			
VII.	V-VI-4	8,180,131	6,831,038
Cash and cash equivalents at the end of the year			

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Notes	Current Year 31 December 2009	Current Year 31 December 2008
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1		1,542,174	925,338
1.2		(290,968)	(172,140)
1.2.1	V-IV-11	(311,128)	(194,149)
1.2.2		-	-
1.2.3	V-IV-11	20,160	22,009
A.		1,251,206	753,198
1.3	V-IV-11	(20,160)	(22,009)
B.		1,231,046	731,189
1.4		-	-
1.5	V-V-5	(61,553)	(36,560)
1.6	V-V-5	(61,552)	(36,559)
C.		1,107,941	658,070
1.7		-	-
1.7.1		-	-
1.7.2		-	-
1.7.3		-	-
1.7.4		-	-
1.7.5		-	-
1.8		-	-
1.9		-	-
1.10		-	-
1.10.1		-	-
1.10.2		-	-
1.10.3		-	-
1.10.4		-	-
1.10.5		-	-
1.11		-	-
1.12		-	-
1.13	V-V-5	-	(656,957)
1.14		-	-
1.15	V-V-5	-	(1,113)
II. DISTRIBUTION FROM RESERVES			
2.1		-	-
2.2		-	-
2.3		-	-
2.3.1		-	-
2.3.2		-	-
2.3.3		-	-
2.3.4		-	-
2.3.5		-	-
2.4		-	-
2.5		-	-
III. EARNINGS PER SHARE			
3.1		0.5005	0.3013
3.2		50.05	30.13
3.3		-	-
3.4		-	-
IV. DIVIDEND PER SHARE			
4.1		-	-
4.2		-	-
4.3		-	-
4.4		-	-

(*) As at and for the year ended 31 December 2009, dividends to the personnel amounting to TL 79,200 (31 December 2008: TL 68,600) has been accounted for in the statement of income through recording in the current year's profits/losses in accordance with TAS 19 - Employee Benefits.

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

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SECTION THREE

Accounting Policies

I. Basis of presentation

As per the Article 37 of "Accounting and Recording Rules" of the Turkish Banking Law no. 5411 published on the Official Gazette no. 25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published by the Banking Regulation and Supervision Agency ("BRSA") and in effect since 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the related statements and guidance (collectively "Reporting Standards").

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and investments in associates and subsidiaries that are quoted on the stock exchanges and assets available for sale, which are presented on a fair value basis.

Additional paragraph for convenience translation to English

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

II. Strategy for the use of financial instruments and foreign currency transactions

Strategy for the use of financial instruments

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

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

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

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank's operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management but earn lower return. The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations.

The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities. The Bank also hedges itself against the risk exposed due to net investment in foreign operations by the same manner.

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.

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Information on foreign currency transactions

Transactions are recorded in TL, the functional currency of the Bank. Foreign currency transactions are recorded using the foreign exchange rates effective at the transaction date. At the end of the periods, foreign currency denominated monetary assets and liabilities are measured with the Bank's spot purchase rates and the differences are recognized as foreign exchange gains or losses in the statement of income.

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 foreign currency, interest rate swaps, foreign currency forward contracts and foreign currency options. The Bank has classified its derivative transactions, mentioned above, as "trading derivatives" in accordance with the TAS 39 – Financial Instruments: *Recognition and Measurement*.

Derivatives are initially recorded at their purchase costs.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts as stated on the related contracts.

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

IV. Information on interest income and expenses

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

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

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

Fee and commissions are recorded based on accrual basis. Financial service fees that are an integral part of the effective yield of an instrument are recognized as an adjustment to the effective interest rate of the instrument. Some fees are related to the execution of a significant act, rather than to the effective interest rate of an associated financial instrument or to a specific service period. Such fees are earned when the related significant act has been completed.

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VI. 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.

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

Financial assets at fair value through profit or loss

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

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

Held to maturity investments are the financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables.

There are no financial assets that were previously classified as held-to-maturity investments and are not allowed to be classified as so for two years 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 assets held for trading purposes, held-to-maturity investments and loans and receivables.

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 sale transactions of securities are accounted at settlement dates.

Loan 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.

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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, classified as available-for-sale financial assets in unconsolidated financial statements, 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. Impairment of financial assets

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

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

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

VIII. Netting 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. Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet. Government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and measured based on their original portfolio, either at fair value or at amortized cost using the effective interest rate method. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements 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. Assets and liabilities arising from assets held for sale and discontinued operations

The Bank has no assets held for sale and discontinued operations.

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XI. Goodwill and other intangible assets

The Bank's intangible assets consist of software.

Goodwill and other intangible assets are recorded at cost 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.

XII. 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. The tangible assets purchased after this date are recorded at their historical costs.

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.

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.

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

Depreciation rates and estimated useful lives are:

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

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. Leasing activities

Finance leases

The maximum period of the lease contracts is 4 years. 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.

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Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Operational leases

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

XIV. Provisions and contingent liabilities

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

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

XV. 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 2009 is TL 2,365 (full TL) (31 December 2008: TL 2,173 (full TL)).

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

As at 31 December 2009 and 2008, the major statistical assumptions used in the calculation of the total liability are as follows:

	Current Year	Previous Year
Discount Rate	5.92%	6.26%
Expected Rate of Salary/Limit Increase	4.80%	5.40%
Estimated Employee Turnover Rate	0.94%	0.84%

Other benefits to employees

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

Pension fund

The employees of the Bank are the members of "Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı" ("the Fund") established on 15 May 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

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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.

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.

At 19 June 2008, Cumhuriyet Halk Partisi, opposition party, appealed to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. As at the report date, there is no arbitrement of the Constitutional Court published.

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

The technical financial statements of the Fund are audited by the certified actuary according to the the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2010 which is prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

XVI. 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.

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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.

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

XVII. Funds borrowed

Financial liabilities for trading purposes and derivative financial liabilities are valued at fair value. All other financial liabilities are carried at amortized cost using effective interest method.

As at 31 December 2009 and 2008, there are no convertible bonds or any other securities issued by the Bank.

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XVIII. 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. 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. Government incentives

As at 31 December 2009 and 2008, the Bank does not have any government incentives.

XXI. Segment reporting

Operational segments are determined based the structure of the Bank's risks and benefits and presented in the disclosure X of the fourth section.

XXII. Other disclosures

Earnings per shares

Earning per share is 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 2009, earnings per share is TL 0.5005 (31 December 2008: TL 0.3013).

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 3 months.

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SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank’s unconsolidated capital adequacy ratio is 15.42% (31 December 2008: 14.30%).

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” published in Official Gazette no. 26333 dated 1 November 2006, “Regulation for an Amendment for the Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 26824 dated 22 March 2008 and “Regulation on the Equity of Banks”.

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. 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 then multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”.

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”.

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Information related to unconsolidated capital adequacy ratio

	31 December 2009						
	Risk Weights						
	%0	%10	%20	%50	%100	%150	%200
Balance sheet items (Net)	11,225,026	-	1,905,074	9,642,540	26,433,837	41,326	438
Cash on hand	591,719	-	64	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,564,054	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	1,026,510	-	1,601,484	-	110,517	-	-
Interbank money market placements	3,400,000	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-
Reserve deposits	872,785	-	-	-	-	-	-
Loans	199,640	-	255,980	9,531,084	24,012,680	41,326	438
Loans under follow-up (Net)	-	-	-	-	133,918	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Held-to-maturity investment securities	3,336,444	-	35,760	-	-	-	-
Receivables from term sale of assets	-	-	-	-	125,323	-	-
Miscellaneous receivables	-	-	-	-	216,689	-	-
Interest and other income accruals	150,242	-	11,786	111,456	282,341	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	688,257	-	-
Tangible assets (Net)	-	-	-	-	826,701	-	-
Other assets	83,632	-	-	-	37,411	-	-
Off-balance sheet items	105,896	-	291,563	422,394	5,737,675	-	-
Non-cash loans and commitments	105,896	-	273,492	422,394	5,732,335	-	-
Derivative financial instruments	-	-	18,071	-	5,340	-	-
Non risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	11,330,922	-	2,196,637	10,064,934	32,171,512	41,326	438

Summary information related to unconsolidated capital adequacy ratio

	Current Year	Prior Year
Value at Credit Risk (VaCR)	37,706,171	32,796,049
Value at Market Risk (VaMR)	1,889,513	755,100
Value at Operational Risk (VaOR) (*)	4,756,200	4,130,525
Shareholders' Equity	6,837,925	5,389,879
Shareholders' Equity/(VaCR+VaMR+VaOR)*100	15.42%	14.30%

(*)In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRS circular, capital adequacy ratio as at 31 December 2008 was measured by taking value at operational risk calculated based on average of gross incomes for the years ended 31 December 2007, 2006 and 2005 into consideration. For the year 2009, value at operational risk is being calculated based on average of gross incomes for the years ended 31 December 2008, 2007 and 2006.

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Components of shareholders' equity items

	Current Year	Prior Year
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	353,012	279,893
I. Legal Reserve (Turkish Commercial Code 466/1)	176,506	139,946
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	176,506	139,947
Status Reserves	-	-
Extraordinary Reserves	1,919,663	1,240,697
Reserve allocated as per the Decision held by the General Assembly	1,713,233	1,056,276
Retained Earnings	206,430	184,421
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,251,206	753,198
Current Year's Profit	1,251,206	753,198
Prior Years' Profit	-	-
Provision for Possible Losses (up to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	1,138	25
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-) (*)	79,082	-
Prepaid Expenses (-) (*)	255,027	285,053
Intangible Assets (-) (*)	43,549	30,774
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	6,371,279	5,497,731
SUPPLEMENTARY CAPITAL		
General Provisions	322,989	258,907
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	66,530	65,459
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	254,463	48,514
Associates and Subsidiaries	106,228	53,411
Available for Sale Investment Securities	148,235	(4,897)
Other Profit Reserves	-	-
Total Supplementary Capital	643,982	372,880
TIER III CAPITAL		
CAPITAL	7,015,261	5,870,611
DEDUCTIONS FROM CAPITAL	177,336	480,732
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	-	1,281
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	177,336	163,624
Others	-	-
TOTAL EQUITY	6,837,925	5,389,879

(*) In accordance with the Temporary Article 1, explaining adaptation period of "Regulation on Equities of the Banks", published in Official Gazette no. 26333 dated 1 November 2006, leasehold improvements, prepaid expenses and intangible assets had been considered as "deductions from capital" till 1 January 2009, although they were presented within "core capital". By the end of the adaptation period, these items have started to be deducted from "core capital".

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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 for the six-months periods (June and December) provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

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

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

For credit risk management purposes, Risk Management Department operates in

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

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank's credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of Bank's risk management concept, long term commitments are accepted more risky than short term commitments. Consequently 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.

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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's largest 200 cash loan customers compose 44.87% of the total cash loan portfolio.

The Bank's largest 200 non-cash loan customers compose 77.74% of the total non-cash loan portfolio.

The Bank's largest 200 cash loan customers compose 23.85% of total assets of the Bank and the Bank's largest 200 non-cash loan customers compose 35.14% of total off-balance sheet items.

The general provision for credit risk amounts to TL 322,989 (31 December 2008: TL 258,907).

Sectoral and geographical concentration of the credit risk

	Personal and Commercial Loans		Banks and Other Financial Institution		Marketable Securities(*)		Other Loans(**)	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Sectoral Concentration								
Private Sector	20,222,615	18,515,581	2,325,866	1,196,010	10,581	6,959	3,036,632	3,368,299
Public Sector	1,765,015	2,129,820	-	-	18,408,407	11,406,642	686,290	126,824
Banks	-	-	8,613,387	7,430,783	51,911	35,085	232,754	210,067
Consumers	10,242,796	8,653,877	-	-	-	-	1,629	23,585
Equity Securities	-	-	-	-	10,750	19,931	688,257	539,369
Total	32,230,426	29,299,278	10,939,253	8,626,793	18,481,649	11,468,617	4,645,562	4,268,144
Geographical Concentration								
Domestic	32,187,458	29,277,740	8,645,153	6,116,605	18,418,988	11,422,782	3,514,548	2,965,589
EU Countries	-	-	1,152,716	920,214	16,145	-	586,319	723,749
OECD Countries (***)	-	-	4,137	21,594	-	-	163,668	46,241
Off-Shore Banking Regions	-	-	94	10,032	-	-	-	-
USA, Canada	42,968	21,538	1,129,443	1,556,495	46,516	45,835	34,551	80,285
Other Countries	-	-	7,710	1,853	-	-	346,476	452,280
Total	32,230,426	29,299,278	10,939,253	8,626,793	18,481,649	11,468,617	4,645,562	4,268,144

(*) Includes marketable securities (debt securities and equity shares other than associates and subsidiaries) at fair value through profit or loss, marketable securities classified as available for sale, and investment securities held-to-maturity.

(**) Includes transactions defined as loans according to the article 48 of Banking Law act no. 5411 and transactions classified other than first three columns in Uniform Chart of Accounts. Non-cash loans have been included in other loans column after they have been weighted with relevant rates for conversion to cash loans.

(***) Includes OECD countries other than EU countries, USA and Canada.

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Geographical Concentration

Current Year	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net Profit
Domestic	61,632,748	57,286,922	7,587,024	85,263	1,251,206
EU Countries	1,245,121	6,498,174	610,236	-	-
OECD Countries (*)	4,137	52,680	163,688	-	-
Off-Shore	94	51,336	-	-	-
USA, Canada	1,219,575	179,976	47,343	-	-
Other Countries	7,710	728,554	685,941	-	-
Subsidiaries, Affiliates and Joint-Ventures	688,257	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
Total	64,797,642	64,797,642	9,094,232	85,263	1,251,206

Prior Year	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net Profit
Domestic	48,898,128	45,006,071	6,160,128	161,135	753,198
EU Countries	1,097,677	6,932,280	731,582	-	-
OECD Countries (*)	21,594	54,041	131,878	-	-
Off-Shore	10,032	119,367	-	-	-
USA, Canada	1,624,840	18,597	61,062	-	-
Other Countries	1,853	63,137	926,427	-	-
Subsidiaries, Affiliates and Joint-Ventures	539,369	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
Total	52,193,493	52,193,493	8,011,077	161,135	753,198

(*) Includes OECD countries other than EU countries, USA, and Canada.

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Sectoral distribution of cash loans

	Current Year				PriorYear			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	153,682	0.65	115,420	1.07	309,429	1.59	171,139	1.56
Farming and Stockbreeding	84,311	0.35	63,927	0.59	266,767	1.37	116,595	1.07
Forestry	60,720	0.26	780	0.01	31,062	0.16	1,541	0.01
Fishery	8,651	0.04	50,713	0.47	11,600	0.06	53,003	0.48
Manufacturing	2,864,469	12.12	4,336,921	40.12	2,364,755	12.17	4,636,248	42.19
Mining	218,766	0.93	226,976	2.10	224,354	1.15	136,273	1.24
Production	2,560,823	10.83	3,640,049	33.67	1,903,600	9.80	4,228,621	38.48
Electricity, Gas, Water	84,880	0.36	469,896	4.35	236,801	1.22	271,354	2.47
Construction	935,361	3.96	888,156	8.21	1,141,875	5.88	927,788	8.44
Services	6,046,349	25.59	4,538,111	41.98	3,744,986	19.28	4,090,754	37.22
Wholesale and Retail Trade	2,929,809	12.40	1,991,782	18.42	1,760,550	9.07	1,630,989	14.85
Hotel, Food and Beverage Services	140,057	0.59	737,559	6.82	129,019	0.66	727,824	6.62
Transportation and								
Telecommunication	1,198,213	5.07	877,574	8.12	1,271,162	6.55	805,854	7.33
Financial Institutions	1,547,337	6.55	794,892	7.35	365,853	1.88	837,168	7.62
Real Estate and Renting Services	32,712	0.14	69,843	0.65	57,249	0.29	31,038	0.28
"Self-Employment" Type Services	-	-	-	-	-	-	-	-
Educational Services	57,087	0.24	11,689	0.11	24,470	0.13	12,439	0.11
Health and Social Services	141,134	0.60	54,772	0.51	136,683	0.70	45,442	0.41
Others	13,628,117	57.68	932,151	8.62	11,866,240	61.08	1,163,997	10.59
Total	23,627,978	100.00	10,810,759	100.00	19,427,285	100.00	10,989,926	100.00

Gross and net amounts of impaired loans and receivables by risk grade

31 December 2009	Loans		Other assets (*)	
	Gross	Net	Gross	Net
Grade 8 : Individually Impaired	216,401	173,121	41,426	2,223
Grade 9 : Individually Impaired	338,637	-	-	-
Grade 10 : Individually Impaired	1,563,929	-	-	-
Total	2,118,967	173,121	41,426	2,223

31 December 2008	Loans		Other assets	
	Gross	Net	Gross	Net
Grade 8 : Individually Impaired	106,360	85,088	-	-
Grade 9 : Individually Impaired	274,052	-	-	-
Grade 10 : Individually Impaired	1,075,410	-	-	-
Total	1,455,822	85,088	-	-

(*) The Bank has recorded specific provision amounting to TL 39,203 for lawsuit and court expenses amounting to TL 41,426 that has been undertaken due to non-performing loans and receivables as at 31 December 2009.

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The Bank grades its customers from grade 1 to 10 according to the criteria set in intelligence works. Grades 1 to 7 are used to define performing loans while grades 8 to 10 are used to define non-performing loans. While grading customers, the Bank considers revenues, cash flows, operational performance of the companies, position of the companies in their sector, market intelligence, efficiency of the management, off balance sheet risks, balance sheet analysis, and general economic and market conditions.

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

Cash loans	31 December 2009	31 December 2008
Secured Loans:	23,273,919	22,518,280
Secured by cash collateral	77,695	29,680
Secured by mortgages	9,884,150	9,133,714
Secured by government institutions or government securities	121,945	228,250
Guarantees issued by financial institutions	236,980	148,257
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	12,953,149	12,978,379
Unsecured Loans	11,164,818	7,898,931
Total performing loans	34,438,737	30,417,211

Non-cash loans	31 December 2009	31 December 2008
Secured Loans:	4,002,949	4,242,797
Secured by cash collateral	87,003	249,244
Secured by mortgages	965,319	1,442,796
Secured by government institutions or government securities	-	9,908
Guarantees issued by financial institutions	357,208	310,482
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	2,593,419	2,230,367
Unsecured Loans	5,091,283	3,768,280
Total non-cash loans	9,094,232	8,011,077

Fair value of collateral held against impaired loans

	31 December 2009	31 December 2008
Cash collateral (*)	-	-
Mortgage	955,234	634,661
Promissory note (*)	-	-
Others (**)	1,163,733	821,161
Total	2,118,967	1,455,822

(*) 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 row in the amount not exceeding total of impaired loans.

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Sectoral and geographical concentration of impaired loans

Sectoral	31 December 2009	31 December 2008
Consumer loans	205,765	104,568
Textile	193,428	116,458
Food	140,261	82,489
Construction	136,064	40,687
Durable consumption	127,825	127,072
Agriculture and stockbreeding	68,538	36,398
Metal and metal products	25,990	28,282
Service sector	21,991	79,708
Financial institutions	2,984	1,541
Others	1,196,121	838,619
Total impaired loans and receivables	2,118,967	1,455,822

Geographical	31 December 2009	31 December 2008
Turkey	2,118,967	1,455,822
Total non-performing loans	2,118,967	1,455,822

Past due but not impaired loans and receivables

	31 December 2009	31 December 2008
Grade 1-3 : Low risk loans and receivables	193,149	333,793
Grade 4-5 : Loans and receivables under follow-up	155,061	82,042
Total	348,210	415,835

Aging of past due but not impaired loans and receivables

	31 December 2009	31 December 2008
0-30 days	197,309	204,982
30-60 days	133,134	163,620
60-90 days	17,767	47,233
Total	348,210	415,835

Undue and not impaired loans and receivables

	31 December 2009	31 December 2008
Grade 1-3 : Low risk loans and receivables	31,179,206	28,132,382
Grade 4-5 : Loans and receivables under follow-up	2,626,220	1,602,091
Total	33,805,426	29,734,473

Restructured loans	285,101	266,903
Total	34,090,527	30,001,376

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III. Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006.

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 need for general market risk and specific risks is calculated using the standart 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 institutions.

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk-Standard Method	113,651
(II) Capital Obligation against Specific Risks-Standard Method	6,301
(III) Capital Obligation against Currency Risk-Standard Method	24,350
(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	6,859
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	151,161
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	1,889,513

Monthly average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	92,545	132,927	52,901	85,440	111,294	51,558
Common Share Risk	573	1,720	-	-	-	-
Currency Risk	13,975	26,217	5,503	11,628	17,929	3,900
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	9,107	30,232	-	-	-	-
Total Value at Risk	1,452,515	2,332,100	731,663	1,213,348	1,597,450	755,100

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Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

The effect on equity (except for tax effect) as a result of change in the fair value of equity instruments quoted to İstanbul Stock Exchange ("ISE") held as associates and subsidiaries in the accompanying financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in index	31 December 2009	31 December 2008
		Equity	Equity
ISE - 100 (IMKB-100)	10%	15,853	7,206

IV. Operational risk

The Bank calculated the value at operational risk in accordance with the fourth section published in the Official Gazette date 1 June 2007 related to the "Computation of Value of Operational Risk" of the circular, "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 26333 and dated 1 November 2006.

The amount calculated as TL 380,496 (31 December 2008: TL 330,442) from gross income for the years ended 31 December 2008, 2007 and 2006 and used for the calculation of capital adequacy ratio as at 31 December 2009, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to TL 4,756,200 (31 December 2008: TL 4,130,525) presented in the table included in Note I of this section is calculated as 12.5 times of the operational risk.

	31 December 2009	31 December 2008	31 December 2007	31 December 2006
(I) Net Interest Income	3,077,425	1,974,691	1,675,834	1,585,250
(II) Net Fees and Commission Income	465,547	466,215	360,490	288,374
(III) Dividends Income	24,265	25,499	34,718	16,557
(IV) Net Trading Income/(Loss)	177,766	89,720	193,349	43,150
(V) Other Operating Income	311,216	312,704	356,713	343,326
(VI) Income/(Loss) from sale of AFS and HTM Marketable Securities	123,385	58,881	46,155	43,437
(VII) Extraordinary Income	40,390	1,484	2,428	4,281
(VIII) Gross Income (I+II+III+IV+V+VI-VII)	3,892,444	2,808,464	2,572,521	2,228,939
(IX) Capital Requirement (Gross Income x %15)	583,867	421,270	385,878	334,341
(X) Average Operational Risk Capital Requirement	463,672	380,496	-	-
(XI) Value at Operational Risk (X x 12.5)	5,795,900	4,756,200	-	-

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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 2009 the Bank does not have derivate financial instruments held for risk management.

Foreign exchange risk management policy

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

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

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

	US DOLLAR	EURO
The Bank's foreign currency purchase rate at the balance sheet date	1.4900	2.1368
Foreign currency rates for the days before balance sheet date;		
Day 1	1.4500	2.0789
Day 2	1.4500	2.0850
Day 3	1.4600	2.1005
Day 4	1.4600	2.1002
Day 5	1.4600	2.0958
	US DOLLAR	EURO
Last 30-days arithmetical average rate	1.4528	2.1329

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Information on currency risk

Current Year	Euro	US Dollar	Japanese Yen	Other FCs	Total
Assets:					
Cash and balances with the Central Bank of Turkey	185,993	1,199,808	134	7,006	1,392,941
Banks	1,085,913	1,373,514	2,459	31,142	2,493,028
Financial assets at fair value through profit or loss (*)	2,407	34,742	-	-	37,149
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	584,724	1,628,053	-	-	2,212,777
Loans and receivables (**)	3,931,067	6,903,166	3,453	57,609	10,895,295
Associates, subsidiaries and joint-ventures	100,158	-	-	-	100,158
Held-to-maturity investments	245,453	1,177,189	-	-	1,422,642
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	655	-	-	655
Intangible assets	-	-	-	-	-
Other assets (***)	19,430	149,529	8	-	168,967
Total assets	6,155,145	12,466,656	6,054	95,757	18,723,612
Liabilities:					
Bank deposits	73,318	402,585	-	61	475,964
Foreign currency deposits	4,094,583	8,318,236	689	41,620	12,455,128
Interbank money market takings	83,909	1,418,815	-	-	1,502,724
Funds borrowed	1,900,832	2,376,201	-	45,202	4,322,235
Securities issued	-	-	-	-	-
Miscellaneous payables	10,979	39,360	1	163	50,503
Derivative financial liabilities held for risk management purpose	-	-	-	-	-
Other liabilities (*) (****)	98,393	79,811	1,074	1,953	181,231
Total liabilities	6,262,014	12,635,008	1,764	88,999	18,987,785
Net 'On Balance Sheet' Position	(106,869)	(168,352)	4,290	6,758	(264,173)
Net 'Off-Balance Sheet' Position	216,208	354,125	(3,063)	33	567,303
Derivative Financial Assets	306,330	827,026	-	31,085	1,164,441
Derivative Financial Liabilities	90,122	472,901	3,063	31,052	597,138
Non-Cash Loans (*****)	2,014,042	2,642,661	11,538	131,484	4,799,725
Prior Year					
Total Assets	5,732,637	12,665,126	11,441	113,336	18,522,540
Total Liabilities	6,494,139	11,774,881	2,583	106,829	18,378,432
Net 'On Balance Sheet' Position	(761,502)	890,245	8,858	6,507	144,108
Net 'Off-Balance Sheet' Position	851,207	(841,432)	(6,198)	-	3,577
Derivative Financial Assets	876,987	269,338	-	444	1,146,769
Derivative Financial Liabilities	25,780	1,110,770	6,198	444	1,143,192
Non-Cash Loans (*****)	1,857,093	2,537,189	38,146	129,242	4,561,670

(*) Derivative accruals stemming from foreign exchange rates presented under trading purpose derivative financial assets and liabilities have not been included.

(**) Foreign currency indexed loans amounting to TL 84,536 (31 December 2008: TL 136,530) which are presented as TL in the financial statements have been included.

(***) Prepaid expenses amounting to TL 18,290 have not been included.

(****) Unearned revenues amounting to TL 21,054 have not been included.

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

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Exposure to currency risk

A 10 percent devaluation of TL against the following currencies as at 31 December 2009 and 2008 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

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

	31 December 2009		31 December 2008	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	9,582	17,502	6,837	3,806
Euro	(1,011)	918	2,768	(1,045)
Other currencies	802	802	917	917
Total, net	9,373	19,222	10,522	3,678

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

A 10 percent appreciation of TL against the following currencies as at 31 December 2009 and 2008 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	31 December 2009		31 December 2008	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(5,463)	(13,383)	4,578	7,609
Euro	1,159	(770)	(1,287)	2,526
Other currencies	(44)	(44)	(160)	(160)
Total, net	(4,348)	(14,197)	3,131	9,975

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

In accordance with the agreements of foreign currency indexed loans granted before 5 October 2009, foreign exchange losses due to decline in foreign exchange rates have to be compensated by the counter parties. The Bank has changed its policy for foreign currency indexed loans and both foreign exchange gain and losses on foreign currency indexed loans have been assumed by the Bank for foreign currency indexed loans granted after 5 October 2009, in accordance with the internal circular issued on the same date. Therefore, the foreign currency indexed loans granted before 5 October 2009, amounting to TL 50,246 as at 31 December 2009, affect the financial position of the Bank only when foreign exchange rates increase; whereas foreign currency indexed loans granted after 5 October 2009 amounting to TL 34,290 affect the Bank when foreign exchange rates both decrease and increase.

VI. Interest rate risk

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

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

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

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

Current Year	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	1,148,099	-	-	-	-	1,901,536	3,049,635
Banks	2,529,243	-	-	-	-	209,315	2,738,558
Financial assets at fair value through profit/loss	1,193	1,690	1,488	17,153	17,297	-	38,821
Interbank money market placements	3,400,614	-	-	-	-	-	3,400,614
Available-for-sale financial assets	3,040,317	3,377,542	4,199,480	2,993,905	1,343,885	10,750	14,965,879
Loans and receivables	10,079,977	9,901,076	6,340,535	5,971,447	2,145,702	133,918	34,572,655
Held-to-maturity investments	525,309	638,690	742,634	366,453	1,225,387	-	3,498,473
Other assets (*)	3,146	6,046	38,703	111,860	-	2,373,252	2,533,007
Total assets	20,727,898	13,925,044	11,322,840	9,460,818	4,732,271	4,628,771	64,797,642
Liabilities:							
Bank deposits	1,673,063	450,325	56,144	-	-	9,711	2,189,243
Other deposits	25,776,035	9,165,320	1,601,838	386	-	5,918,901	42,462,480
Interbank money market takings	730,767	3,934,522	1,403,218	74,875	-	-	6,143,382
Miscellaneous payables	-	9,497	32,677	-	-	817,311	859,485
Securities issued	-	-	-	-	-	-	-
Funds borrowed	98,440	3,587,911	679,759	-	-	-	4,366,110
Other liabilities (**)	24,146	15,369	26,144	29,096	11,561	8,670,626	8,776,942
Total liabilities	28,302,451	17,162,944	3,799,780	104,357	11,561	15,416,549	64,797,642
On balance sheet long position	-	-	7,523,060	9,356,461	4,720,710	-	21,600,231
On balance sheet short position	(7,574,553)	(3,237,900)	-	-	-	(10,787,778)	(21,600,231)
Off-balance sheet long position	180,959	184,045	-	54,345	-	-	419,349
Off-balance sheet short position	(68,838)	(9,496)	(40,453)	(292,101)	-	-	(410,888)
Total Position	(7,462,432)	(3,063,351)	7,482,607	9,118,705	4,720,710	(10,787,778)	8,461

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

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

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Prior Year	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	849,916	-	-	-	-	1,254,870	2,104,786
Banks	2,225,505	67,382	87,441	-	-	176,972	2,557,300
Financial assets at fair value through profit/loss	7,624	12,180	602	11,007	15,634	-	47,047
Interbank money market placements	3,201,333	-	-	-	-	-	3,201,333
Available-for-sale financial assets	549,340	2,368,501	3,526,420	901,796	615,657	19,931	7,981,645
Loans and receivables	8,836,027	8,953,135	5,637,420	4,741,947	2,248,682	85,088	30,502,299
Held-to-maturity investments	110,734	1,063,486	568,635	476,878	1,251,605	-	3,471,338
Other assets (*)	43,686	11,122	37,372	150,644	-	2,084,921	2,327,745
Total assets	15,824,165	12,475,806	9,857,890	6,282,272	4,131,578	3,621,782	52,193,493
Liabilities:							
Bank deposits	1,456,701	16,668	-	-	-	1,796	1,475,165
Other deposits	16,840,523	11,497,626	1,318,720	667,673	-	5,320,570	35,645,112
Interbank money market takings	513,724	70,236	257,464	845,678	-	-	1,687,102
Miscellaneous payables	-	14,153	46,675	-	-	535,410	596,238
Securities issued	-	-	-	-	-	-	-
Funds borrowed	1,121,991	3,262,575	1,198,686	187,142	-	-	5,770,394
Other liabilities (**)	12,107	99,380	18,680	12,443	-	6,876,872	7,019,482
Total liabilities	19,945,046	14,960,638	2,840,225	1,712,936	-	12,734,648	52,193,493
On balance sheet long position	-	-	7,017,665	4,569,336	4,131,578	-	15,718,579
On balance sheet short position	(4,120,881)	(2,484,832)	-	-	-	(9,112,866)	(15,718,579)
Off-balance sheet long position	114,619	94,856	76,000	72,227	-	-	357,702
Off-balance sheet short position	(82,992)	(14,153)	(165,231)	(82,897)	-	-	(345,273)
Total Position	(4,089,254)	(2,404,129)	6,928,434	4,558,666	4,131,578	(9,112,866)	12,429

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

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

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Average interest rates applied to monetary financial instruments

Current Year	Euro %	US Dollar %	Japanese Yen %	TL %
Assets:				
Cash and Central Bank	-	-	-	5.20
Banks	0.28	0.34	-	6.90
Financial Assets at Fair Value through Profit/Loss	-	11.88	-	-
Interbank Money Market Placements	-	-	-	6.50
Available-for-Sale Financial Assets	5.37	6.68	-	9.82
Loans and Receivables	4.60	4.93	6.79	15.62
Held-to-Maturity Investment Securities	6.97	7.44	-	11.93
Liabilities:				
Bank Deposits	2.25	0.81	-	8.69
Other Deposits	2.62	2.75	-	8.73
Interbank Money Market Takings	1.00	1.30	-	9.04
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed	1.81	1.53	-	10.09
Prior Year				
	Euro %	US Dollar %	Japanese Yen %	TL %
Assets:				
Cash and Central Bank	-	-	-	12.00
Banks	1.90	2.37	-	19.54
Financial Assets at Fair Value through Profit/Loss	-	11.88	-	-
Interbank Money Market Placements	-	-	-	15.00
Available-for-Sale Financial Assets	6.20	6.45	-	19.29
Loans and Receivables	7.53	6.05	6.77	21.91
Held-to-Maturity Investment Securities	6.70	7.43	-	19.40
Liabilities:				
Bank Deposits	2.70	1.34	-	17.49
Other Deposits	3.37	3.43	-	15.18
Interbank Money Market Takings	5.45	3.71	-	17.73
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed	4.57	3.26	-	16.24

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Interest sensitivity

Interest rate sensitivity of the statement of income is the effect of the changes in interest rates assumed as follows on the fair values of financial assets at fair value through profit or loss and on net interest income of floating rate non-trading financial assets and liabilities held as at 31 December 2009.

Interest rate sensitivity of equity is calculated by taking the effects of the assumed changes in interest rates on the fair value of fixed rate available-for-sale financial assets as at 31 December 2009 into account.

This analysis has been prepared with the assumption that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 31 December 2008.

31 December 2009	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(6,639)	7,386	(6,639)	7,386
Available for sale financial assets	22,151	(22,250)	(186,613)	198,091
Floating rate financial assets	220,901	(220,901)	220,901	(220,901)
Floating rate financial liabilities	(57,919)	57,919	(57,919)	57,919
Total, net	178,494	(177,846)	(30,270)	42,495

31 December 2008	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(6,496)	8,299	(6,496)	8,299
Available for sale financial assets	14,559	(14,614)	(68,920)	73,248
Floating rate financial assets	221,418	(221,418)	221,418	(221,418)
Floating rate financial liabilities	(63,306)	63,306	(63,306)	63,306
Total, net	166,175	(164,427)	82,696	(76,565)

(*) Equity effect also includes profit or loss effect of 100 bp increase or decrease in interest rates.

VII. Liquidity risk

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

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

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Maturity analysis of assets and liabilities according to remaining maturities:

Current Year	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Assets:								
Cash and Central Bank	3,049,635	-	-	-	-	-	-	3,049,635
Banks	1,235,825	1,502,733	-	-	-	-	-	2,738,558
Financial Assets at Fair Value through Profit/Loss	-	1,193	840	2,338	17,153	17,297	-	38,821
Interbank Money Market Placements	-	3,400,614	-	-	-	-	-	3,400,614
Available-for-Sale Financial Assets	-	612,562	673,296	3,211,453	8,592,559	1,865,259	10,750	14,965,879
Loans and Receivables	-	6,188,387	2,479,794	7,663,278	15,012,893	3,094,385	133,918	34,572,655
Held-to-Maturity Investments	-	35,766	147,368	758,007	1,331,944	1,225,388	-	3,498,473
Other Assets	-	122,564	6,046	38,703	191,759	-	2,173,935	2,533,007
Total Assets	4,285,460	11,863,819	3,307,344	11,673,779	25,146,308	6,202,329	2,318,603	64,797,642
Liabilities:								
Bank Deposits	9,711	1,673,063	450,325	56,144	-	-	-	2,189,243
Other Deposits	5,918,901	25,776,035	9,165,320	1,601,838	386	-	-	42,462,480
Funds Borrowed	-	56,520	96,584	1,465,669	1,469,634	1,277,703	-	4,366,110
Interbank Money Market Takings	-	730,767	3,887,386	1,403,218	122,011	-	-	6,143,382
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	740,477	21,473	-	42,175	-	55,360	859,485
Other Liabilities	-	168,396	85,609	25,420	60,151	17,685	8,419,681	8,776,942
Total Liabilities	5,928,612	29,145,258	13,706,697	4,552,289	1,694,357	1,295,388	8,475,041	64,797,642
Liquidity Gap	(1,643,152)	(17,281,439)	(10,399,353)	7,121,490	23,451,951	4,906,941	(6,156,438)	-
Prior Year								
	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
Total Assets	3,764,436	7,367,251	2,733,398	10,432,688	19,187,044	6,721,930	1,986,746	52,193,493
Total Liabilities	5,322,366	19,339,102	11,679,811	4,341,119	1,864,477	2,968,729	6,677,889	52,193,493
Liquidity Gap	(1,557,930)	(11,971,851)	(8,946,413)	6,091,569	17,322,567	3,753,201	(4,691,143)	-

(*) 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.

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Residual contractual maturities of the financial liabilities

	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
31 December 2009								
Bank deposits	2,189,243	2,198,410	9,711	1,675,723	455,531	57,445	-	-
Other deposits	42,462,480	48,573,567	5,918,901	30,086,494	10,698,012	1,869,709	451	-
Funds borrowed	4,366,110	4,700,907	-	56,615	97,487	1,494,478	1,625,489	1,426,838
Money market takings	6,143,382	6,151,417	-	730,933	3,889,087	1,408,969	122,428	-
Miscellaneous payables	859,485	859,485	55,360	740,477	21,473	-	42,175	-
Other liabilities (*)	917,641	917,641	560,380	168,396	85,609	25,420	60,151	17,685
Total	56,938,341	63,401,427	6,544,352	33,458,638	15,247,199	4,856,021	1,850,694	1,444,523
Non-Cash Loans	9,094,232	9,094,232	4,751,809	53,817	154,574	1,291,543	2,633,322	209,167
31 December 2008								
Bank deposits	1,475,165	1,487,705	1,796	1,466,291	19,618	-	-	-
Other deposits	35,645,112	36,052,785	5,320,570	17,066,922	11,652,196	1,336,448	676,649	-
Funds borrowed	5,770,394	6,749,421	-	52,025	139,534	2,607,494	190,314	3,760,054
Money market takings	1,687,102	1,885,434	-	475,154	13,061	441,390	955,829	-
Miscellaneous payables	596,238	596,238	48,247	462,916	24,247	-	60,828	-
Other liabilities (*)	925,661	925,661	535,821	69,162	4,133	212,782	65,930	37,833
Total	46,099,672	47,697,244	5,906,434	19,592,470	11,852,789	4,598,114	1,949,550	3,797,887
Non-Cash Loans	8,011,077	8,011,077	4,152,823	2,412	16,188	1,112,820	2,077,088	649,746

(*) Unearned revenues, vacation pay liabilities, general provisions and similar provisions and shareholder's equity that are not going to generate cash outflows in their expected maturities have not been included.

This table shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the financial statements.

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VIII. Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
Financial Assets:				
Receivables from Interbank Money Markets	3,400,614	3,201,333	3,400,614	3,201,333
Banks	2,738,558	2,557,300	2,738,558	2,557,300
Available-for-Sale Financial Assets	14,965,879	7,981,645	14,965,879	7,981,645
Held-to-Maturity Investments	3,498,473	3,471,338	3,699,368	3,403,938
Loans	34,572,655	30,502,299	34,571,071	30,209,902
Financial Liabilities:				
Bank Deposits	2,189,243	1,475,165	2,189,243	1,475,165
Other Deposits	42,462,480	35,645,112	42,462,480	35,645,112
Funds Borrowed	4,366,110	5,770,394	4,366,110	5,770,394
Securities Issued	-	-	-	-
Miscellaneous Payables	859,485	596,238	859,485	596,238

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 cashflows 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 interest to initial price.

Classification of Fair Value Measurement

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

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

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

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

Classification requires using observable market data if possible.

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

31 December 2009	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:				
Financial assets held for trading purpose:	17,297	21,524	-	38,821
Debt securities	17,297	-	-	17,297
Derivative financial assets held for trading purpose	-	21,524	-	21,524
Available-for-sale financial assets	14,614,884	340,245	-	14,955,129
Debt securities	14,614,884	340,245	-	14,955,129
Investments in associates and subsidiaries	270,286	-	259,125	529,411
Total Financial Assets	14,902,467	361,769	259,125	15,523,360
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(39,808)	-	(39,808)
Total Financial Liabilities	-	(39,808)	-	(39,808)

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

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

X. Segment reporting

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

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

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

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

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Major financial statement items according to business lines:

Current Year	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	615,978	607,590	1,677,409	329,404	3,230,381
Undistributed expenses	-	-	-	(1,712,472)	(1,712,472)
Operating profit	615,978	607,590	1,677,409	(1,383,068)	1,517,909
Income from associates	-	-	-	-	24,265
Income before taxes	-	-	-	-	1,542,174
Provision for taxes	-	-	-	-	(290,968)
Net profit	-	-	-	-	1,251,206
Segment assets	10,242,796	26,787,711	24,823,674	-	61,854,181
Investments in associates and subsidiaries	-	-	688,257	-	688,257
Undistributed assets	-	-	-	2,255,204	2,255,204
Total assets	10,242,796	26,787,711	25,511,931	2,255,204	64,797,642
Segment liabilities	13,174,220	31,477,503	10,674,866	-	55,326,589
Shareholders' equity	-	-	-	7,380,941	7,380,941
Undistributed liabilities	-	-	-	2,090,112	2,090,112
Total Liabilities and Shareholders' Equity	13,174,220	31,477,503	10,674,866	9,471,053	64,797,642

SECTION FIVE

Disclosure and Footnotes on Unconsolidated Financial Statements

I. Information and disclosures related to assets

1. Cash and balances with Central Bank

	Current Year		Prior Year	
	TL	FC	TL	FC
Cash	508,595	82,486	375,190	63,954
Central Bank of Turkey (*)	1,148,099	1,309,753	450,536	1,214,603
Others	-	702	15	488
Total	1,656,694	1,392,941	825,741	1,279,045

(*) TL 872,785 (31 December 2008: TL 815,223) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals; TL 21,013 (31 December 2008: TL 48,601) of Turkish Lira balances is comprised of interest income accruals from unrestricted portion of the deposit at Central Bank of Turkey held as reserve requirement.

In accordance with "Announcement on Reserve Deposits" of CBT numbered 2005/1, all banks operating in Turkey should provide a reserve amounting to 5% (31 December 2008: 6%) of liabilities in Turkish Lira and 9% (31 December 2008: 9%) of liabilities in foreign currencies.

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In accordance with the press announcement of CBT regarding reserve requirements, dated 5 December 2008 and numbered 2008-63, the foreign currency reserve requirement ratio of the banks which was 11% has been decreased by 2 points to 9%, aiming to diminish the negative effects of the global credit crisis and sustain foreign currency liquidity to the banks.

In accordance with "Press release related to reserve requirements" of CBT dated 16 October 2009 and numbered 2009-51, Turkish Lira reserve requirement rate has been decreased by 1 point from 6% to 5% in order to diminish the negative effects of the global credit crisis and sustain TL liquidity to the banks.

Interest rate given by CBT is 5.2% for TL reserve deposits and interest rate is nil for foreign currency reserve deposits as at 31 December 2009 (31 December 2008: TL 12.0%, FC nil).

Balances at CBT

	Current Year		Prior Year	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,127,086	436,968	401,935	399,380
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	21,013	872,785	48,601	815,223
Total	1,148,099	1,309,753	450,536	1,214,603

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

Trading securities blocked/provided as collateral

None.

Trading securities subject to repurchase agreements

None.

Positive fair values of trading purpose derivatives

	Current Year		Prior Year	
	TL	FC	TL	FC
Forward Transactions	456	920	410	-
Swap Transactions	-	19,205	6,491	24,512
Futures	-	-	-	-
Options	242	701	-	-
Others	-	-	-	-
Total	698	20,826	6,901	24,512

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3. Information on banks

	Current Year		Prior Year	
	TL	FC	TL	FC
Banks	245,530	2,493,028	2,648	2,554,652
Domestic	245,530	206,938	2,648	50,191
Foreign	-	2,286,090	-	2,504,461
Foreign Head Offices and Branches	-	-	-	-
Total	245,530	2,493,028	2,648	2,554,652

Due from foreign banks

	Unrestricted Balance		Restricted Balances	
	Current Year	Prior Year	Current Year	Prior Year
EU Countries	1,118,529	822,645	34,187	91,842
USA, Canada	1,052,907	1,499,145	68,526	57,350
OECD Countries (*)	4,137	21,594	-	-
Off-shore Banking Regions	94	10,032	-	-
Others	7,710	1,853	-	-
Total	2,183,377	2,355,269	102,713	149,192

(*) OECD countries other than EU countries, USA, and Canada.

Foreign currency demand deposits amounting to TL 36,407 (31 December 2008: TL 55,724) and foreign currency time deposits amounting to TL 66,306 (31 December 2008: TL 93,468) are restricted due to securitization loans and other ordinary banking operations of the Bank.

4. Information on available-for-sale financial assets

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

	Current Year		Prior Year	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	2,905,370	289,422	1,891,942	475,511
Others	-	-	-	-
Total	2,905,370	289,422	1,891,942	475,511

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Available-for-sale financial assets subject to repurchase agreements

	Current Year		Prior Year	
	TL	FC	TL	FC
Government Bonds	3,958,401	-	1,125,762	146,155
Treasury Bills	205,312	-	-	-
Other Debt Securities	-	823,038	-	355,576
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Total	4,163,713	823,038	1,125,762	501,731

Information related to available for sale financial assets

	Current Year	Prior Year
Debt instruments	14,977,439	8,038,542
Quoted	14,977,439	8,038,542
Unquoted	-	-
Equity instruments	10,750	19,931
Quoted	-	-
Unquoted	10,750	19,931
Impairment provision (-)	22,310	76,828
Total	14,965,879	7,981,645

5. Information on loans

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

	Current Year		Prior Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to the Bank's shareholders	-	549	-	668
Legal entities	-	549	-	668
Real persons	-	-	-	-
Indirect loans granted to the Bank's shareholders	-	-	-	-
Loans granted to the employees	39,808	-	40,488	-
Total	39,808	549	40,488	668

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

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash Loans				
Loans	31,305,385	-	2,781,281	285,101
Discounted Bills	136,336	-	-	21
Export Loans	1,980,570	-	71,994	143,469
Import Loans	-	-	-	88
Loans to Financial Sector	2,342,229	-	-	-
Foreign Loans	42,968	-	-	-
Consumer Loans	8,955,293	-	218,355	18,285
Credit Cards	947,665	-	54,814	1,819
Precious Metal Loans	-	-	-	-
Others	16,900,324	-	2,436,118	121,419
Specialization Loans	66,970	-	-	-
Other Receivables	-	-	-	-
Total	31,372,355	-	2,781,281	285,101

Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash loans				
Short-term Loans and Other Receivables	12,198,969	-	1,010,362	206,023
Loans	12,198,969	-	1,010,362	206,023
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium, Long-term Loans and Other Receivables	19,173,386	-	1,770,919	79,078
Loans	19,106,416	-	1,770,919	79,078
Specialization loans	66,970	-	-	-
Other Receivables	-	-	-	-

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	307,201	8,238,992	8,546,193
Housing Loans	9,760	3,944,890	3,954,650
Automobile Loans	2,386	136,651	139,037
General Purpose Loans	135,176	3,972,403	4,107,579
Others	159,879	185,048	344,927
Consumer Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Retail Credit Cards – TL	963,944	392	964,336
With Installment	302,389	-	302,389
Without Installment	661,555	392	661,947
Retail Credit Cards – FC	517	-	517
With Installment	-	-	-
Without Installment	517	-	517
Personnel Loans – TL	360	22,490	22,850
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	360	22,490	22,850
Others	-	-	-
Personnel Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Credit Cards – TL	16,921	18	16,939
With Installment	5,349	-	5,349
Without Installment	11,572	18	11,590
Personnel Credit Cards – FC	19	-	19
With Instalment	-	-	-
Without Installment	19	-	19
Overdraft Checking Accounts – TL (Real persons)	622,890	-	622,890
Overdraft Checking Accounts – FC (Real persons)	-	-	-
Total	1,911,852	8,261,892	10,173,744

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Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – TL	178,851	4,737,579	4,916,430
Real Estate Loans	85	83,886	83,971
Automobile Loans	15,181	287,085	302,266
General Purpose Loans	163,585	4,366,608	4,530,193
Others	-	-	-
Installment-based Commercial Loans – FC-indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Installment-based Commercial Loans – FC	158	79,733	79,891
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	158	79,733	79,891
Corporate Credit Cards – TL	22,351	28	22,379
With Installment	930	28	958
Without Installment	21,421	-	21,421
Corporate Credit Cards – FC	108	-	108
With Installment	-	-	-
Without Installment	108	-	108
Overdraft Checking Accounts – TL (Corporate)	84,842	-	84,842
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	286,310	4,817,340	5,103,650

Allocation of loan customers

	Current Year	Prior Year
Public Sector	1,765,015	2,129,820
Private Sector	32,673,722	28,287,391
Total	34,438,737	30,417,211

Allocation of domestic and foreign loans

	Current Year	Prior Year
Domestic Loans	34,387,759	30,391,677
Foreign Loans	50,978	25,534
Total	34,438,737	30,417,211

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Loans granted to associates and subsidiaries

	Current Year	Prior Year
Direct Loans granted to Associates and Subsidiaries	579,792	126,461
Indirect Loans granted to Associates and Subsidiaries	-	-
Total	579,792	126,461

Specific provisions for loans

	Current Year	Prior Year
Provisions for Loans and Receivables with Limited Collectibility	82,483	21,272
Provisions for Loans and Receivables with Doubtful Collectibility	338,637	274,052
Provisions for Uncollectible Loans and Receivables	1,563,929	1,075,410
Total	1,985,049	1,370,734

Information on non-performing loans (Net)

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

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful colectibility	Group V Uncollectible loans and receivables
Current Year	7,438	46,766	115,357
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	7,438	46,766	115,357
Prior Year	-	-	87,748
(Gross Amounts Before Specific Provisions)	-	-	-
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	-	-	87,748

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Movements in non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior Year End Balance	106,360	274,052	1,075,410
Additions (+)	1,073,719	8,361	18,055
Transfers from other categories of loans under follow-up (+)	-	791,158	682,562
Transfers to other categories of loans under follow-up (-)	840,691	622,024	-
Collections (-)	122,987	112,910	212,098
Write-offs (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Year End Balance	216,401	338,637	1,563,929
Specific Provision (-)	82,483	338,637	1,563,929
Net Balance on Balance Sheet	133,918	-	-

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

Information on non-performing loans granted in foreign currencies

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year			
Period End Balance	10,693	11,933	273,605
Specific Provision (-)	2,139	11,933	273,605
Net Balance on Balance Sheet	8,554	-	-
Prior Year			
Period End Balance	393	58,733	181,654
Specific Provision (-)	79	58,733	181,654
Net Balance on Balance Sheet	314	-	-

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

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Write-off policy for uncollectible loans and receivables

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank concludes that those loans are uncollectible. This conclusion is given after considering information such as the occurrence of significant changes in the borrower/ issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balanced standardized loans, charge off decisions generally are based on a product specific past due status.

Loan customer concentration of non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year (Net)	133,918	-	-
Consumer and Commercial Loans (Gross)	214,619	336,847	1,535,060
Special Provision (-)	82,127	336,847	1,535,060
Consumer and Commercial Loans (Net)	132,492	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,782	1,790	27,318
Special Provision (-)	356	1,790	27,318
Other Loans and Receivables (Net)	1,426	-	-
Prior Year (Net)	85,088	-	-
Consumer and Commercial Loans (Gross)	105,650	273,599	1,048,745
Special Provision (-)	21,130	273,599	1,048,745
Consumer and Commercial Loans (Net)	84,520	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	710	453	25,114
Special Provision (-)	142	453	25,114
Other Loans and Receivables (Net)	568	-	-

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6. Information on held-to-maturity investments

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

	Current Year		Prior Year	
	TL	FC	TL	FC
Government Bonds	2,075,831	-	1,915,921	45,126
Treasury Bills	-	-	-	-
Other Government Securities	-	1,386,876	-	1,475,206
Total	2,075,831	1,386,876	1,915,921	1,520,332

Information on held-to-maturity investments

	Current Year	Prior Year
Debt Securities	3,521,096	3,476,003
Quoted at Stock Exchange	3,485,330	3,440,918
Unquoted at Stock Exchange	35,766	35,085
Impairment Losses (-)	22,623	4,665
Total	3,498,473	3,471,338

The movement of held-to-maturity investments

	Current Year	Prior Year
Balances at the Beginning of the Year	3,471,338	1,476,362
Foreign Currency Differences On Monetary Assets	(19,550)	38,444
Purchases During the Year	1,474,427	2,811,612
Disposals Through Sales/Redemptions	(1,372,734)	(928,203)
Impairment Losses	(20,419)	(4,511)
Change in Amortized Costs (*)	(34,589)	77,634
Balances at the End of the Year	3,498,473	3,471,338

(*) Change in amortized costs includes accrual differences on marketable securities.

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The Bank reclassified certain investment securities that were previously classified in financial assets at fair value through profit or loss to its held-to-maturity investment securities portfolio in year 2008. These investment securities have been included in held-to-maturity investment securities portfolio with their fair values as at the reclassification dates. These reclassifications are presented in "purchases during the year" line in the movement table of investments held-to-maturity in prior year column. The details of the related certain investment securities are as follows:

Date of reclassification	Currency	Face value (FC'000)	Fair value as at reclassification date (FC'000)
31 October 2008	US Dollar	99,386	145,760
		99,386	145,760
31 October 2008	Euro	40,066	45,867
		40,066	45,867

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 675,000 to its held-to-maturity investment securities portfolio at their fair values of TL 610,161 as at their reclassification dates, in 2009. These reclassifications are presented in "purchases during the year" line in the movement table of held-to-maturity investment securities. The valuation differences of these securities as at their reclassification dates amounting TL 1,118 have been recorded under the shareholders' equity and will be amortized through the statement of income until their maturities.

Additionally, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 1,325,000,000 (full TL), US Dollar 610,000,000 (full US Dollar), and EUR 75,000,000 (full EUR) to its held-to-maturity investment securities portfolio at their fair values of TL 1,213,358,500 (full TL), US Dollar 590,404,170 (full US Dollar), and EUR 68,996,250 (full EUR) respectively as at their reclassification dates, in 2008. These reclassifications are presented in "purchases during the year" line in the movement table of held-to-maturity investment securities. The valuation differences of these securities as at their reclassification dates amounting TL (9,529,171) (full TL), US Dollar (13,044,045) (full US Dollar), and EUR (5,325,575) (full EUR) respectively, have been recorded under the shareholders' equity and will be amortized through the statement of income until their maturities.

Information about held-to-maturity investments

Current Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/Blocked Investments	668,259	35,760	694,386	35,766
Investments subject to Repurchase Agreements	645,938	1,001,983	685,565	1,017,238
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others (*)	680,170	362,717	695,880	369,638
Total	1,994,367	1,400,460	2,075,831	1,422,642

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Prior Year	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/Blocked Investments	1,261,001	80,408	1,368,541	82,312
Investments subject to Repurchase Agreements	58,494	363,118	62,044	374,062
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others (*)	478,586	1,073,538	485,336	1,099,043
Total	1,798,081	1,517,064	1,915,921	1,555,417

(*) Securities that are not held as collateral/blockage, but held as free by the Bank have been presented in the "Other" column.

7. Investments in associates

Investments in associates

Title	Address (City/Country)	Bank's Share -Voting Rights, If Different (%)	Bank's Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkosa/NCTR	15.00	15.00
2 Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	11.75	21.77
3 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	27.63	29.47
4 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Turkey	10.00	10.00
5 Türkiye Sınai Kalkınma Bankası AŞ (*)	İstanbul/Turkey	8.38	8.38
6 Bankalararası Kart Merkezi AŞ (*)	İstanbul/Turkey	9.70	9.70
7 Kredi Kayıt Bürosu AŞ (*)	İstanbul/Turkey	9.09	9.09
8 Güçbirliği Holding AŞ (*)	İzmir/Turkey	0.07	0.07
9 İzmir Enternasyonal Otelcilik AŞ (*)	İstanbul/Turkey	5.00	5.00
10 İMKB Takas ve Saklama Bankası AŞ (*)	İstanbul/Turkey	4.86	5.28
11 Kredi Garanti Fonu AŞ (*)	Ankara/Turkey	1.67	1.67

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Years' Profit/Loss	Fair Value
1	630,776	50,657	4,795	67,203	963	10,679	7,528	-
2	14,762	13,822	52	325	2,876	2,275	(2,670)	1,098
3	77,834	77,693	36,841	1,128	3,600	6,879	8,113	24,628
4	540,083	140,617	211,565	4,480	-	(5,999)	21,694	-
5	6,858,984	1,037,638	174,244	197,840	202,957	143,796	99,377	75,046
6	15,423	12,797	5,738	725	-	(536)	2,581	-
7	23,128	20,739	2,266	1,634	19	6,802	4,528	-
8	111,134	33,610	3,172	158	-	(2,187)	(4,624)	-
9	108,585	50,264	102,439	-	-	82	(2,980)	-
10	1,453,145	274,930	11,351	31,496	10,434	32,567	34,664	-
11	92,023	91,657	472	5,404	-	7,394	4,186	-

(*) Financial information as at and for the nine-month period ended 30 September 2009 has been presented for these associates.

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Movement of investments in associates

	Current Year	Prior Year
Balance at the beginning of the year	56,780	90,066
Movements during the year	85,228	(33,286)
Transfers	9,181	2,445
Acquisitions	2,000	294
Bonus shares received	9,691	8,604
Income/Loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	64,356	(44,629)
Impairment losses	-	-
Balance at the end of the year	142,008	56,780
Capital commitments	2,001	-
Share percentage at the end of the year (%)	-	-

In accordance with the directives of BRSA, the shares of İMKB Takas ve Saklama Bankası AŞ, previously presented as "Equity securities" under "Available for sale financial assets" with carrying value of TL 9,181 have been reclassified as "Investment in associates" in 2009.

The Bank has reclassified İşkur İşçi İşadamları Kimya Kuruluşları AŞ shares as "Uncollectible Loans and Receivables", which were previously presented as "Investment in associates" with carrying value of TL 0.

Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") shares which were previously presented as "Equity securities" under "Financial assets available for sale" have been reclassified as "Investment in associates" in 2008. In the table presented above, the beginning balance of the year 2008 has been restated according to TSKB's fair value as at the related period.

In 2008, Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonal Otelcilik AŞ shares which were previously presented as "Equity securities" under "Financial assets available for sale" with total carrying value of TL 3,031 have been reclassified as "Investment in associates" in accordance with the directives of BRSA.

Since the Bank's share in Vakıf Gayrimenkul Değerleme AŞ has increased to 54.29% in 2008, it has been reclassified to "Investment in subsidiaries" which was previously classified as "Investment in associates". The subsidiary which had previously carrying value of TL 586 has been presented in "transfers" row in the movement table of investments in associates.

As per the resolution of the Board of Directors of the Bank dated 3 April 2008, it has been decided to work on disposal process of Roketsan Roket Sanayi AŞ ("Roketsan"), 10% of whose shares representing TL 14,600 of its capital is owned by the Bank, to the third parties or other shareholders of Roketsan.

Sectoral distribution of investments and associates and related carrying values

	Current Year	Prior Year
Banks	103,627	40,231
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	30,787	8,955
Total	134,414	49,186

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Quoted associates

	Current Year	Prior Year
Quoted to domestic stock exchanges	116,183	43,036
Quoted to international stock exchanges	-	-
Total	116,183	43,036

Investments in associates sold during the current year

There is not any disposal in associates during the current year.

Investments in associates acquired during the current year

As per the 11 June 2009 dated resolution of the Board of Directors of the Bank, it has been decided to invest in Kredi Garanti Fonu AŞ (“the Company”) which has been established in order to provide guarantee and ease credit conditions for Small and Medium size entities. Based on this resolution, the Bank has purchased one share of Kredi Garanti Fonu AŞ at a nominal value of TL 50 (full TL) from Turkish Union of Chambers and Commodity Exchanges on 9 September 2009. As per the 9 September 2009 dated resolution of the Extraordinary General Assembly of Kredi Garanti Fonu AŞ, it has been decided to increase share capital of Kredi Garanti Fonu AŞ from TL 60,000 to TL 240,000 by TL 180,000 through TL 19,110 from internal sources and TL 160,890 by cash injection of the shareholders. Accordingly, the Bank has made a commitment of TL 4,001 of which TL 2,000 was paid on 15 October 2009. The remaining balance, TL 2,001 is followed under “Share capital commitments to associates and subsidiaries” in the off-balance sheet commitments and contingencies, to be paid upon the request of Board of Directors of the Company within three years.

In 2009, Türkiye Sınai Kalkınma Bankası AŞ, an associate of the Bank, has increased its paid-in capital from TL 500,000 to TL 600,000. The share of the Bank amounting to TL 8,377 has been presented in the movement table of consolidated investments in associates as bonus shares received.

In 2009, Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, has increased its paid-in capital from TL 20,000 to TL 26,000. The share of the Bank amounting to TL 900 has been presented in the movement table of consolidated investments in associates as bonus shares received.

In 2009, subsequent to the approval of the decision to increase the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, from TL 19,300 to TL 20,800, by the General Assembly of the company, the share of the Bank amounting to TL 414 has been presented in the movement table of consolidated investments in associates as bonus shares received.

In 2008, Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, an associate of the Bank, has increased its paid-in capital by TL 2,500 from TL 5,000 to TL 7,500. The bank has joined paid-in capital increase in line with its share percentage and the cash injected by the Bank amounting to TL 294 has been presented as acquisitions in year 2008 in the movement table of consolidated investments in associates.

In 2008, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ has increased its paid-in capital from TL 18,480 to TL 19,300. The share of the Bank amounting to TL 227 has been presented as bonus shares received in the movement table of consolidated investments in associates.

In 2008, Türkiye Sınai Kalkınma Bankası AŞ has increased its paid-in capital from TL 400,000 to TL 500,000 by a way of stock split. The share of the Bank amounting to TL 8,377 has been presented as bonus shares received in the movement table of consolidated investments in associates.

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8. Investments in subsidiaries

Investments in subsidiaries

Title	Address (City/Country)	Bank's Share –Voting Rights, If Different (%)	Bank's Risk Group Share (%)
1 Güneş Sigorta AŞ (*)	Istanbul/Turkey	36.35	36.35
2 Vakıf Emeklilik AŞ (*)	Istanbul/Turkey	53.90	75.30
3 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/Turkey	65.50	84.92
4 Taksim Otelcilik AŞ (*)	Istanbul/Turkey	51.00	51.52
5 Vakıf Finans Factoring Hizmetleri AŞ (*)	Istanbul/Turkey	78.39	86.97
6 Vakıf Finansal Kiralama AŞ	Istanbul/Turkey	58.71	64.40
7 Vakıf Pazarlama ve Ticaret AŞ (**)	Istanbul/Turkey	68.55	73.95
8 Vakıf Yatırım Menkul Değerler AŞ (*)	Istanbul/Turkey	99.00	99.44
9 Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ	Ankara/Turkey	73.00	79.85
10 Vakıf Gayrimenkul Değerleme AŞ (*)	Ankara/Turkey	54.29	58.54
11 Vakıfbank International AG (*)	Vienna/Austria	90.00	90.00
12 World Vakıf UBB Ltd.	Lefkosa/NCTR	82.00	85.24
13 Vakıf Portföy Yönetimi AŞ (*)	Istanbul/Turkey	99.99	99.99

	Total Assets	Shareholder's Equity	Tangible Assets	Income on				Fair Value
				Interest Income	Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	
1	596,230	233,338	79,366	683	17,380	(7,239)	25,138	107,630
2	971,059	119,066	35,209	4,985	21,860	11,661	11,181	73,223
3	8,583	8,424	2,639	244	2	(658)	(2,385)	21,722
4	214,023	211,735	94,138	5,230	34	1,843	8,925	
5	232,258	63,828	97	22,339	-	10,010	7,544	33,708
6	345,736	67,869	6,681	20,333	16	30,395	4,313	39,058
7	67,183	5,013	177	7,976	-	6,042	(1,704)	-
8	79,242	53,913	318	5,310	684	4,340	4,422	-
9	13,786	7,761	332	1,212	199	869	2,666	9,188
10	11,998	9,218	224	863	39	3,008	3,677	15,440
11	6,247	(20,072)	-	714	-	(1,660)	(995)	-
12	5,484	(20,776)	-	774	-	(2,231)	(6,291)	-
13	5,502	5,353	19	461	13	1,125	691	-

(*) Financial information as at and for the nine-month period ended 30 September 2009 has been presented for these subsidiaries.

(**) According to valuation report of another independent audit firm, Vakıf Pazarlama ve Ticaret AŞ's fair value is TL 0.

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Movement of investments in subsidiaries

	Current Year	Prior Year
Balance at the beginning of the year	482,589	495,905
Movements during the year	63,660	(13,316)
Transfers	-	586
Acquisitions	-	1,500
Bonus shares received	4,436	-
Dividends from current year profit	-	-
Sales and liquidations	(2,701)	-
Fair value changes	61,925	(15,402)
Impairment losses	-	-
Balance at the end of year	546,249	482,589
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

As per the resolution of the Board of Directors of the Bank on 22 August 2006, it is decided to merge Vakıf Deniz Finansal Kiralama AŞ and Vakıf Finansal Kiralama AŞ. In accordance with the "Regulation on Establishment and Operations of Leasing, Factoring and Finance Companies", temporary 1st clause and 4th subclause, permission for operations of Vakıf Deniz Finansal Kiralama AŞ has been revoked on 25 June 2009. The application for the merge of Vakıf Finansal Kiralama AŞ with Vakıf Deniz Finansal Kiralama AŞ is not approved by Capital Market Board. As a result, activities regarding the merger has been stopped. Thereupon, the registered name of Vakıf Deniz Finansal Kiralama AŞ has been changed as Vakıf Pazarlama ve Ticaret AŞ on 29 September 2009.

The title of World Vakıf Off Shore Banking Ltd, a subsidiary of the Bank, has been changed as World Vakıf UBB Ltd as of February 4, 2009.

Since the Bank's share in Vakıf Gayrimenkul Değerleme AŞ has increased to 54.29% in 2008, it has been reclassified to "Investment in subsidiaries" which was previously classified as "Investment in associates". It has been presented in "transfers" line the movement table of investments in subsidiaries as its carrying value as at the transfer date amounting to TL 586.

According to the resolution of the Bank's Board of Directors dated 15 May 2008, it has been decided to sell the shares of consolidated subsidiaries Güneş Sigorta AŞ and Vakıf Emeklilik AŞ partially or entirely, however after resolution date, sales transaction of related subsidiaries has been cancelled due to global economic crisis. Therefore, sale oriented operations has been stopped and the process has been ended.

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Valuation methods of investments in subsidiaries

	Current Year	Prior Year
Valued at Cost	133,021	133,021
Valued at Fair Value	413,228	349,568
Valued by Equity Method of Accounting	-	-
Total	546,249	482,589

Sectoral distribution of financial investments in subsidiaries

	Current Year	Prior Year
Banks	100,158	100,158
Insurance Companies	188,268	144,922
Factoring Companies	33,708	33,708
Leasing Companies	39,058	14,854
Finance Companies	-	-
Other Financial Subsidiaries	40,335	41,616
Total	401,527	335,258

Quoted subsidiaries

	Current Year	Prior Year
Quoted at Domestic Stock Exchanges	154,103	87,834
Quoted at International Stock Exchanges	-	-
Total	154,103	87,834

Investments in subsidiaries disposed during the current year

As per the 4 September 2009 dated resolution of the Board of Directors, it has been decided to sale the shares of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ owned by the Bank, comprising 31.0% of the company's share capital to Rhea Gayrimenkul Proje Geliştirme İnşaat Sanayi ve Ticaret AŞ in accordance with sales agreement signed on 25 August 2009. The application to Capital Market Board ("CMB") dated 7 September 2009 regarding the sale of the shares has been approved and stated at the CMB Bulletin dated 13 November 2009 and numbered 2009/49. In order for the Bank and the counter party to obtain economic benefits expected from the transfer of the shares it has been decided to apply to the CMB for the permission for operations of the Company as a venture-capital trust to be extended for one-year starting from 31 December 2009. Following the approval of the sale of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ by CMB, the shares have been transferred on 10 December 2009 and the Bank's portion from the sales amounting to TL 2,140 has been received in cash. As a result of this sales transaction, the Bank has recorded gain on sale of subsidiaries amounting to TL 1,592.

The shares of Ataköy Mağazacılık Ticaret AŞ, previously presented as "Investment in subsidiaries", that is in liquidation process and has a carrying value of TL 0, have been written off as at 30 April 2009.

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Investments in subsidiaries purchased during the current year

There is not any investment in subsidiaries of the Bank purchased in the current year.

In 2009, Vakıf Finansal Kiralama AŞ, one of the subsidiaries, has increased its paid-in capital from TL 20,000 to TL 25,000. The share of the Bank amounting to TL 2,936 has been presented in the movement table of consolidated investments in subsidiaries as bonus shares received.

In 2009, Vakıf Portföy Yönetimi AŞ, one of the subsidiaries, has increased its paid-in capital from TL 1,500 to TL 3,000. The share of the Bank amounting to TL 1,500 has been presented in the movement table of consolidated investments in subsidiaries as bonus shares received.

In year 2008, Vakıf Gayrimenkul Değerleme AŞ has increased its paid-in capital by TL 1,500 from TL 2,000 to TL 3,500. Increase in the share capital of this subsidiary has been fully paid by the Bank by using its precedence right. Related cash injection has been presented as “acquisitions and capital increases” row in the movement of investments in subsidiaries table.

9. Investments in joint-ventures

None.

10. Information on finance lease receivables

None

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management

None.

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12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	961,561	213,184	29,739	423,068	1,627,552
Accumulated depreciation(-)	212,606	144,385	20,510	265,381	642,882
Net book value	748,955	68,799	9,229	157,687	984,670
Balance at the end of the current year:					
Net book value at the beginning of the current year	748,955	68,799	9,229	157,687	984,670
Additions	163,094	212	5,206	55,930	224,442
Disposals (-)	11,745	158	526	825	13,254
Impairment losses (-) (*)	9,409	-	-	-	9,409
Depreciation of the current year (-)	28,164	21,917	3,504	49,745	103,330
Currency translation diff. on foreign operations	-	-	-	-	-
Cost at the end of the current year	1,103,501	213,238	34,419	478,173	1,829,331
Accumulated depreciation at the end of the year (-)	240,770	166,302	24,014	315,126	746,212
Net book value at the end of the current year	862,731	46,936	10,405	163,047	1,083,119

(*) In conjunction with the 5th subclause of "Regulation on the procedures and principles for sales and purchase of precious metal and disposal of tangible assets that have been acquired due to receivables by Banks" of BRSA which has been published in the Official Gazette no. 26333 on 1 November 2006, in case assets that are not subject to amortization are not disposed within three years following the acquisition date, they shall be amortized through recording provisions at a rate of 5% for each year after the acquisition date. In this frame, the Bank has booked TL 9,409 provision as at 31 December 2009 (31 December 2008: None) taking the temporary clause of the regulation defining the acquisition date into account.

13. Information on intangible assets

Bank's intangible assets consist of computer softwares. The estimated useful life of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives.

In the current year an intangible asset that presents severity for the financial statements does not exist. Additionally 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. In the current year the Bank has not capitalised research and development expense.

14. Information on investment property

None.

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15. Information on deferred tax asset

Items generating deferred tax assets or liabilities as at 31 December 2009 and 2008 are as follows:

	Current Year	Prior Year
Deferred tax assets:	108,678	94,516
Provision for employee termination benefits and unused vacations	36,406	32,894
Valuation differences for associates and subsidiaries	20,749	22,732
Reporting Standarts-Tax Code depreciation differences	18,176	18,231
Valuation differences of financial assets and liabilities	16,353	10,932
Other provisions	15,234	7,899
Others	1,760	1,828
Deferred tax liabilities:	(28,779)	(8,459)
Valuation differences of financial assets and liabilities	(17,665)	(2,514)
Valuation differences for associates and subsidiaries	(11,114)	(5,945)
Deferred tax assets, net	79,899	86,057

16. Assets held for sale and assets related to the discounted operations

None.

17. Information on other assets

Details of other assets as at 31 December 2009 and 2008 are as follows:

	Current Year	Prior Year
Prepaid expenses	255,027	285,053
Receivables from term sale of assets	125,323	158,266
Receivables from credit cards	113,010	52,416
Receivables from derivative financial instruments	56,006	84,558
Receivables from lawsuit and court expenses	41,426	30,684
Others	47,391	75,898
Total	638,183	686,875

The Bank has recorded specific provision amounting to TL 39,203 for lawsuit and court expenses amounting to TL 41,426 that has been undertaken due to non-performing loans and receivables as at 31 December 2009.

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II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

Current Year	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,044,253	-	799,491	6,689,074	177,812	21,785	32,249	-	8,764,664
Foreign Currency Deposits	1,042,653	-	2,289,739	7,583,717	619,453	133,408	786,158	-	12,455,128
Residents in Turkey	1,011,051	-	2,231,727	7,477,890	617,095	133,113	784,674	-	12,255,550
Residents in Abroad	31,602	-	58,012	105,827	2,358	295	1,484	-	199,578
Public Sector Deposits	1,431,736	-	1,238,093	2,915,113	123,913	249	3,217	-	5,712,321
Commercial Deposits	960,333	-	2,029,203	6,703,428	646,249	227	1,315	-	10,340,755
Others	1,439,926	-	800,573	2,696,795	238,527	2,171	11,620	-	5,189,612
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	9,711	-	872,100	1,037,591	194,955	56,144	18,742	-	2,189,243
CBT	49	-	-	-	-	-	-	-	49
Domestic Banks	869	-	758,934	497,421	82,411	4	-	-	1,339,639
Foreign Banks	5,336	-	113,166	540,170	112,544	56,140	18,742	-	846,098
Participation Banks	3,457	-	-	-	-	-	-	-	3,457
Others	-	-	-	-	-	-	-	-	-
Total	5,928,612	-	8,029,199	27,625,718	2,000,909	213,984	853,301	-	44,651,723

Prior Year	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	839,372	-	732,245	6,924,356	168,677	10,169	28,087	-	8,702,906
Foreign Currency Deposits	1,097,263	-	2,596,993	5,641,389	865,877	277,277	663,353	-	11,142,152
Residents in Turkey	1,079,556	-	2,589,199	5,625,316	864,818	276,759	652,299	-	11,087,947
Residents in Abroad	17,707	-	7,794	16,073	1,059	518	11,054	-	54,205
Public Sector Deposits	1,078,139	-	1,041,733	1,721,947	123,714	71	1,370	-	3,966,974
Commercial Deposits	825,479	-	1,901,295	3,375,304	116,177	40,508	1,261	-	6,260,024
Others	1,480,317	-	525,034	3,420,681	136,301	413	10,310	-	5,573,056
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,796	-	1,070,729	402,640	-	-	-	-	1,475,165
CBT	65	-	-	-	-	-	-	-	65
Domestic Banks	115	-	1,023,548	398,603	-	-	-	-	1,422,266
Foreign Banks	1,356	-	47,181	4,037	-	-	-	-	52,574
Participation Banks	260	-	-	-	-	-	-	-	260
Others	-	-	-	-	-	-	-	-	-
Total	5,322,366	-	7,868,029	21,486,317	1,410,746	328,438	704,381	-	37,120,277

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Year	Prior Year	Current Year	Prior Year
Saving Deposits	4,726,338	4,549,510	4,038,326	4,153,396
Foreign Currency Saving Deposits	1,397,224	1,341,128	3,006,765	2,739,340
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	6,123,562	5,890,638	7,045,091	6,892,736

Saving deposits out of insurance coverage limits

	Current Year	Prior Year
Deposits and other accounts at foreign branches	1,715	591
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	3,852	2,792
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purposes

Negative fair values of trading purpose derivatives

	Current Year		Prior Year	
	TL	FC	TL	FC
Forwards	424	882	406	-
Swaps	8,868	28,628	5,145	21,576
Futures	-	-	-	-
Options	257	749	-	-
Others	-	-	-	-
Total	9,549	30,259	5,551	21,576

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3. Information on banks and other financial institutions

	Current Year		Prior Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	43,875	294,290	74,719	282,616
Foreign Bank, Institutions and Funds	-	4,027,945	-	5,413,059
Total	43,875	4,322,235	74,719	5,695,675

Maturity information of funds borrowed

	Current Year		Prior Year	
	TL	FC	TL	FC
Short-term (*)	43,362	1,399,956	74,719	1,891,715
Medium and Long term (*)	513	2,922,279	-	3,803,960
Total	43,875	4,322,235	74,719	5,695,675

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 7.6% (31 December 2008: 12.4%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 23 July 2008, the Bank has obtained a syndication loan having an amount of USD 390 million and Euro 226 million and interest rates of Libor + 0.77% and Euribor + 0.77%, with the participation of 25 banks and with a maturity of one year. The loan was paid back and closed as at 28 July 2009. On 19 August 2009, the Bank has obtained a syndication loan having an amount of USD 203.5 million and Euro 372.5 million and interest rates of Libor + 2.50% and Euribor + 2.50%, with the participation of 29 banks.

On 19 December 2008, the Bank has obtained syndication loan of USD 80 million and Euro 180 million with cost of Libor + 2% and Euribor + 2%, with the participation of 12 banks. The loan has been fully paid back and closed as at 24 December 2009.

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

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

5. Information on lease payables (net)

Obligations under financial leases

	Current Year		Prior Year	
	Gross	Net	Gross	Net
Up to 1 year	6	-	13,319	12,876
1-4 Years	-	-	3,628	3,551
More than 4 Years	-	-	-	-
Total	6	-	16,947	16,427

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

Negative fair values of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Year	Prior Year
Provisions for Loans and Receivables in Group I	238,772	202,266
Provisions for Loans and Receivables in Group II	56,869	36,860
Provisions for Non Cash Loans	27,151	19,531
Others	197	250
Total	322,989	258,907

Assets subject to general provision and related provision amounts as per their risk grading

31 December 2009	Balance sheet items		Off balance sheet items	
	Carrying value	Provision	Carrying value	Provision
Grade 1-3 : Low risk loans and receivables	30,999,103	233,873	16,717,082	25,770
Grade 4-5 : Loans under follow-up	2,886,339	55,586	352,974	1,381
Restructured loans	180,043	1,283	-	-
Other not graded assets	1,247,501	4,899	1,372,048	197
Total	35,312,986	295,641	18,442,104	27,348

31 December 2008	Balance sheet items		Off balance sheet items	
	Carrying value	Provision	Carrying value	Provision
Grade 1-3 : Low risk loans and receivables	27,973,138	199,506	13,602,667	18,952
Grade 4-5 : Loans under follow-up	1,740,282	35,436	144,692	579
Restructured loans	208,792	1,424	-	-
Other not graded assets	673,284	2,760	1,225,095	250
Total	30,595,496	239,126	14,972,454	19,781

Provision for currency exchange loss on foreign currency indexed loans

	Current Year	Prior Year
Provision for currency exchange gain/loss on foreign currency indexed loans	209	-

The Bank has recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 209 (31 December 2008: None) and has reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans.

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

	Current Year	Prior Year
Non-cash Loans with Limited Collectibility	1,215	1,602
Non-cash Loans with Doubtful Collectibility	7,646	7,914
Uncollectible Non-cash Loans	93,868	95,947
Total	102,729	105,463

Information on other provisions

The Bank does not have general reserves for possible losses.

Information on other provisions exceeding 10% of total provisions

	Current Year	Prior Year
Specific provision for non-cash loans that are not indemnified or converted into cash	102,729	105,463
Provisions for World Vakıf UBB Ltd with regard to its negative equity	17,037	15,583
Provisions for lawsuits against the Bank	15,171	12,371
Provisions for credit card promotions	8,246	9,022
Others	46,551	11,540
Total	189,734	153,979

8. Taxation

Current Taxes

Tax provision

As at and for the year ended 31 December 2009, the tax provision was amounted to TL 350,029 (31 December 2008: TL 197,622). As at 31 December 2009, corporate tax liabilities of the Bank was amounted to TL 83,161 (31 December 2008: TL 47,550), after deducting prepaid taxes paid during temporary tax periods amounted to TL 266,868 (31 December 2008: TL 150,072).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	83,161	47,550
Taxation on securities	44,532	91,324
Capital gains tax on property	704	652
Banking and Insurance Transaction Tax (BITT)	20,661	27,975
Taxes on foreign exchange transactions	-	-
Value added tax payable	905	874
Others	13,166	11,276
Total	163,129	179,651

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Information on premiums payable

	Current Year	Prior Year
Social security premiums-employee share	-	-
Social security premiums-employer share	-	-
Bank pension fund premium-employee share	-	-
Bank pension fund premium-employer share	-	-
Pension fund membership fees and provisions-employee share	-	-
Pension fund membership fees and provisions-employer share	-	-
Unemployment insurance-employee share	312	252
Unemployment insurance-employer share	625	505
Others	5	-
Total	942	757

Information on deferred tax liability

Disclosed in Note 15 of information and disclosures for assets.

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

None.

10. Information on subordinated loans

None.

11. Information on shareholders' equity

Paid-in capital

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

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

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

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

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

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

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following year

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of marketable securities

	Current Year		Prior Year	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	179,931	56,131	62,561	56,131
Fair value differences of available-for-sale securities	230,925	98,487	57,554	(68,437)
Foreign exchange differences	-	-	-	-
Total	410,856	154,618	120,115	(12,306)

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III. Information and disclosures related to off-balance sheet items

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Year	Prior Year
Commitments for credit card limits	4,043,910	3,050,410
Loan granting commitments	2,839,123	1,273,207
Commitments for cheque payments	735,839	1,456,567
Asset purchase commitments	298,677	293,765
Share capital commitments to associates and subsidiaries	2,001	-
Total	7,919,550	6,073,949

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

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

The Bank has provided specific provision amounting to TL 102,729 (31 December 2008: TL 105,463) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 106,264 (31 December 2008: TL 111,873) as at 31 December 2009.

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Year	Prior Year
Provisional Letters of Guarantee	187,197	102,621
Final Letters of Guarantee	3,210,233	4,112,388
Letters of Guarantee for advances	1,186,749	1,035,225
Letters of Guarantee given to Customs Offices	161,158	182,196
Other Letters of Guarantee	1,360,240	80,267
Total	6,105,577	5,512,697

2. Non-cash Loans

	Current Year	Prior Year
Non-Cash Loans Given for Cash Loan Risks	541,145	405,492
With Original Maturity of 1 Year or Less	367,311	132,743
With Original Maturity of More Than 1 Year	173,834	272,749
Other Non-Cash Loans	8,553,087	7,605,585
Total	9,094,232	8,011,077

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3. Sectoral risk concentrations of non-cash loans

	Current Year				Prior Year			
	TL	%	FC	%	TL	%	FC	%
Agricultural	30,798	0.71	100,974	2.10	30,209	0.88	57,063	1.25
Farming and Stockbreeding	25,451	0.59	87,111	1.81	22,881	0.67	37,906	0.83
Forestry	3,995	0.09	-	-	4,980	0.14	3,705	0.08
Fishing	1,352	0.03	13,863	0.29	2,348	0.07	15,452	0.34
Manufacturing	1,944,249	45.28	2,190,049	45.63	1,341,409	38.88	1,827,785	40.06
Mining	35,457	0.83	129,519	2.70	34,613	1.00	119,474	2.62
Production	1,614,210	37.59	1,537,794	32.04	953,207	27.63	1,523,671	33.39
Electric, gas and water	294,582	6.86	522,736	10.89	353,589	10.25	184,640	4.05
Construction	570,644	13.29	851,475	17.74	581,153	16.85	1,083,182	23.75
Services	1,537,852	35.81	910,564	18.97	1,203,401	34.89	841,916	18.46
Wholesale and retail trade	618,790	14.41	457,975	9.54	466,892	13.54	260,919	5.72
Hotel, food and beverage services	43,000	1.00	10,486	0.22	32,832	0.95	12,380	0.27
Transportation and telecommunication	229,508	5.34	399,311	8.32	205,056	5.94	356,090	7.81
Financial institutions	612,300	14.26	28,339	0.59	467,148	13.55	192,569	4.22
Real estate and renting services	2,101	0.05	-	-	4,898	0.14	65	0.00
"Self-employment" type services	-	-	-	-	-	-	-	-
Education services	2,398	0.06	-	-	5,092	0.15	2,293	0.05
Health and social services	29,755	0.69	14,453	0.30	21,483	0.62	17,600	0.39
Others	210,964	4.91	746,663	15.56	293,235	8.50	751,724	16.48
Total	4,294,507	100.00	4,799,725	100.00	3,449,407	100.00	4,561,670	100.00

4. Information on non-cash loans classified as I and IInd group

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	4,139,896	1,750,665	106,714	9,687
Confirmed Bills of Exchange and Acceptances	-	419,052	-	11,306
Letters of Credit	4,130	2,500,869	-	21,172
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	3,078	21,399	-	-
Non-cash Loans	4,147,104	4,691,985	106,714	42,165

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5. Information on derivative transactions

	Current Year	Prior Year
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	2,117,928	1,747,727
Currency Forwards	263,831	24,545
Currency Swaps	1,445,630	1,723,182
Currency Futures	-	-
Currency Options	408,467	-
Interest Rate Derivative Transactions (II)	830,237	702,975
Interest Rate Forwards	-	-
Interest Rate Swaps	830,237	702,975
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Trading Derivatives (III)	14,900	60,800
A. Total Trading Derivatives (I+II+III)	2,963,065	2,511,502
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	2,963,065	2,511,502

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	31 December 2009					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	721,146	-	-	-	-	721,146
Sale	724,484	-	-	-	-	724,484
Currency forwards:						
Purchase	32,719	51,323	47,897	-	-	131,939
Sale	32,713	51,313	47,866	-	-	131,892
Cross currency interest rate swaps:						
Purchase	-	-	8,924	291,350	60,959	361,233
Sale	-	-	7,774	288,330	68,838	364,942
Interest rate swaps:						
Purchase	-	-	-	58,116	-	58,116
Sale	-	-	-	45,946	-	45,946
Options:						
Purchase	160,602	43,631	-	-	-	204,233
Sale	160,722	43,512	-	-	-	204,234
Other trading derivatives:						
Purchase	-	14,900	-	-	-	14,900
Sale	-	-	-	-	-	-
Total purchases	914,467	109,854	56,821	349,466	60,959	1,491,567
Total sales	917,919	94,825	55,640	334,276	68,838	1,471,498
Total	1,832,386	204,679	112,461	683,742	129,797	2,963,065

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	31 December 2008					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	853,425	1,693	-	-	-	855,118
Sale	866,389	1,675	-	-	-	868,064
Currency forwards:						
Purchase	6,179	3,943	2,152	-	-	12,274
Sale	6,177	3,941	2,153	-	-	12,271
Cross currency interest rate swaps:						
Purchase	-	-	-	88,112	72,059	160,171
Sale	-	-	-	76,153	82,992	159,145
Interest rate swaps:						
Purchase	-	-	118,560	78,971	-	197,531
Sale	-	-	118,560	67,568	-	186,128
Other trading derivatives:						
Purchase	-	-	-	15,200	-	15,200
Sale	-	-	-	45,600	-	45,600
Total purchases	859,604	5,636	120,712	182,283	72,059	1,240,294
Total sales	872,566	5,616	120,713	189,321	82,992	1,271,208
Total	1,732,170	11,252	241,425	371,604	155,051	2,511,502

6. Contingent assets and liabilities

None.

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.

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IV. Information and disclosures related to the income statement

1. Interest income

Information on interest income received from loans

	Current Year		Prior Year	
	TL	FC	TL	FC
Short-term Loans	1,573,933	267,669	1,740,119	186,127
Medium and Long-term Loans	2,228,877	338,969	1,954,390	402,870
Loans under follow-up	68,965	-	62,127	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	3,871,775	606,638	3,756,636	588,997

Information on interest income received from banks

	Current Year		Prior Year	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	3,016
Domestic Banks	2,483	330	12,595	3,293
Foreign Banks	1,165	6,370	29,056	37,462
Foreign Head Office and Branches	-	-	-	-
Total	3,648	6,700	41,651	43,771

Information on interest income received from securities portfolio

	Current Year		Prior Year	
	TL	FC	TL	FC
Trading Financial Assets	-	3,212	1,107	21,539
Financial Assets at Fair Value through Profit or Loss	-	-	-	-
Available-for-Sale Financial Assets	1,142,301	113,079	1,167,063	149,232
Held-to-Maturity Investments	324,036	108,257	298,861	58,037
Total	1,466,337	224,548	1,467,031	228,808

Information on interest income received from associates and subsidiaries

	Current Year	Prior Year
Interest Received from Associates and Subsidiaries	14,642	10,794

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2. Interest Expense

Interest expenses on funds borrowed

	Current Year		Prior Year	
	TL	FC	TL	FC
Banks	9,536	136,502	7,725	224,178
Central Bank of Turkey	-	-	-	-
Domestic Banks	9,536	3,490	7,725	1,805
Foreign Banks	-	133,012	-	222,373
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	90	581	155	24
Total	9,626	137,083	7,880	224,202

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	22,515	26,281

Interest expense on securities issued

None.

Maturity structure of interest expense on deposits

Account Description	Time Deposit							Total
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 Year and Over	Accumulating Deposit Accounts	
Turkish Lira:								
Bank Deposits	-	74,704	-	-	-	-	-	74,704
Saving Deposits	5,717	101,598	781,326	17,012	1,714	3,906	-	911,273
Public Sector Deposits	1,907	63,126	274,993	13,130	44	311	-	353,511
Commercial Deposits	1,865	80,555	424,253	27,969	1,474	141	-	536,257
Other Deposits	560	177,265	441,933	40,187	803	1,378	-	662,126
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total	10,049	497,248	1,922,505	98,298	4,035	5,736	-	2,537,871
Foreign Currency:								
Foreign Currency Deposits	382	73,492	215,668	25,851	6,648	24,399	-	346,440
Bank Deposits	-	6,494	-	-	-	-	-	6,494
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-
Total	382	79,986	215,668	25,851	6,648	24,399	-	352,934
Grand Total	10,431	577,234	2,138,173	124,149	10,683	30,135	-	2,890,805

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3. Dividend Income

	Current Year	Prior Year
Trading Purpose Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	-	1,166
Others	24,265	24,333
Total	24,265	25,499

4. Trading income/losses

	Current Year	Prior Year
Income	2,041,880	1,431,062
Income from capital market transactions	127,315	66,645
Income from derivative financial instruments	64,351	67,000
Foreign exchange gains	1,850,214	1,297,417
Losses	(1,864,114)	(1,341,342)
Losses from capital market transactions	(3,814)	(7,683)
Losses from derivative financial instruments	(70,790)	(74,608)
Foreign exchange losses	(1,789,510)	(1,259,051)
Trading income/losses, net	177,766	89,720

Net loss arising from changes in foreign exchange rate that relate to the Bank's derivative financial instruments based on foreign exchange rate is TL 4,513 for the year ended 31 December 2009 (31 December 2008: net loss amounting to TL 247).

5. Other operating income

	Current Year	Prior Year
Income from reversal of specific provisions for loans	152,271	171,847
Communication income	85,553	70,513
Gain on sale of assets	40,390	8,554
Rent income	3,811	3,536
Income from reversal of the impairment loss of investment in subsidiaries	1,000	10,554
Other income	28,191	47,700
Total	311,216	312,704

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6. Provision expenses for losses on loans and other receivables

	Current Year	Prior Year
Specific Provisions on Loans and Other Receivables	745,872	389,354
Loans and Receivables in Group III	85,927	41,082
Loans and Receivables in Group IV	171,426	153,887
Loans and Receivables in Group V	488,519	194,385
Non-performing commissions and other receivables	-	-
General Provision Expenses	65,358	84,193
Provision for Possible Losses	-	-
Impairment Losses on Financial Assets	11,891	23,931
Financial Assets at Fair Value through Profit or Loss	-	1,979
Available-for-Sale Financial Assets	11,891	21,952
Other Impairment Losses:	20,419	4,511
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-Maturity Investments	20,419	4,511
Others (*)	137,785	122,330
Total	981,325	624,319

(*) Other provision expenses amounting to TL 137,785 (31 December 2008: TL 122,330) is comprised of provision expenses for dividends to the personnel amounting to TL 79,200 (31 December 2008: TL 68,600), provision for non-cash loans that are not indemnified or converted into cash amounting to TL 29,980 (31 December 2008: TL 33,443), provision expenses for lawsuits against the Bank amounting to TL 2,800 (31 December 2008: TL 3,919) and other provision expenses amounting to TL 25,805 (31 December 2008: TL 16,368).

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7. Other operating expenses

	Current Year	Prior Year
Personnel Costs	619,756	557,063
Reserve for Employee Termination Benefits	17,561	29,120
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	9,409	-
Depreciation Expenses on Tangible Assets	103,330	90,097
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	5,366	3,753
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	602,096	508,858
Operational lease related expenses	71,456	64,432
Repair and maintenance expenses	13,769	14,615
Advertisement expenses	39,384	45,156
Other expenses	477,487	384,655
Loss on sale of assets	1,026	1,776
Others	174,176	128,505
Total	1,532,720	1,319,172

8. Information on income/loss from discontinued 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 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 operations

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

11. Provision for taxes on income

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

In the current year, the Bank has recorded current tax provision of TL 311,128 (31 December 2008: TL 194,149) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

Sources of deferred tax benefit/charge	Current Year	Prior Year
Arising from Origination/(Reversal) of Deductible Temporary Differences	20,789	(1,219)
Arising from (Origination)/Reversal of Taxable Temporary Differences	(629)	23,228
Arising from Origination/(Reversal) of Tax Losses	-	-
Arising from Change in Tax Rate	-	-
Total	20,160	22,009

12. Net profit and loss

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

None.

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

None.

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

None.

V. Information and disclosures related to statement of changes in shareholders' equity

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

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

Valuation Differences of Marketable Securities	Current Year	Prior Year
Valuation differences at the beginning of the year	(10,882)	87,127
Fair value changes in the current year	390,270	(56,872)
Effect of deferred and corporate taxes	(61,441)	3,187
Valuation differences transferred to the statement of income	9,734	(56,373)
Effect of deferred and corporate taxes	1,731	12,049
Valuation differences at the end of the year	329,412	(10,882)

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Valuation Difference of the Subsidiaries and Affiliates	Current Year	Prior Year
Valuation differences at the beginning of the year	118,691	188,303
Fair value changes in the current year	125,723	(70,586)
Effect of deferred and corporate taxes	(6,760)	974
Valuation differences transferred to the statement of income	(1,592)	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	236,062	118,691

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 55th Annual General Assembly held on 3 April 2009, it has been decided that net profit of the year 2008 subject to distribution after the deduction of deferred tax income amounting to TL 731,189 shall be distributed as legal reserves amounting to TL 73,119, extraordinary reserves amounting to TL 656,957, and other reserves amounting to TL 1,113.

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

Valuation differences of available-for-sale financial assets has increased in the current year. Detailed information about the increase 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 273,410 (31 December 2008: TL (831,051)) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

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"Net increase/decrease in other liabilities" amounting to TL 4,575,515 (31 December 2008: TL (119,225)) under "Changes in operating assets and liabilities" is mainly comprised of cash inflows from repurchase (repo) agreements.

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 5,304 (31 December 2008: TL 4,219) 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

As per the 11 June 2009 dated resolution of the Board of Directors of the Bank, it has been decided to invest in Kredi Garanti Fonu AŞ which has been established in order to provide guarantee and ease credit conditions for small and medium size entities. Based on this resolution, the Bank has purchased one share of Kredi Garanti Fonu AŞ at a nominal value of TL 50 (full TL) from Turkish Union of Chambers and Commodity Exchanges on 9 September 2009. As per the 9 September 2009 dated resolution of the Extraordinary General Assembly of Kredi Garanti Fonu AŞ, it has been decided to increase share capital of Kredi Garanti Fonu AŞ from TL 60,000 to TL 240,000 by TL 180,000 through TL 19,110 from internal sources and TL 160,890 by cash injection of the shareholders. Accordingly, the Bank has made a commitment of TL 4,000 of which TL 2,000 was paid on 15 October 2009. The relevant amount has been presented as "Cash paid for purchase of associates, subsidiaries and joint-ventures" under "Net cash flow from investing activities" of the statement of cash flows.

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

Following the approval of the sale of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ by CMB, the shares have been transferred on 10 December 2009 and the Bank's portion from the sales amounting to TL 2,140 has been received in cash. The related amount has been presented as "Proceeds from disposal of associates, subsidiaries and joint-ventures" under "Net cash flow from investing activities" in the statement of cash flows.

4. Information on cash and cash equivalents

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

	31 December 2008	31 December 2007
Cash on Hand	439,144	419,071
Cash in TL	375,190	363,150
Cash in Foreign Currency	63,954	55,921
Cash Equivalents	6,391,894	4,819,790
CBT - Unrestricted demand deposit	1,665,139	2,070,245
Bank deposits	2,557,300	2,746,268
Interbank money market placements	3,201,333	715,335
Other	503	886
Loans and advances to banks having maturity of more than 3 months	(1,000)	-
Restricted cash and cash equivalents	(964,415)	(651,920)
Income accruals on cash equivalents	(50,158)	(39,997)
Unrealised foreign exchange rate differences on cash equivalents	(16,808)	(21,027)
Total	6,831,038	5,238,861

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

	Current Year 31 December 2009	Prior Year 31 December 2008
Cash on Hand	591,081	439,144
Cash in TL	508,595	375,190
Cash in Foreign Currency	82,486	63,954
Cash Equivalents	7,589,050	6,391,894
CBT - Unrestricted demand deposit	2,457,852	1,665,139
Bank deposits	2,738,558	2,557,300
Interbank money market placements	3,400,614	3,201,333
Other	702	503
Loans and advances to banks having maturity of more than 3 months	-	(1,000)
Restricted cash and cash equivalents	(975,498)	(964,415)
Income accruals on cash equivalents	(21,674)	(50,158)
Unrealized foreign exchange rate differences on cash equivalents	(11,504)	(16,808)
Total	8,180,131	6,831,038

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 872,785 as at 31 December 2009 (31 December 2008: TL 815,223) has not been included in cash and cash equivalents.

Foreign currency demand deposits amounting to TL 36,407 (31 December 2008: TL 55,274) and foreign currency time deposits amounting to TL 66,306 (31 December 2008: TL 93,468) are restricted due to securitization loans and other ordinary banking operations of the Bank.

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VII. Information and disclosures related to the Bank's risk group

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Current Year						
Loans and Other Receivables						
Balance at the Beginning of the Year	126,461	207,216	-	668	8,437	5,881
Balance at the End of the Year	579,792	402,370	-	549	9,587	4,122
Interest and Commission Income Received	14,642	791	-	-	829	121

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Prior Year						
Loans and Other Receivables						
Balance at the Beginning of the Year	63,102	175,454	-	669	4,119	5,488
Balance at the End of the Year	126,461	207,216	-	668	8,437	5,881
Interest and Commission Income Received	10,794	785	-	-	730	190

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Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Deposits						
Balance at the Beginning of the Year	263,719	270,304	977,811	918,176	208,027	143,867
Balance at the End of the Year	623,235	263,719	917,223	977,811	56,210	208,027
Interest on Deposits	22,515	26,281	93,391	101,600	705	1,210

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

Bank's Risk Group	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Transactions held for trading purpose:						
Purchase balance at the beginning of the period	-	-	-	-	-	-
Sales balance at the beginning of the period	-	-	-	-	-	-
Purchase balance at the end of the period	29,800	-	-	-	-	-
Sales balance at the end of the period	29,790	-	-	-	-	-
Total Profit/(Loss)	7	-	-	-	-	-

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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

The pricing of transactions with the risk group companies is set in compliance with the market prices. The ratio of cash and non-cash loans extended to the the risk group to the overall cash and non-cash loans are 1.70% (31 December 2008: 0.44%) and 4.48% (31 December 2008: 2.67%).

Current Year	Amount	Compared with the Financial Statement Amount %
Cash Loans	589,379	1.70
Non-Cash Loans	407,041	4.48
Deposits	1,596,668	3.58
Forward and Option Agreements	59,590	2.01

Prior Year	Amount	Compared with the Financial Statement Amount %
Cash Loans	134,898	0.44
Non-Cash Loans	213,765	2.67
Deposits	1,449,557	3.91
Forward and Option Agreements	-	-

Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

None.

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

	Number of Branches	Number of Employees			
Domestic Branches (*)	543	10,134			
				Country	
Foreign Representative Offices	-	-		1-	
				2-	
				3-	
					Total Assets
Foreign Branches	2	19	1-USA		1,514,081
			2-Bahrain		9,469,371
			3-		-
Off-shore Branches			1-		
			2-		
			3-		

(*) 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 2009, 27 (during 2008: 84) new domestic branches have been opened and 7 (during 2008: 27) branches have been closed.

SECTION SIX

Other Disclosures and Footnotes

I. Other explanations on the Bank's operations

• The monetary losses amounting TL 379,000 incurred in the 2001 financial year as a result of the inflation accounting applied in compliance with the Temporary article no. 4 added to the Banks Law no. 4389 through the Law no. 4743, the tax returns of 2002, 2003 and 2004 were submitted with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. The Bank appealed to the tax court for the corporate tax return on 22 February 2007. Ankara 5th Tax court decided in favor of the Bank and TL 125,187 was transferred to the Bank's accounts on 5 September 2007.

"The Law on the Collection of Some of the Public Receivables by Reconciliation" no. 5736 has passed on 20 February 2008 in the Parliament and approved on 26 February 2008 by the President of the Turkish Republic. In accordance with this law's first sub clause of the third article, with the banks will not be sustained; if the banks take into consideration of 65 percent of these losses in the determination of revenues for the year 2001 as previous year losses, and admit to correct taxable income for the subsequent years and declare they have abnegated from all of the courts related to this matter in one month after this law come into effect. As per the 27 March 2008 dated resolution of the Board of Directors 2008, The Bank management has taken no decision for any reconcilements for the point in dispute stated in the first paragraph above.

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The related tax administration appealed to a higher court and the appeal was partially accepted by the State Council. Based on the decision of the State Council, the exercise of jurisdiction was renewed by the Ankara 5th Tax Court and the related case was partly revoked and partly declined. Consequently, the Bank has filed an appeal against the decision of the Ankara 5th Tax Court which is still in process at the State Council as at the report date. In accordance with the decision of Ankara 5th Tax Court, the Bank paid TL 20,484 accrued by the tax office on 3 December 2009.

- As per resolution of the Board of Directors dated 10 December 2009, it has been decided to initiate necessary researches regarding the establishment of a bank in Syria among countries that are estimated to have high potential during preliminary works with the purpose of having share in countries with high potential in the future.
- Based on the resolution of 55th Annual General Assembly of the Bank held on 3 April 2009, net profit of the year 2008 has been distributed as follows:

Profit Distribution Table of Year 2008	
Current year's profit of the Bank's unconsolidated financial statements	753,198
Deferred tax income not subject to dividend distribution	(22,009)
Net profit of the year subject to distribution before legal reserves	731,189
Legal reserves	73,119
First Legal Reserves	36,560
Reserves allocated, according to banking law and articles of association.	36,559
Net profit of the year subject to distribution	658,070
Gain on sale of immovables and shares of associates and subsidiaries	1,113
Extraordinary reserves	656,957
Dividends to the shareholders	-

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II. Information on the Bank's rating given by international institutions

September 2009 (*)	Standard Poors
Foreign Currency Credit Rating	BB-/Stable/B
Foreign Currency Deposit Rating	BB-/--/B
National	trA+/-/trA-1
Continuance Rating	BBB-/--/--

January 2010 (*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa3/P-3
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Ba3/NP
Foreign Currency Outlook	Stable

December 2009 (*)	Fitch Rating
Long Term Foreign Currency	BB+
Short Term Foreign Currency	B
Foreign Currency Outlook	Stable
Long Term Local Currency	BB+
Short Term Local Currency	B
Local Currency Outlook	Stable
National Long Term	AA+ (tur)
National Outlook	Stable
Individual	C/D
Support	3
Base Support Rating	BB+

December 2008 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB-
Support Rating	2
Outlook	Stable

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

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

None.

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

None.

SECTION SEVEN

I. Independent Auditors' Report

1. Information on the independent auditors' report

The Bank's unconsolidated financial statements and footnotes as at 31 December 2009, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International) and an unqualified opinion has been issued in their independent auditors' report dated 18 February 2010.

2. Explanations and disclosures by Independent Auditors

None.

Assessment of Financial Position, Profitability and Debt Servicing Capability

Assessment of developments in assets

VakıfBank's total assets grew 24.1% in 2009 to TL 64.8 billion; the Bank maintained a healthy composition of assets and raised the share of its interest-bearing assets in total assets to 95.1%, from 94.6% in 2008.

The growth in total loans, which increased 13.2% to TL 34.4 billion, played a major role in the Bank's asset growth. Retail loans, led by mortgages and consumer loans, increased 17.9% while commercial loans were up 11.4%; as a result, share of net loans in total assets reached 53.4%. The Bank continued to provide financing support to its customers in 2009, either directly from its own resources or as an intermediary through the funds it secured via partnerships with other financial institutions and entities. Contributing to the growth of production and employment by financing the real sector and helping the Turkish economy reach international markets through export loans and foreign exchange services constituted the primary elements of the Bank's lending policy.

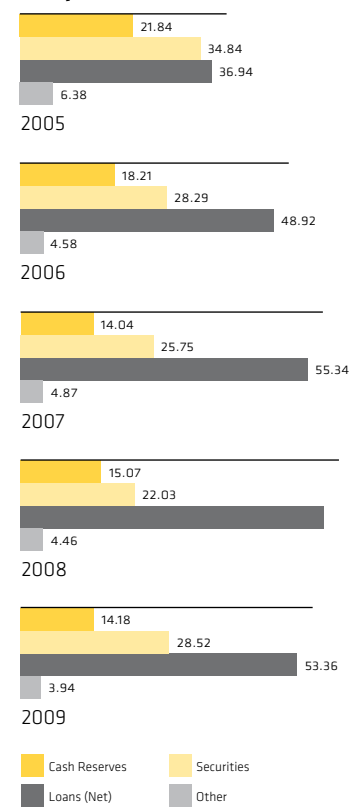
Due to the negative developments in the markets and the deterioration of risk perceptions in 2009, the share of non-performing loans in total loans for the overall banking industry increased 1.6 percentage points despite some sales of problematic assets to asset management companies; VakıfBank's non-performing loan ratio increase was 1.2 percentage points.

The share of the securities portfolio in total assets increased for the overall banking industry in 2009; VakıfBank's securities portfolio grew 60.7% to TL 18.5 billion while the share of its securities portfolio in total assets rose from 22.0% to 28.5%.

The share of the Bank's subsidiaries and affiliates in its total assets rose from 1.0% in 2008 to 1.1% in 2009.

The share of tangible fixed assets in total assets declined from 1.9% in 2008 to 1.7% in 2009.

Composition of Assets (%)



Assessment of developments in liabilities

VakıfBank's interest-bearing assets stood at TL 61.7 billion while the interest-bearing liabilities were TL 55.2 billion in 2009. As a result, the share of interest-bearing assets in total assets was 85.3% while the ratio of interest-bearing assets to interest-bearing liabilities stood at 111.6%.

Thanks to its expansive branch network and the trust of the customers in the Bank, VakıfBank raised its total deposits to TL 44.7 billion with a 20.3% increase, which is higher than the industry average.

Due to the crisis, access to foreign funding sources remained very limited in 2009 while borrowing costs were significantly higher compared to previous years. Amid this process, VakıfBank managed to refinance more than 100% of the US\$ 700 million syndicated loan it had secured in 2008. The one-year syndicated loan, which was arranged in August with the participation of 29 banks from 11 countries to be used in financing foreign trade and that consists of two tranches of US\$ 203.5 and € 372.5 million, is the most important indication of VakıfBank's credibility and reputation in international markets.

The Bank's shareholders' equity reached TL 7.4 billion as a result of the increases in reserves and profitability.

Assessment of profitability

While increasing its net interest income by 52.25% in 2009, the Bank also lowered the ratio of operating expenses to operating income from 46.0% to 37.8%. As a result of rising interest margins in 2009, ratio of interest income to interest expense went up from 144.5% to 192.5%. However, as a result of the muted increase in non-interest income due to unfavorable market conditions, VakıfBank's ratio of non-interest income to non-interest expenses declined from 46.5% to 37.7%.

The Central Bank's aggressive rate cuts boosted the interest margins of the banks, which finance longer term lending

with shorter term borrowing, due to their maturity mismatch and the profit of the overall sector jumped 49.6% as a result of rising net interest income. In line with this trend, VakıfBank's net profit for the year surged 66.1%, faster than the sector average; accordingly, the Bank's average return on assets (ROAA) increased from 1.6% to 2.1% while average return on equity (ROAE) rose from 13.8% to 19.2%. As a result of its risk management and lending policies, the Bank's capital adequacy ratio reached 15.42%.

Debt servicing capability

VakıfBank sustained its debt servicing capability in 2009 by raising the share of interest-bearing assets in total assets and maintaining a strong liquidity position.

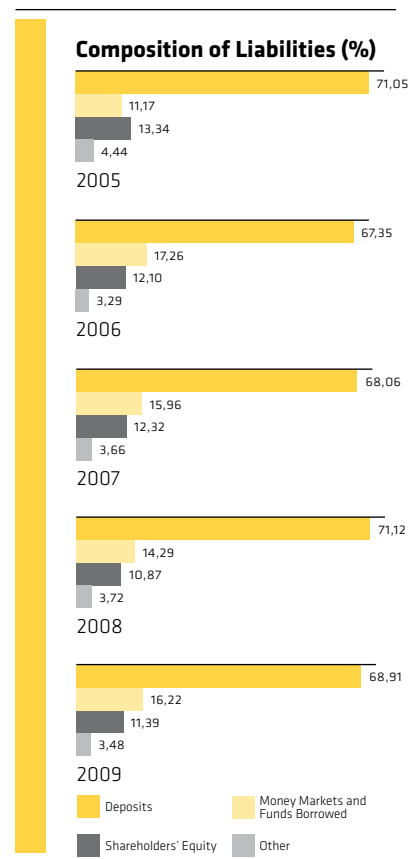
Continuing to expand its loan book while maintaining its laser-like focus on risk control, VakıfBank boasted a capital adequacy ratio of 15.42% at year-end, which is yet another indication of its financial strength.

In December 2009, the international rating agency Fitch Ratings raised VakıfBank's Long Term Foreign Currency IDR rating from "BB-" to "BB+", Long Term TL IDR rating from "BB" to "BB+" and baseline support rating from "BB-" to "BB+". The outlook for the rating, which was put on positive watch, was set to "stable". Fitch also affirmed the Bank's Short Term Foreign Currency and Short Term Local Currency credit ratings as "B", National Long Term rating as "AA+" with "stable" outlook, Individual Rating as "C/D" and Support rating as "3".

In January 2010, the international rating agency Moody's raised VakıfBank's Long Term Foreign Currency Deposit rating from "B1" to "Ba3" and affirmed its Long Term TL Deposit/Short Term TL Deposit rating as "Baa3/P-3". The outlook for these assessments was announced as "stable". The financial strength rating of "D+" indicate the strength of VakıfBank's branch network and its potential strength in the credit cards segment as well as the Bank's market

share in total assets and deposits, strong market position in the banking industry and importance in the sector.

Other distinct advantages and competencies of VakıfBank in the sector include extensive client portfolio and access to corporate and commercial customers, opportunity to develop joint projects with public establishments and entities (e.g. TOKİ [Housing Development Administration of Turkey] and KOSGEB [SME Development and Support Administration of Turkey]), an expansive and strong branch network in Anatolia and the competitive advantages that come with it, brand awareness and deep-rooted corporate relations. The success of the Bank in turning these advantages and competencies into opportunities will contribute to the Bank's debt servicing capability.



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Five-Year Summary Financial Information

(TL million)						Change (%)
ASSETS	2005	2006	2007	2008	2009	2008-2009
Cash, Cash Equivalents and Banks	7,121	6,718	5,952	7,863	9,189	16.86
Securities Portfolio	11,359	10,435	10,922	11,500	18,482	60.71
Cash Loans	12,042	18,043	23,470	30,417	34,439	13.22
<i>Commercial Loans</i>	8,928	13,116	16,925	21,788	24,265	11.37
<i>Retail Loans</i>	3,114	4,927	6,545	8,629	10,174	17.90
Non-Performing Loans (Net)	-	-	-	85	134	57.65
Non-Performing Loans (Gross)	999	1,002	1,143	1,456	2,119	45.54
Subsidiaries and Affiliates	612	409	586	539	688	27.64
Tangible Fixed Assets	1,007	890	906	985	1,083	9.95
Other Assets	459	389	573	804	783	(2.61)
TOTAL	32,600	36,884	42,408	52,193	64,798	24.15
LIABILITIES	2005	2006	2007	2008	2009	2008-2009
Deposits	23,161	24,842	28,863	37,120	44,652	20.29
<i>Time Deposits</i>	19,552	20,546	25,343	31,798	38,723	21.78
<i>Demand Deposits</i>	3,609	4,296	3,520	5,322	5,929	11.41
Money Markets	108	1,370	2,076	1,687	6,143	264.14
Funds Borrowed	3,533	4,997	4,693	5,770	4,366	(24.33)
Provisions	417	391	499	675	808	19.70
Other Liabilities	1,032	820	1,052	1,270	1,448	14.02
Shareholders' Equity	4,349	4,463	5,226	5,671	7,381	30.15
<i>Paid-in Capital</i>	1,279	2,500	2,500	2,500	2,500	-
Profit/Loss	587	813	1,039	753	1,251	66.14
<i>Profit/Loss from Previous Years</i>	55	52	8	-	-	-
<i>Net Profit/Loss for the Period</i>	532	762	1,031	753	1,251	66.14
TOTAL	32,600	36,884	42,408	52,193	64,798	24.15
PROFIT/LOSS	2005	2006	2007	2008	2009	2008-2009
Interest Income	3,592	4,409	5,352	6,414	6,403	(0.17)
Interest Expense	2,273	2,824	3,677	4,439	3,326	(25.07)
Net Interest Income	1,319	1,585	1,676	1,975	3,007	52.25
Net Fee and Commission Income	294	288	360	466	466	0.00
Dividend Income	10	17	35	25	24	(4.00)
Capital Markets Trading Profit (Net)	131	45	48	51	117	129.41
Foreign Exchange Income (Net)	49	(2)	146	38	61	60.53
Other Operating Income	129	343	357	313	311	(0.64)
Total Operating Income	1,932	2,277	2,621	2,869	4,056	41.37
Provisions for Loans and Other						
Receivables	445	308	368	624	981	57.21
Other Operating Expenses	732	951	995	1,319	1,533	16.22
Operating Profit	756	1,018	1,258	925	1,542	66.70
Net Monetary Position Profit/Loss	-	-	-	-	-	-
Profit before Taxes	756	1,018	1,258	925	1,542	66.70
Provision for Taxes	224	256	227	172	291	69.19
Net Profit/Loss for the Period	532	762	1,031	753	1,251	66.14

RATIOS (%)	2005	2006	2007	2008	2009	2009 SECTOR ⁽⁴⁾
Securities/Total Assets	34.8	28.3	25.8	22.0	28.5	31.5
Loans (Net)/ Total Assets	36.9	48.9	55.3	58.4	53.4	47.1
Loans/Deposits	52.0	72.6	81.3	82.2	77.4	76.3
Retail Loans/Cash Loans	25.9	27.3	27.9	28.4	29.5	33.1
Non-Performing Loans/Total Loans ⁽¹⁾	7.66	5.26	4.64	4.57	5.80	5.27
Deposits/ Total Liabilities	71.0	67.4	68.1	71.1	68.9	61.7
Demand Deposits/Total Deposits	15.6	17.3	12.2	14.3	13.3	15.6
Shareholders' Equity/ Total Liabilities	13.3	12.1	12.3	10.9	11.4	13.3
Funds Borrowed/ Total Liabilities	10.8	13.5	11.1	11.1	6.7	11.1
Capital Adequacy Ratio	25.4	20.7	15.3	14.3	15.4	20.5
Average ROA ⁽²⁾	1.9	2.2	2.6	1.6	2.1	2.6
Average ROE ⁽²⁾	16.7	17.3	21.3	13.8	19.2	20.4
Operating Income/Operating Expenses ⁽³⁾	38.0	41.0	37.9	46.0	37.8	36.0
Deposits per Branch (TL million)	75.9	57.9	61.7	70.7	81.9	53.7
Loans per Branch (TL million)	39.5	42.1	50.1	57.9	63.2	41.0
Profit per Branch (TL million)	1.7	1.8	2.2	1.4	2.3	2.1
Deposits per Employee (TL million)	3.2	3.2	3.3	3.9	4.4	2.8
Loans per Employee (TL million)	1.7	2.3	2.7	3.2	3.4	2.1
Profit per Employee (TL thousand)	74.3	99.2	118.5	78.7	123.2	109.0

(1) Non-Performing Loans (gross) are included in the Total Loans figure.

(2) Average figures are calculated as the arithmetic average of the current and prior period figures.

(3) Operating Income = Net Interest Income + Net Fees and Commissions + Dividend Income + Net Commercial Profit/Loss + Other Operating Income + Profit/Loss from Subsidiaries and Affiliates

(4) Sector ratios are calculated from the Monthly Bulletin of the Banking Regulation and Supervision Agency of Turkey.

MARKET SHARE (%)	2005	2006	2007	2008	2009
SECURITIES PORTFOLIO	7.9	6.6	6.6	5.9	7.0
LOANS	7.7	8.2	8.2	8.3	8.8
<i>Commercial Loans</i>	8.1	8.8	8.9	8.7	9.2
<i>Retail Loans</i>	6.7	7.1	6.9	7.4	7.8
NON-PERFORMING LOANS (NET)	-	-	-	3.0	3.7
<i>Non-Performing Loans (Gross)</i>	12.8	11.7	11.0	10.4	9.7
<i>Special Provisions (-)</i>	14.4	13.1	12.7	12.2	10.9
DEPOSITS	9.2	8.1	8.1	8.2	8.7
<i>Time Deposits</i>	9.8	8.1	8.5	8.1	8.9
<i>Demand Deposits</i>	7.1	7.9	6.1	8.5	7.4
TOTAL FUNDS BORROWED	6.4	6.8	6.3	5.8	4.7
GUARANTEES AND COMMITMENTS	6.6	5.6	6.0	6.4	6.8
TOTAL ASSETS	8.0	7.4	7.3	7.1	7.8
SHAREHOLDERS' EQUITY	8.0	7.5	6.9	6.6	6.7
NET PROFIT/LOSS FOR THE PERIOD	8.9	6.7	6.9	5.6	6.2

Market shares calculated from the Monthly Bulletin of the Banking Regulation and Supervision Agency of Turkey.



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