Annual Report 2013

Dedication to deliver.

YapıKredi

Contents

Güney Bağımsız Denetim ve
SMMM AŞ
Büyükdere Cad.
Beytem Plaza No: 20
K: 9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com

CONVENIENCE TRANSLATION OF
THE REPORT ON COMPLIANCE OF ANNUAL REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH

To the General Assembly of Shareholders of Yapı ve Kredi Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as of December 31, 2013 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Act No.5411 and Turkish Commercial Code No. 6102 ("TCC") and regulations on independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Yapı ve Kredi Bankası A.Ş. at December 31, 2013 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Act No.5411 and TCC and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst&Young Global Limited

Ayşe Zeynep Deldağ,
Partner, SMMM

İstanbul, March 5, 2014

Building a better
working world

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Fax: +90 212 230 82 91
ey.com

**CONVENIENCE TRANSLATION OF
THE REPORT ON VARIOUS AUDIT RESPONSIBILITIES ARISING FROM TURKISH
COMMERCIAL CODE NO 397-406**

To the Board of Directors of Yapı ve Kredi Bankası A.Ş.:

1. The financial statements of Yapı ve Kredi Bankası A.Ş ("Bank") as at December 31, 2013 have been audited to confirm its compliancy with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting and auditors report dated February 10, 2014 have been issued on these financial statements.

2. In accordance with Article 402 of the Turkish Commercial Code no. 6102, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January – 31 December 2013 are not in compliance with the code and provisions of the Banks's articles of association in relation to financial reporting.

3. Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly listed companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the Public Oversight Accounting Board ("POA"), shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditors' report. As of the date of the financial statements, POA has not announced the principles of this report yet accordingly no separate report has been drawn up relating to it.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ayşe Zeynep Deldağ
Partner, SMMM

İstanbul, March 5, 2014

Part I
Introduction

Annual Shareholders' Meeting Agenda

27 March 2014 Annual Shareholders' Meeting Agenda

1. Opening and the constitution of the Council for the Meeting,
2. Presentation of the Annual Activity Report of the Board of Directors and Summary of Report of External Auditors related to the activities of 2013 and consideration and approval of the Annual Activity Report and Financial Statements for 2013,
3. Clearing of Members of the Board of Directors of liability related to activities of the Bank during 2013,
4. Approval of transactions regarding liquidation by sale of some Bank receivables that are being followed up on non-performing loan accounts and to clear Board Members regarding these transactions,
5. Determining the number and the term of office of the Board Members, electing Members of the Board of Directors and Independent Members of the Board of Directors
6. Submitting, according to the regulations of the Capital Markets Board, the Remuneration Policy for the Members of Board of Directors and Senior Managers, and the payments made within the scope of the Policy to the shareholders' knowledge and approval of the same,
7. Determining the gross attendance fees for the Members of the Board of Directors,
8. Approval, approval with amendments or rejection of the proposal of the Board of Directors regarding the Dividend Distribution Policy of the Bank for 2013 and beyond,
9. Approval, approval with amendments or rejection of the proposal of the Board of Directors regarding the Dividend Distribution for 2013,
10. Approval of the Independent Audit Institution selected by the Board of Directors with the requirement of the Regulation issued by the Banking Regulation and Supervision Agency and the Turkish Commercial Code,
11. Provided that the necessary approval is obtained from Banking Regulation and Supervision Agency, Capital Markets Board and Turkish Ministry of Customs and Commerce; approval, approval with amendments or rejection of the proposal of the Board of Directors related to amending the Article 3 captioned Purpose and Scope of the Articles of Association of the Bank.
12. Submitting, according to the regulations of the Capital Markets Board, the donations and charities made by the Bank in 2013 to foundations and associations with the aim of social relief to the shareholders' knowledge and determining a ceiling amount for the donations to be made in 2014 in line with the Banking Legislation and the regulations of the Capital Markets Board,
13. Granting permission to the shareholders holding management control, the Members of the Board of Directors, the Senior Managers and their spouses and blood relatives and relatives by virtue of marriage up to second degree in accordance with Articles 395 and 396 of the Turkish Commercial Code and submitting the transactions carried out in this context during 2013 to the shareholders' knowledge in line with the Capital Markets Board Corporate Governance Communique,
14. Wishes and comments.

Amendments to the Article of Association

At the Ordinary Annual Shareholder's Meeting dated 29 March 2013, based on law no. 6102 of the Turkish Commercial Code, other related regulations as well as the needs of the Bank, it was decided that articles 1 through 23 be amended and articles 24 through 88 as well as Temporary Article-1 be omitted from the Bank's Articles of Association.

Dividend Distribution Policy for 2013 and Beyond

Principles regarding the Bank's dividend distribution are set out in detail in the Bank's Articles of Association. In this respect, shareholders taking into consideration the Bank's growth targets as well as its financing requirements and the opinion of the Banking Regulation and Supervision Agency (BRSA), are authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase, whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase.

At the Annual Shareholders' Meeting, in accordance with the Articles of Association, shareholders may make the decision to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves.

It is envisaged that the Dividend Distribution Policy of the Bank will be set out in a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors whenever necessary, taking into consideration the domestic and international economic conditions and the projects and funds on the agenda.

Note on 2013 Net Profit

It is resolved that of the TL 3,202,974,826.65 unconsolidated net profit for the accounting period, TL 160,148,741.33 be reserved as first legal reserve. Of the remaining TL 3,042,826,085.32 net distributable profit, TL 388,000,000.00 be distributed as gross cash dividend to shareholders, of which TL 217,352,564.20 as first gross cash dividend and TL 170,647,435.80 as second gross cash dividend. Furthermore, TL 17,064,743.58 be reserved as secondary legal reserve, TL 873,949,919.00 be set aside as special reserve (corresponding to 75% of the profit from the sale of the real estate and share stocks on the basis of Article 5 clause 1/e of the Corporate Tax Law 5520), TL 1,763,811,422.74 be set aside as extraordinary reserves. The related 2013 dividend distribution table, as given on page 5, was submitted at the Annual Shareholder's Meeting for approval.

2013 Dividend Distribution Table

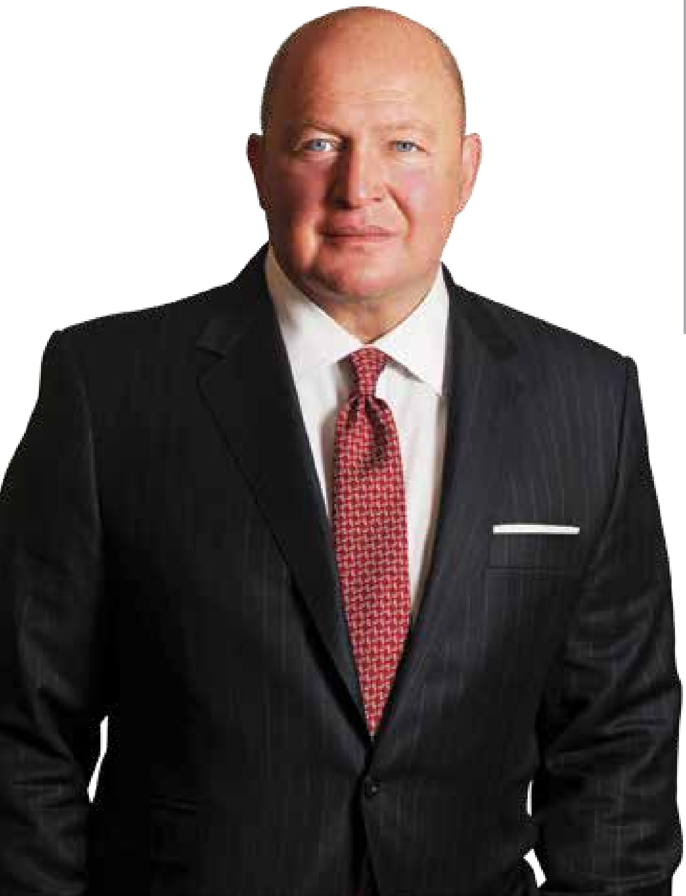
Yapı ve Kredi Bankası A.Ş. 2013 Profit Distribution Table (TL)		
1. Paid-in Capital		4,347,051,284.00
2. Legal Reserves (per Legal Book)		463,785,609.36
Information on whether Articles of Association has any privilege regarding profit distribution		None
		Per legal book
3	Gross Profit	3,783,596,765.66
4	Reserve for Taxes (-)	580,621,939.01
5	Net Profit (=)	3,202,974,826.65
6	Prior Years' Losses (-)	0
7	Legal Reserves (-)	160,148,741.33
8	NET DISTRIBUTABLE PROFIT (=)	3,042,826,085.32
9	Donations made during the year (+)	
10	Net distributable profit including donations	
11	1st dividend to shareholders	217,352,564.20
	-Cash	217,352,564.20
	-Bonus shares	0
	-Total	217,352,56.20
12	Dividend to shareholders which possess preferred shares	0
13	Dividend to Members of Board of Directors and employees etc,	0
14	Dividend to shareholders which possess redeemed shares	0
15	2nd dividend to shareholders	170,647,435.80
16	Legal Reserves	17,064,743.58
17	Statutory Reserves	0
18	Special Reserves	873,949,919.00
19	EXTRAORDINARY RESERVES	1,763,811,422.74
20	Other sources which are accepted as distributable	-

DIVIDEND RATIO TABLE						
	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT/NET DISTRIBUTABLE PROFIT	DIVIDEND TO 1 TL NOMINAL VALUE SHARE	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
GROSS (*)	-	388,000,000.00	-	12.75%	0.0892559	8.92559
NET	-	329,800,000.00	-	10.84%	0.0758675	7.58675

* Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Chairman's Message

Yapı Kredi, one of the most deep-rooted institutions in the banking sector, continued its unyielding customer-oriented approach in 2013



Dear Shareholders,

2013 was a year divided into two parts due to both global and domestic developments. Signs of tapering by the FED resulted in a volatile market environment in the second part of the year. This led to depreciation of emerging market currencies and rising interest rates. Gradual recovery signs started being seen in developed economies while there was a slowdown in growth of emerging markets. Turkey, similar to other emerging markets, was also impacted in this environment. However, the country still maintains its strong fundamentals and growth potential.

The Central Bank of Turkey maintained its flexible monetary policy throughout the year to manage the volatile environment. The main focus, which was controlling growth in the first part of the year, shifted to tightening in the second part of the year in order to manage currency depreciation.

Despite volatility and impact of macro-prudential measures by regulatory bodies, the Turkish banking sector continued to grow throughout the year. Total loans increased by 33% annually to TL 995 billion while total deposits increased by 24% to TL 951 billion. Net income remained stable in 2013 despite increasing impact of regulations throughout the year.

Yapı Kredi, one of the most deep-rooted institutions in the banking sector, continued its unyielding customer-orientation in 2013. The Bank effectively implemented its Smart Growth strategy with a pioneering and innovative approach. Accordingly, the Bank's total assets increased by 22% annually to TL 160 billion.

One of the main developments of the year was the sale of Yapı Kredi's insurance subsidiary in July which resulted in TL 1.3 billion capital gain for the Bank. As part of this successful and well-timed transaction, a 15 year exclusive bancassurance agreement was signed with Allianz. Accordingly, customers will continue to benefit from insurance and private pension products through Yapı Kredi's extensive branch network and innovative alternative delivery channels.

Throughout the year, Yapı Kredi continued to develop its branch network and alternative delivery channels with an innovative approach to provide the fastest and easiest services to customers. As of the end of 2013, Yapı Kredi provided service to 9.7 million customers via 949 branches covering all regions of Turkey, 3,000 ATMs, innovative internet banking, leading mobile banking and two call centers.

Yapı Kredi's continued to be recognised worldwide for its ability to accurately interpret the banking and social needs of the community. The Bank received many prestigious awards in various fields such as banking practices, executive training, internal auditing, enabled banking and excellence in practice.

I would like to thank to all our customers who stood by us, our shareholders who trust in us and to our devoted employees whose success has brought us this far.

Mustafa V. Koç
Chairman

CEO's Message

Dear Shareholders,

In 2013, Yapı Kredi continued its Smart Growth strategy and costumer oriented banking approach despite challenging operating conditions. The Bank continued to offer the right product to the right customer at the right price via the right channel, thus maintained its pioneering, innovative and leading position in the sector.

Yapı Kredi reinforced its base and increased its profitability in 2013 while effectively managing its liquidity through balanced growth in loans and deposits and strengthening its capital.

In 2013, Yapı Kredi's consolidated net income increased by 74% annually to TL 3.7 billion. Excluding the capital gain from the successful sale of Yapı Kredi Insurance, the Bank posted a net income of TL 2.4 billion, indicating an annual increase of 13% and return on average tangible equity of 16.7%. Thus, Yapı Kredi achieved an above sector performance both in terms of profitability and net income growth.

In terms of capital, Yapı Kredi became one of the strongest banks in the sector thanks to capital strengthening actions and its customer-oriented balance sheet structure. In 2013, Yapı Kredi was able to maintain its capital adequacy ratio at 16.0% with only 32 basis points decrease while the capital adequacy ratio of the sector decreased by 266 basis points to 14.6%. Focused actions taken during the year included sale of insurance business, securities portfolio repositioning, renewal of sub-debt and risk weighted asset optimisation.

In 2013, Yapı Kredi continued its strong emphasis on customer satisfaction. In this period, total loans provided to finance the Turkish economy increased by 28% annually to TL 99.4 billion driven by both by consumer and company lending. Loans to assets ratio increased to 62% while securities to assets ratio declined to 14%, confirming the Bank's continuous customer-business focus.

In terms of liquidity, Yapı Kredi maintained a balanced growth in loans and deposits while continuing to actively tap international markets. Total deposits increased by 24% annually to TL 88.5 billion. Yapı Kredi was able to maintain its loan to deposit ratio stable at 110% compared to an increase of 8 percentage points in the sector. In 2013, the Bank also continued to focus on funding diversification as a key strategic priority and raised a total of US$ 5.2 billion through syndications, securitisations, bond issuances and other financial instruments.

Yapı Kredi will celebrate its 70th anniversary in 2014. Since its establishment in 1944, Yapı Kredi has been "Dedicated to Deliver" and will continue to support its customers with its pioneering and innovative approach also in the future. In 2014, the Bank will reinforce its leading position by positively differentiating through its customer-oriented banking approach to reach its vision of being the undisputed leader in the finance sector. Leveraging on the strong capital and liquidity base created in 2013, Yapı Kredi will continue to invest in infrastructure, efficiency, human resources and its service network in 2014.

As we continue our Smart Growth strategy, I would like to thank our loyal customers, committed shareholders and dedicated employees for their trust and support in Yapı Kredi.

Faik Açıkalın
CEO

Yapı Kredi reinforced its base and increased its profitability in 2013 while effectively managing its liquidity and strengthening its capital

Vision, Mission, Strategy

Vision

To be the undisputed leader in the finance sector

Mission

To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees

Strategy

Healthy and consistent growth

Focus on core banking activities, growth in value generating segments and products, continuous improvement in commercial effectiveness, expansion of market presence and funding diversification to sustain long-term performance

Strong and sustainable profitability

Address specific customer needs via segment-based service model, optimise cost to serve to improve competitiveness and maintain effective cost, risk and capital management

Superior and long-lasting customer satisfaction

Enhance easy to work with approach through continuous investments in technology and delivery channels while maintaining focus on innovation, employee satisfaction and loyalty

Values

Freedom: Yapı Kredi employees express their opinions easily through appropriate and constructive methods; they act in accordance with the Bank's values and contribute to the future of the Bank.

Respect: Yapı Kredi employees listen to their customers and colleagues, irrespective of their identities, to understand their needs. They respect the opinion of others and know that their opinions and ideas also count.

Fairness: Yapı Kredi employees treat their customers, colleagues and the Bank's stakeholders in a consistent manner without seeking personal gain; they make objective decisions and act in accordance with their values while focusing on corporate and social responsibility.

Transparency: Yapı Kredi employees share relevant corporate information with their customers, colleagues and other stakeholders in a transparent and timely manner while adhering to the Bank's confidentiality principles and ensuring accessibility; they express their opinions with the same degree of transparency.

Trust: Yapı Kredi employees build relationships based on trust with all relevant parties utilising their banking knowledge, skills and commitment to corporate values; they trust those that they grant responsibility and authority. Consistent with the Bank's corporate values, Yapı Kredi employees keep their promises in a timely and accurate manner. They take responsibility for their customers' problems, find rapid solutions and follow up on the results.

History

The Origins

Established in 1944 as Turkey's first retail focused private bank with a nationwide presence, Yapı Kredi has always played a pioneering role in the banking sector. Since its origins, Yapı Kredi has maintained a strong reputation in the banking sector leveraging on its customer centric approach, dedication to innovation and contribution to the development of the financial sector in Turkey.

In 2006, Yapı Kredi successfully completed the largest merger in the Turkish banking sector. The merger between Koçbank (8th largest bank) and Yapı Kredi (7th largest bank) formed the new Yapı Kredi, which became the 4th largest private bank. Since the merger, Yapı Kredi has consistently delivered strong results.

2006

Merger and Integration

- Legal merger of Yapı Kredi and Koçbank
- Merger of the two banks' core subsidiaries operating in the same sectors
- Restructuring of the capital base
- Integration of information technology systems

2007

Restructuring

- Launch of branch expansion
- Completion of segment based service model
- Streamlining governance by bringing subsidiaries under the Bank
- Efficiency initiatives in systems and processes

2008

Re-launch of Growth

- Acceleration of branch expansion
- Innovation in product, service and delivery channels
- Tight cost discipline and emphasis on decreasing cost to serve
- Strengthening of capital base via capital increase

2009

Global Crisis

- Temporary suspension of branch expansion
- Continuous support for customers
- Tight cost management and efficiency efforts
- Proactive credit risk management

2010

Back to Strong Growth

- Re-launch of branch expansion
- Focus on innovation and customer acquisition
- Above sector growth and tight cost discipline
- Simplification of processes and improvement in efficiency

2011

"Smart Growth"

- Continuation of branch expansion
- Growth in value generating segments and products
- Sustainable revenue generation and tight cost control
- Diversification of funding base

2012

"Smart Growth"

- Continuation of branch expansion
- Growth in value generating segments and products
- Focus on core banking and disciplined cost control
- Diversification of funding base

2013

Continuation of Smart Growth

- Continuation of branch expansion
- Strengthening of capital base
- Effective liquidity management via balanced growth in loans and deposits
- Sustainable revenue generation via growth in value generating segments

Yapı Kredi at a Glance

Yapı Kredi has been sustainably strengthening its positioning since its establishment in 1944 through a customer centric banking approach and focus on innovation. Yapı Kredi is the 4^{th} largest private bank in Turkey with total asset size of TL 160 billion as of 2013. The Bank is recognised as the Best Bank in Turkey by various prestigious institutions including World Finance and The Banker magazine.

Yapı Kredi serves 9.7 mln customers through a widespread and multi-channel service network. The Bank's branch network consists of 949 branches covering all regions of Turkey supported by dynamic employee base of 16,682 people. Yapı Kredi's Alternative Delivery Channels (ADCs) comprise of 3,000 ATMs, innovative internet banking, leading mobile banking, two award winning call centres and 456 thousand POS terminals. These ADCs handle 83% of total banking transactions.

Yapı Kredi is a fully integrated financial services group supported by domestic and international subsidiaries. Yapı Kredi serves its customers through retail banking (comprising of individual banking, Small and Medium Size Enterprises (SME) banking and card payment systems), corporate and commercial banking as well as private banking and wealth management. The Bank's operations are supported by domestic subsidiaries in asset management, brokerage, leasing and factoring as well as banking subsidiaries in the Netherlands, Russia and Azerbaijan.

Positioning

Total Bank	Market	Ranking
Loans	9.5%	#5
Deposits	9.1%	#6
Branches	8.6%	#5
Retail Banking		
Credit Cards Outstanding	20.6%	#1
Credit Cards Issuing	17.7%	#1
Number of Cards	17.8%	#1
General Purpose Loans	6.3%	#7
Mortgages	8.9%	#7
Auto Loans	14.0%	#3
Commercial Installment Loans	6.5%	#6
Corporate and Commercial Banking		
Corporate Loans	8.7%	#6
Non-cash Loans	12.5%	#2
Leasing	14.8%	#1
Factoring	16.9%	#1
Checque Clearing	11.1%	#1
Private Banking and Wealth Management		
Mutual Funds	18.2%	#2
Borsa Istanbul Transaction Volume[1]	15.5%	#1
Equality Transaction Volume	6.9%	#3

Shareholding Structure

Yapı Kredi has a strong shareholding structure which ensures sustainable and profitable growth. 81.8% of the Bank's shares are owned by Koç Financial Services, a 50%-50% joint venture between UniCredit Group and Koç Group. The remaining 18.2% is publicly traded on Borsa Istanbul and Global Depositary Receipts that represent the Bank's shares are quoted on the London Stock Exchange.

Koç Group, founded in 1926, is the largest conglomerate in Turkey with its turnover, exports and 81 thousand employees. Koç Group's turnover comprises 8% of Turkey's total Gross Domestic Products (GDP) and it exports comprise 10% of Turkey's total exports.

UniCredit Group, with roots dating back to 1473, is a systematically important European financial institution based in Italy. The Group has a widespread network of 9.000 branches and 148 thousand employees in 22 countries.

Total
TL 4,347,051,284.00

Koç Financial Services
81,8%
TL 3,555,712,396.07

Other
18,2%
TL 791,338,887.93

(1) Includes repo, reverse repo, treasury bills, government bonds, equity and derivative transaction volume

2013 Summary Financials

		2012	2013	Growth
Growth	Assets (TL billion)	131.5	160.3	22%
	Loans (TL billion)	77.8	99.4	28%
	Deposits (TL billion)	71.1	88.5	24%
Profitability	Revenues (TL million)	7,148	8,058	13%
	Other Revenues (TL million)	3,159	3,543	12%
	Net Income (TL million)	2,098	3,659	74%
	Return on Average Tangible Equity[1]	17.5%	16.7%	-80 bps
	Return on Asset	1.6%	2.3%	69 bp
	Cost/Income Ratio	44.2%	44.0%	-22 bp
Capital and Liquidity	Bank Capital Adequacy Ratio	16.3%	16.0%	-32 bp
	Bank Leverage[2]	6.2x	7.6x	1.4x
	Bank Loans/Deposits Ratio	110%	110%	flat
Asset Quality	Non-performing Loans Ratio	3.2%	3.5%	32 bp
	Total Coverage[3]	111%	107%	-4 pp
	Cost of Risk[4]	1.35%	1.27%	-8 bp

(1) Net Income/Average Shareholders' Equity. Average Shareholders' Equity is calculated by subtracting TL 979 million of goodwill generated from the merger of Koçbank and Yapı Kredi in 2006. Return on Average Tangible Equity for 2013 excludes TL 1.3 billion capital gain from the sale of Yapı Kredi Insurance
(2) (Total Assets-Shareholders' Equity) / Shareholders' Equity
(3) Indicates specific and general provision coverage
(4) Cost of Risk=(Total Loan Loss Provisions-Collections)/Total Gross Loans
Note: pp (percentage points), bps (basis points) indicate difference between ratios

2013 Awards

Banking	135th in World's Most Valuable 500 Bank Brands List	Brand Finance	2013
	19th in Most Popular Companies List	Bloomberg BusinessWeek	2013
	Among the 10 Banks with Highest Growth Potential in Central and Eastern Europe	Erste Group Research	2013
	Internal Audit Awareness	Turkish Institute of Internal Auditors	2011, 2013
	2013 CRM Elite Award	CRM Magazine - Market Awards	2013
	Best Private Banking	Global Finance Market Review	2013
	Customer Excellence Awards - Yapı Kredi Emeklilik (Financial Services Category)	Microsoft Convergence 2013	2013
	Ethics Award	Ethical Values Center Association (EDMER)	2013
Banking Products	Leader in Visa Credit Card Transaction Volume	Visa Europe	2010, 2012, 2013
	Leader in Visa Commercial Credit Card Transaction Volume	Visa Europe	2013
Alternative Delivery Channels	Abled Private Sector Award	Turkish Abled IT Platform	2013
	Banking for the Disabled Award (in the Disabled Health Category)	Turkish Public Health Association	2013
	First in Turkey for the Deaf	Turkish National Federation of the Deaf	2012, 2013
Human Resources and Yapı Kredi Banking Academy	Excellence in Workplace Practices	American Society of Training and Development (ASTD)	2012, 2013
	Measurement	CorpU Excellence in Learning and Creativity Awards	2013
	Strategic Alignment	CorpU Excellence in Learning and Creativity Awards	2013
	Leadership Development	CorpU Excellence in Learning and Creativity Awards	2013
Investor Relations	One of the 10 Most Prominent Companies in the Borsa Istanbul 30 Index	Turkish Investor Relations Society (TUYİD)	2013

Service Model

Retail Banking

Includes Card Payment Systems, Individual Banking and SME banking. Individual banking serves individuals with total personal financial assets up to TL 500 thousand and SME banking serves companies with annual turnover of less than US$ 5 million.

Breakdown by Business Unit

Revenues	Loans	Deposits
50%	53%	34%

Corporate and Commercial Banking

Serves companies with annual turnover more than US$ 5million, sub-segmented under commercial (between US$ 5-100 million) and corporate (over US$ 100 million).

Breakdown by Business Unit

Revenues	Loans	Deposits
29%	47%	42%

YapıKredi Leasing

YapıKredi Faktoring

YapıKredi Nederland

YapıKredi Moscow

YapıKredi Azerbaijan

Private Banking and Wealth Management

Serves customers with total personal financial assets above TL 500 thousand.

Breakdown by Business Unit

Revenues	Loans	Deposits
3%	0.2%	24%

YapıKredi Portföy Yönetimi

YapıKredi Yatırım

The remaining 18% of revenues is attributable to treasury and other operations.
Yapı Kredi's other subsidiaries include Yapı Kredi Koray Real Estate Investment Company, Banque de Commerce et de Placements, Yapı Kredi Culture, Art and Publishing as well as Allianz Yaşam ve Emeklilik.

Retail Banking: Card Payment Systems

Sustained leadership for 25 years

Yapı Kredi has been the leader in card payment systems since 1988 and operates with the primary goal of always exceeding customer expectations. In 2013, the Bank continued its innovative approach and recorded a first in the sector by reaching over 10 million credit cards. According to the 2013 Nilson Report, Yapı Kredi's credit card program, World, is the 6th largest credit card program in Europe. In terms of world ranking, the Bank increased its positioning by 10 notches to 44th place in 2013.

Yapı Kredi finished 2013 with strong growth in number of credit cards and issuing volume despite intense competition and increasing regulation. Throughout the year, the Bank focused on customer acquisition, retention and cross-sell activities while maintaining a disciplined approach to instalments and loyalty points.

In 2013, the Bank's credit card outstanding volume increased by 30% annually to TL 19 billion compared to sector growth of 22%. In the same period, issuing volume increased by 18% to TL 75 billion and acquiring volume increased by 17% to TL 82 billion.

In commercial credit card outstanding volume, Yapı Kredi maintained its leading position. The Bank reached 33.2% market share as of 2013.

Continuous focus on innovation

In 2013, a new and easier to use card payments system infrastructure was introduced to improve service time and increase customer satisfaction. This infrastructure is also expected to positively impact sales activities going forward due to more efficient and differentiated limit setting ability.

Throughout the year, Yapı Kredi also focused on improving its product variety:

- "World Eko", a new credit card with no annual fees, was launched in November in line with new regulatory requirements.
- "World Shopping Assistant" mobile application was introduced to inform customers of campaigns for their favourite brands and allow them to take advantage of these in a rapid manner.
- New features were added to credit cards enabling customers to automatically load funds onto their Fast Pass System cards that are used on toll roads in Turkey.
- Credit card holders were given the option of setting different limits for their supplementary cards.

A significant development in 2013 was the rapid growth of the Bank's credit card platform at its subsidiary in Azerbaijan. Since the launch of the platform in 2012, Yapı Kredi has become one the leading banks in the Azerbaijan credit cards sector with 10.5% market share.

Pioneer in merchant business

Yapı Kredi has the most dynamic merchant network in Turkey. In 2013, the Bank continued World brand licensing partnerships with Anadolubank, TEB, Vakıfbank and AlBaraka Türk. Accordingly, total number of World cards exceeded 14 million. With the World name brand, Yapı Kredi continues to offer special campaigns and opportunities to customers via 456 thousand POS terminals.

2013 was marked by increasing regulatory changes in the acquiring business. In this regards, 2013 was a year in which Yapı Kredi introduced new products and services to meet customer expectations as well as to comply with regulations.

- In order to better register economic activity, the government introduced new regulations requiring businesses to use integrated cash register and POS machines. Yapı Kredi became one of the pioneering banks to provide POS Application Integration as part of this new system.
- "Fixed Price POS" products were introduced to meet the needs of smaller businesses. This product allows businesses to operate with a fixed monthly fee and provides fee exemptions for all transaction below certain turnover limits.
- A commitment model was developed allowing merchants to choose their own commission base subject to certain minimum turnover criteria. In this model, customers are able to benefit from several advantages if they meet the turnover criteria.
- Inflight POS machines were launched for airline companies to allow passengers to pay via credit cards for in-flight shopping.

Future Outlook

Fine-tune business model to balance leadership and profitability in light of new regulations

Maintain leadership position in competitive product and services as well as innovation

Increase acquiring business volume by focusing on new POS sales channels, contactless/E-Commerce POS machines and ECR-POS transformation

Profile

10.1
million
credit cards

5.6
million
customers

456
thousand
POS terminals

Market Shares

20.6%
credit cards
outstanding

17.7%
credit card
issuing

17.8%
number of
credit cards

Did You Know?

World is the 6th largest credit card program in Europe

Yapı Kredi is the only bank in Turkey with more than 10 million credit cards

At least 100 campaigns are offered each month via Yapı Kredi's wide merchant network

Products and Services

Worldcard, World Gold, World Platinum, Play, taksitçi, World Eko, Opet Worldcard, Fenerbahçe Worldcard, KoçAilem Worldcard, adios, adios Premium, Crystal, World Business, Debit cards (TLcard, Play TLcard, Business TLcard), World Gift Card

Retail Banking: Individual Banking

Value generating smart growth

In individual banking, Yapı Kredi serves customers with total personal financial assets up to TL 500 thousand a wide range of value generating products and services. Individual Banking is sub-segmented under mass (up to TL 50 thousand) and affluent (between TL 50-500 thousand). Additionally, Yapı Kredi coordinates all insurance activities via a dedicated bancassurance unit.

In 2013, Yapı Kredi recorded strong loan growth in both mass and affluent banking despite market volatility, competition and increasing regulations. In addition, the Bank achieved 7% revenue growth despite significant impact from the introduction of an interest rate cap on overdraft loans.

Mass Segment: Right products, right channels

In 2013, Yapı Kredi enhanced its customer-oriented strategy and further improved customer experience through an integrated multi-channel approach. In addition to 21 new branch openings, Yapı Kredi enhanced its digital platforms. Kredi Şimdi, the Bank's fast loan application system, continued to serve as a strong sales support channel allowing loan application processes to be finalised in just 3 minutes. In addition, a new call management program was launched to increase efficiency by directing inbound calls in branches to the call center.

The main drivers of loan growth in individual banking were general purpose loans and mortgages. General purpose loans grew 20% annually to TL 8.3 billion while mortgages grew 25% to TL 9.0 billion. During the same period, auto loan volume increased by 1% to TL 1.2 billion in line with Yapı Kredi's Smart Growth strategy. Meanwhile, cooperation with Ford Otosan, providing exclusivity to the Bank in loans granted for Ford branded vehicles since 2008, continued in 2013.

Affluent Segment: Specialised service

Yapı Kredi's affluent customers are provided tailored and unique services through 405 branches and 509 dedicated relationship managers.

Affluent segment provides the Bank a strong base for growth in deposits. In 2013, Yapı Kredi recorded 24% annual growth in total deposits by continuing to leverage on its one-to-one deposit pricing approach, which allows deposit rates to be determined based on customer price elasticity.

During the year, Yapı Kredi launched two new products, namely the Fund Deposit, which provides advantageous interest rates for deposits by investing a certain portion of the balance in mutual funds and Flexible Time Deposit, which allows customers to withdraw money after 10 days without terminating the term of the contract. In 2013, the Bank also started to collect scrap gold through 150 branches and reached 8% market share in gold deposits.

In mortgages, Yapı Kredi's success is supported by tailored products, 1,071 mortgage experts as well as a dedicated info line and website. Additionally, the Bank collaborates with 350 real estate developers to offer customers mortgages for housing projects. In 2013, the number of real estate agencies working with the Bank increased by 43% annually to 3,137. In terms of working premises loans, Yapı Kredi increased its market share to 12% in 2013 from 9.9% in 2012.

Bancassurance: Strong growth potential

Yapı Kredi considers bancassurance an area with strong growth potential. Accordingly, the Bank coordinates all of its insurance activities through a dedicated bancassurance unit. In 2013, Yapı Kredi increased its focus on commission based alternative insurance products due to impact of competition, interest rate fluctuations and new regulations.

Yapı Kredi is the bancassurance market leader in health insurance with 42% market share. The Bank formed an exclusive 15-year distribution agreement with Allianz in 2013 which further reinforced the Bank's position. In property, casualty and life insurance, the Bank ranks 5th with 7% market share. In 2013, the Bank reached 150 thousand pension policy sales, a record level in the sector supported by a pension referral system and online sales screens

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Future Outlook

Continue to focus on smart and profitable growth leveraging on increased efficiency in lending processes

Expand customer base with emphasis on payroll customers and cross-sell

Improve the service model in affluent segment leveraging on multi-channel approach and customer preferences

Profile

8.7 million customers

842 branches

1,831 relationship managers

Market Shares

6.3% general purpose loans

8.9% mortgages

14.0% auto loans

Did You Know?

Yapı Kredi's fast loan application system allows customer loan applications to be finalised in just 3 minutes.

Yapı Kredi offers 7 different loan types to individual banking customers to effectively meet their needs.

Yapı Kredi has an exclusive bancassurance agreement with Allianz, one of the biggest insurance companies in the world.

Products and Services

Mortgages, Home Equity Loans, Home Improvement Loans, General Purpose Loans, Auto Loans, FordFinans, Individual Flexible Account, Product Bundles, Bill Payments, Regular Payments, Rent Payments, University Payments, Safety Deposit Box, Deposits (Time Deposit, Demand Deposit, Flexible Time Deposit, Fund Deposit, Gold Deposit, 5D Deposit), Scrap Gold Collection, Working Account, Private Pensions, Health insurance, Life insurance, Property and Casualty Insurance, Snowball

Retail Banking: SME Banking(1)

Locomotive for growth

Yapı Kredi serves its SME (Small and Medium Sized Enterprises) customers through a tailored approach and wide product offerings. In Turkey, there are approximately 3.2 million SMEs as well as 3 million farmers and agricultural producers, of which a large portion is still underbanked. Accordingly, SME banking has strong growth potential and is considered a locomotive segment in the banking sector.

In 2013, SME banking loans increased by 19% annually and reached TL 13.8 billion supported by customer acquisition activities, service enhancements and innovative products.

Customer acquisition is one of the Bank's main priorities in SME banking. In 2013, total number of customers reached 911 thousand. Customer acquisition activities were supported by SME Hunters, a dedicated team formed in 2012 with the sole purpose of acquiring new customers. 22% of the new SME customers were acquired by this high performing team.

At the beginning of 2013, in order to serve customers who meet predefined criteria more rapidly and proactively, Remote Relationship Managers (RRMs) in 9 different regions of Turkey began answer customer needs through phone calls. Accordingly, lending volume generated by RRMs doubled due to increased efficiency and cross-sell opportunities.

Product bundles, a first in the banking sector with a variety of basic banking products in a single package, remained popular in 2013. Accordingly, with 51 thousand new sales, number of customers utilising product bundles increased to 155 thousand in 2013.

Support via overseas funds to SMEs

In 2013, Yapı Kredi took part in 6 loan programs in conjunction with supranational organisations to provide longer maturity and discounted interest rate funding for its SME customers. Throughout the year, Yapı Kredi provided over TL 100 million in loan support to SMEs through agreements with the Greater Anatolia Guarantee Facility (GAGF), European Bank of Reconstruction and Development (EBRD), International Finance Corporation (IFC), Turkey Agriculture Financing Facility and Turkey Sustainable Energy Financing Facility. Yapı Kredi also continued to cooperate with the Small and Medium Industry Development Organization (KOSGEB) and Credit Guarantee Fund (CGF) to provide government subsidised loans to small businesses.

Agricultural Banking

Yapı Kredi provides customers tailored products and services for all parts of the agricultural value chain and support in terms of agricultural productivity and modernization through 250 branches located in agricultural regions.

In 2013, Yapı Kredi introduced 3 new loans tailored for beekeeping, poultry and sheep farming. In addition, the Bank emphasized close customer relationships and organised more than 4,000 visits by agricultural banking experts to villages and towns across Turkey during the year. As a result of this strategy, agricultural loan volume increased by 35% annually to TL 868 million in 2013. At the same time, the number of agricultural customers increased by 43% to 144 thousand.

In Turkey, the Agricultural Loan Evaluation System (ALES) was introduced at the end of 2012 within the framework of EBRD's lending program to increase financing for micro businesses. The system, which divides Turkey into 26 sub-regions, efficiently utilises a large database to assess the loan applications of farmers. As the only bank in Turkey to fully utilize this system, Yapı Kredi disbursed loans to more than 30 thousand farmers and agri-businesses in 2013.

Future Outlook

Enhance product and service offerings to further support the real economy

Increase the number of SME Remote Relationship Managers serving via telephones

Increase market share and product usage in agricultural banking through new loan products and regional collaborations

(1) According to Yapı Kredi's service model, SME banking serves companies with annual turnover of less than US$ 5 million.

Profile

911 thousand customers

842 branches

1.583 relationship managers

Market Shares

%10,0[1] SME loans

%6,5 commercial installment loans

%13,8[2] flexible commercial accounts

Did You Know?

Yapı Kredi has at least one devoted SME relationship manager in every retail branch.

Yapı Kredi is the only bank in Turkey that provides instant remote services to over 150 thousand SMEs.

Yapı Kredi has an expert team providing 17 Agricultural Banking products to its customers.

Products and Services

Commercial Installment Loans, Revolving Loans, Flexible Commercial Accounts, Product Bundles, POS and Merchant Services, Agricultural Loans, Cash Management Products, Investment Products, Commercial Credit Cards, Commercial Purchasing Cards

(1) Market share based on Banking Regulation and Supervision Agency (BRSA) definition of SMEs (companies with annual turnover of less that TL 40 million).
(2) Market share as of 30 September 2013.

Corporate and Commercial Banking

Leading position

Yapı Kredi utilises its strong know-how and wide distribution channels to effectively serve its corporate and commercial customers throughout Turkey. The Bank has leading market positions in project finance, cash management and trade finance. In addition, Yapı Kredi places great importance on international and multinational companies.

2013 was a year in which state owned banks, smaller players and newcomers started becoming more present in corporate and commercial banking. During this period, Yapı Kredi effectively differentiated in the sector and further strengthened its leading position by focusing on technology, payment automatisation, collections as well as international and multinational relationship banking. Accordingly, the Bank recorded 35% growth in corporate and commercial loans reaching TL 42.1 billion.

During the year, Yapı Kredi concentrated on infrastructure enhancements and process improvements in corporate and commercial banking:

- A sophisticated and comprehensive corporate and commercial banking customer relationship management (CRM) tool was developed with 8 different modules to enhance sales effectiveness and productivity.
- Transition from transactional pricing to customer pricing was undertaken with a value chain focus. A new pricing decision engine is also in development phase to further support activities in the upcoming period.
- Corporate and commercial credit underwriting processes and modules were redesigned using forward looking risk methodology.
- Operational excellence and sales/support processes were simplified to reduce customer response times
- Organisational structure of corporate and commercial banking was fine-tuned to consolidate all product groups and sub-segment support groups in order to better align with the sales network.

Project and Structured Finance

Yapı Kredi, with its strong balance sheet, is one of the leading banks of long-term project financing and structured finance in Turkey. With its sectorial expertise and focus on excellence, the Bank focuses primarily on energy, real estate and infrastructure projects together with acquisition finance transactions.

Project finance lending is mainly driven by acquisition finance transactions, energy sector, privatizations and government tenders. In 2013, Yapı Kredi registered a strong performance in project finance lending and participated in the financing of 29 new projects. During 2013, US$ 2.2 billion cash and non-cash loan utilization was realised and the Bank reached a total underwriting amount of US$ 8.1 billion in project finance via 176 projects. One of the Bank's key strengths in project finance is environmentally friendly renewable energy projects, where total underwriting amount reached US$ 2.9 billion in 2013 with a total installed capacity of 4,771 MW.

Cash Management and Trade Finance

Yapı Kredi provides its customers a wide range of cash management and trade finance products through diverse channels and maintains a strong position in the sector. The Bank has sales and support teams located in 8 commercial regional centers to maintain close relationship with customers and provide branch support.

Yapı Kredi strengthened its leading position in e-banking via Direct Debit and BANKO™-OHES in 2013 while maintaining its leadership position in traditional collections systems such as domestic cheque clearing within the Central Bank. Yapı Kredi is also one of the leading banks in business-to-business direct debit.

In terms of trade finance, Yapı Kredi provides a wide range of trade related products through over 2,000 correspondent banks. In 2013, the Bank created a special team responsible for expanding structured trade finance business through export credit agencies (ECAs) and other international Eximbanks. In addition, this team is also responsible for generating long and short term loans through correspondent banks.

As a result of Yapı Kredi's successful approach to cash management and trade finance, number of customers using these products and services increased by 5% and reached 217 thousand. At the same time, Yapı Kredi maintained its leading positions in cheque clearing with 11.1% market share, imports with 13.0% market share and exports with 16.0% market share.

International and Multinational Relationship Banking

In order to meet the needs of international and multinational companies in Turkey, Yapı Kredi has an expert team composed of highly qualified professionals who are fluent in wide range of languages.

Yapı Kredi is the ideal commercial banking partner and the entry point for international companies in Turkey also thanks to UniCredit's expertise and extensive network in Europe and Central Eastern Europe. The Bank offers a wide range of diversified products such cash management, trade finance, project finance, treasury and investment banking services. As of the end of 2013, international and multinational companies working with Yapı Kredi exceeded 1,000.

Future Outlook

Continue Smart Growth via 360º service approach, formation of long-term customer relations and consultancy services

Increase customer acquisition and penetration through becoming associated with "rapid and high quality service"

Further cement presence in project finance via privatisation, acquisition finance deals and infrastructure related projects

Profile

49
thousand customers

79
branches

589
relationship managers

Market Shares

11.1%
cheque clearing

13.0%
import

16.0%
export

Did You Know?

Yapı Kredi organizes special training and certificate programmes for corporate and commercial customers.

Yapı Kredi provides UniCredit's specialised and multinational solutions to its local clients.

Yapı Kredi participated in almost all landmark project finance transactions in Turkey in 2013.

Products and Services

Loan Guarantees, Money Transfers, Working Capital, Long-Term Loans, Trade Finance, Payments For Enterprises, Project Finance, Direct Debit, BANKO-OHES, Payment Products, Collection Products, Government Payments, Import and Export Financing Products, Derivatives, Investment Banking, Business Cards, POS, Energy Generation and Distribution, Infrastructure Products, Commercial Real Estate Products, Merger and Acquisition Financing, Corporate Structured Finance

Yapı Kredi Leasing

Sustained leadership for 5 years

Established in 1987, Yapı Kredi Leasing is 99.99% owned by Yapı Kredi. The company has 14.8% market share in leasing transaction volume and has been the sector leader for the past 5 years. Yapı Kredi Leasing provides high quality products and services through 134 employees and 12 branches with strong focus on production machinery and construction equipment. Yapı Kredi Leasing continuously develops new products for niche sectors such as yachting and project finance, also leveraging on unique partnership agreements.

In 2013, the leasing sector benefitted from the implementation of a Sale-and-Leaseback opportunity in Turkey which allowed customers to sell their assets and lease them back for the long-term. Accordingly, Yapı Kredi Leasing's new transaction volume increased by 12% and reached TL 2 billion. Throughout the year, share of contracts generated from SME customers increased to 65% in 2013 from 58% in 2012 as a result of continuous focus on strengthening positioning in SME and vendor business.

In 2014, Yapı Kredi Leasing aims to record sustainable growth and maintain its leadership position through increased penetration of leasing products, focus on customer relationships and new customer acquisition.

Yapı Kredi Factoring

Sustained leadership for 13 years

Established in 1999, Yapı Kredi Factoring is 99.95% owned by Yapı Kredi. The company has 16.9% market share in factoring turnover and has been the sector leader for the past 13 years. Yapı Kredi Factoring offers a wide range of products and services including monitoring and collection of receivables through 91 employees.

Since 2002, Yapı Kredi Factoring has been ranked among the Best Export Factoring Companies by Factors Chain International (FCI).

Yapı Kredi Factoring achieved a robust revenue growth of 22% in 2013. The company also realised a total transaction volume of US$ 7.5 billion, of which 72% is derived from domestic transactions and 28% from international transactions.

During the year, the company focused on new customer acquisition and increasing product usage. In addition, Yapı Kredi Factoring further strengthened regional sales activities by opening 10 new branches and leveraging on Yapı Kredi's wide service network across the country.

In 2014, Yapı Kredi Factoring will focus on increasing the number of SME customers with the main objective of maintaining its leadership position in its sector.

Yapı Kredi Bank Nederland

Continuous investment in customer satisfaction

Yapı Kredi Bank Nederland offers a wide range of products and services in retail, corporate and private banking. The bank's main objective is to support Yapı Kredi customers based abroad. The Bank is fully owned by Yapı Kredi Bank and serves its customers through its head office in Amsterdam with 46 employees.

In 2013, the Bank continued to perform favourably despite regulatory pressure and slowdown in economic activity. As of the end of 2013, total asset size was US$ 2.2 billion.

In terms of retail banking, the bank offers savings and deposit products to more than 15 thousand customers. In corporate banking, the bank provides structured commodity finance and trade finance solutions leveraging on synergies with Yapı Kredi and the UniCredit Group. Over the past few years, trade finance in Commonwealth of Independent States (CIS) and cooperation with European international commodities traders have also become an important part of the bank's business. In addition, the bank offers Islamic compliant products to its corporate customers.

In 2013, various steps were taken to improve customer experience such as investing in internet banking which will go live in 2014. In 2014, the bank aims to focus on risk management, diversification of geographical markets and liquidity as well as further increasing customer satisfaction.

Yapı Kredi Bank Moscow

Sustained above sector lending growth

Established in 1988, Yapı Kredi Bank Moscow is 99.84% owned by Yapı Kredi and is the first Turkish bank to offer banking services in Russia. The bank supports Turkish companies active in Russia, thereby strengthening commercial ties between Turkey and Russia. In this regard, Yapı Kredi Bank Moscow provides banking services including corporate finance, project finance and trade finance to Yapı Kredi corporate customers primarily in the construction, commitment, trade and tourism sectors. The bank operates through its head office located near the Kremlin with 65 employees.

In 2013, the bank's asset size increased by 14% to US$ 242 million. During this period, despite slowing economic growth and strong competition, Yapı Kredi Bank Moscow recorded 61% annual growth in loans compared to sector growth of 19%, mainly driven by corporate and commercial banking. At the same time, the bank focused on diversification of client base, efficiency and asset quality. Accordingly, return on assets was realised at 3.6%, twice the sector average.

In 2014, Yapı Kredi Bank Moscow aims to accelerate growth in corporate and commercial banking supported by improvement in the number and quality of services.

Yapı Kredi Bank Azerbaijan

Leading position in credit cards with 10.5% market share

Yapı Kredi Bank Azerbaijan was established in 1998 and is 99.80% owned by Yapı Kredi. The bank provides a wide range of products and services in retail and corporate banking to more than 129 thousand customers through 424 employees. The Bank has 15 branches in the 3 main cities; Baku, Ganja and Sumgait.

2013 was another successful year for Azerbaijan with strong economic growth. In this period, the bank's assets increased by 36% to US$ 401 million despite increasing regulations. The bank focused on increasing presence in all segments of retail and commercial banking.

Yapı Kredi Bank Azerbaijan rapidly became one of the top 3 players in card payment systems in 2013 following launch of its credit card platform in September 2012. IT infrastructure improvements continued during the year and in various areas, the bank became the best-benchmark in the country. In addition, Yapı Kredi Bank Azerbaijan introduced a sophisticated internet banking service for individual and corporate customers. During the year, the Yapı Kredi Banking Academy in Azerbaijan provided more than 12.6 thousand hours of training for employees. The Academy also organised various seminars and activities for customers and the finance sector.

In 2014, the Bank aims to strengthen its position and reputation by widening its service network, accelerating growth in retail and commercial banking and further improving its processes.

Private Banking and Wealth Management

"Best Private Banking" according to Global Financial Market Review

Yapı Kredi maintained its leadership in Private Banking and Wealth Management in 2013 leveraging on its customer oriented approach with TL 28.4 billion customer assets, 22 private banking centers and wide customer base. The private banking product spectrum continued to widen in 2013 with the addition of new products, leading also to an increase in cross-sell levels. Despite volatility in financial markets and regulatory changes, private banking deposits increased by 18% annually to TL 19.8 billion.

Focus on exceeding customer expectations through continuous improvements led Yapı Kredi to receive the award for "Best Private Banking" by Global Financial Market Review in 2013.

Yapı Kredi's main focus in private banking continued to be wealth management products in 2013, also driven by customer preferences. Mutual fund volume increased by 4% annually compared to sector growth of 1%. Discretionary Portfolio management volume increased by 4% while assets under custody (including repos) increased by 19% during the year. In futures and options volume, Yapı Kredi ranked 3rd with 5% market share in 2013, also supported by the significant contribution of private banking.

Private banking customers benefitted from a new swap product as an alternative to deposits in 2013 allowing them to effectively benefit from volatility in global markets. Accordingly, customers were offered a new risk-free structured product, also made possible due to a newly regulated tax base. Total volume of deposit bundled currency swaps, introduced to private banking customers for the first time in 2013, reached TL 10.4 billion.

The Bank also focused on simplification of both its private banking credit allocation processes as well as the legal documentation for risk-free structured products. These enhancements allowed significant improvement in time to market.

In 2013, Yapı Kredi introduced a new management trainee program specifically designed for private banking in order to further support the growth of the segment and the Bank's leadership position in private banking.

31 new investment products

In 2013, 7 new mutual funds were launched including 1 exchange-traded fund (ETF), 1 fixed income fund and 5 capital guaranteed funds. To meet increasing customer demands, Yapı Kredi issued 12 bonds in 2013 with different maturity options and interest rates. Furthermore, 7 new private sector bonds were also offered to clients. During the same period, Yapı Kredi Asset Management intermediated 5 new public offerings.

Yapı Kredi was the first bank in the sector to launch a Socially Responsible Fixed Income Fund where management fees are donated to the "For My Country" project undertaken by Koç Holding. The Bank also began offering a new deposit product, namely Fund Deposit, which allows customers to invest a certain part of their deposits in mutual funds and receive more advantageous deposit rates.

A saving programme allowing mutual fund purchases via credit cards also started being offered in 2013.

360º service approach

Yapı Kredi always places customers at the heart of its activities and offers its services via a 360º customer service approach, thereby recording consistent improvement in customer satisfaction. In 2013, Yapı Kredi reached the highest level in globally accepted customer satisfaction standards, indicating strong customer loyalty. One of the key reasons for this performance is the Bank's continuous focus on both service and infrastructure enhancements. In 2013, to ensure 24/7 availability for customers, a call diversion project was put in place where calls are immediately transferred to the VIPLINE if relationship managers at branches are not available.

The Bank also offers private banking customers unique advisory services in art, inheritance, tax, real estate and philanthropy. In 2013, the number of clients who received advisory service tripled compared to 2012. To further enhance customer experience, Yapı Kredi continued to organize exclusive events for its private banking customers with the participation of expert speakers. Customers were called after events to measure interest and satisfaction levels.

Future Outlook

Reinforce market positioning in terms of customer assets

Accelerate customer acquisition activities while further increasing existing customer satisfaction

Further promote usage of unique advisory services and participation to exclusive private banking events

Profile

27
thousand customers

22
private banking centers

176
relationship managers

Market Shares

18.2%
mutual funds

15.5%
Borsa Istanbul transaction volume (1)

6.9%
equity transaction volume

Did You Know?

Yapı Kredi is the leader in private banking in terms of customer assets and branch network.

Yapı Kredi offers private banking customers the widest range of advisory services about art, tax, inheritance, philanthropy and real estate.

Yapı Kredi effectively utilises synergies with Yapı Kredi Yatırım and Yapı Kredi Asset Management to provide customers with more comprehensive services.

Products and Services

Mutual Funds, Yapı Kredi Bills and Bonds, Private Sector Bills, Indexed Time Deposits, Fund Deposits, Equity, TradeBOX, FXBOX, Warrants, TurkDEX Transactions, Futures and Options, Structured Products, Derivatives

(1) Includes repo, reverse repo, treasury bills, government bonds, equity and derivative transaction volume.

Yapı Kredi Asset Management

Turkey's leading asset management company

Established in 2002, Yapı Kredi Asset Management is one of the leading asset managers in Turkey. With a solid track record in investment management, discretionary portfolio management, business performance and efficient CRM systems as well as sales management services, Yapı Kredi Asset Management operates with the aim of being an indispensable business partner for its customers.

Yapı Kredi Asset Management serves its customers within each asset class utilising its proprietary research, analysis and solid risk management infrastructure with its 63 employees. In 2013, the company fully managed 39 mutual funds and 19 pension funds. Total assets under management volume including mutual funds, pension funds, hedge fund and discretionary portfolio management reached TL 10.7 billion and the company maintained its 2nd ranking in the sector. The company also ranks 2nd in mutual funds with 18.2% market share.

Starting very favourably, market conditions changed significantly in the second half of 2013 due to tapering expectations from the FED and Turkey's increased risk perception. In this environment, Yapı Kredi Asset Management recorded sustainable growth by launching 5 new capital guaranteed funds and 1 new fixed income socially responsible investment fund. Furthermore, Yapı Kredi SICAV (Socièté d'investissement à capital variable) was launched in Luxembourg and the company started managing the first sub-fund of Yapı Kredi SICAV Equity Turkey Fund in May 2013.

Fitch Ratings upgraded the company in 2013 to the "Highest Standards (tur)" rating level. Yapı Kredi Asset Management is the first and only asset management company holding this rating in Turkey, reflecting its stability and strong business performance. In addition, 4 mutual funds and 3 pension funds managed by the company earned the "High Fund Quality Rating", the first time in Turkey that mutual and pension funds are rated by an international rating agency.

Yapı Kredi Asset Management will keep creating appropriate solutions in accordance with the risk profile and the yield expectations of its customers in 2014. Thus, the company aims to strengthen its pioneering position in the sector.

Yapı Kredi Invest

Leader with 20 years of market experience

Yapı Kredi Invest is one of the leading investment houses in Turkey with more than 20 years of experience in capital markets. As a 99.98% owned subsidiary of Yapı Kredi, the company effectively utilizes the Bank's wide branch network in reaching over 99 thousand retail and institutional clients. Aiming to be a one-stop shop in providing solutions for its customers, Yapı Kredi Invest handles a wide range of transactions ranging from trading of commodities, domestic and international equities to sophisticated derivative products and advisory services with its 175 experienced employees.

Yapı Kredi Invest continues to pursue technological innovations and gives special attention to alternative delivery channels offering simple and swift solutions tailored to meet customer needs. Meanwhile, remaining close to clients to better satisfy their needs and support their decision making process with in-depth research remains a fundamental element of the company culture.

Yapı Kredi Invest consistently ranks amongst the top tier investment institutions in business volume and profitability. Despite challenging market conditions in 2013, the company has maintained its leadership position in terms of net income generation since 2008. Yapı Kredi Invest is also the market leader in Borsa Istanbul transaction volume with TL 602 billion transaction volume and 15.5% market share.

In 2014, Yapı Kredi Invest will continue to offer its customers unique and high quality products tailored to meet their needs in challenging market conditions with rising interest rates.

Yapı Kredi B Type Investment Trust (in liquidation)

Yapı Kredi B Type Investment Trust was established in 1995 and 95.36% owned by Yapı Kredi. The company is being liquidated based on the decision of the Board of Directors dated 27 December 2013.

(1)) Includes repo, reverse repo, treasury bills, government bonds, equity and derivative transaction volume.

Treasury

Supporting customers and the Bank in changing market conditions
Yapı Kredi has an active position in capital markets and provides customers with a wide range of products and financial advisory services. 2013 was characterised by worsening outlook for Emerging Markets due to FED's preparation for measured tapering from its accommodative policy and highly active monetary policy by central bank's globally. Throughout the year, Yapı Kredi was able to navigate through this challenging environment and effectively manage its liquidity and funding base, thanks to its strong expertise in interest rate and currency risk management.

Yapı Kredi continues its customer-oriented approach with limited investment in securities. In 2013, share of securities in total assets decreased further to 14% from 17% in 2012. In order to benefit from favourable market rates and to manage capital position effectively, Yapı Kredi sold US$ 1.3 billion of Eurobond securities from its available for sale portfolio and replaced some of this volume with high-yielding local currency securities. As of the end of 2013, 32% of Yapı Kredi's total securities portfolio is classified under held to maturity and 60% under available for sale. In terms of repo funding, the Bank continued its strategy of utilising this type of funding as a short-term liquidity management tool. As of the end of 2013, share of repo funding in total liabilities was realised at 2%.

In 2013, the Bank executed US$ 399 billion worth of foreign exchange transactions, of which US$ 142 billion was generated from domestic customers. As a result, the Bank's market share in customer foreign exchange transactions was recorded at 11.8%. Market share in customer derivative product transactions in 2013 was realised at 6%. Furthermore, Yapı Kredi remained a preferred choice for customers in local currency and foreign currency bonds under custody, recording an average transaction volume of TL 12 billion.

In 2014, Yapı Kredi will maintain its disciplined approach in order to maintain a solid liquidity and funding position. In light of the increasing interest rate environment and ongoing tapering by the FED, treasury will continue to support both customers and the Bank in finding attractive funding sources and effective asset-liability management.

Correspondent Banking

Strong relationships, expanding geographies
2013 proved to be another successful year for Yapı Kredi in corresponding banking. During the year, customers were provided trade finance services through a network of 2,500 international banks. Yapı Kredi's ever-growing and long-standing correspondent relationships stem from its high-quality service with competitive product range, transparent communication and dedicated correspondent banking team.

In line with changing trends in international trade activities as well as the new preferences of Turkish customers, Yapı Kredi achieved its 2013 goal of expanding overseas activities with special emphasis on amplifying its business network in Asia and sub-Saharan Africa.

Throughout the year, Yapı Kredi was also able to substantially increase volume generated from the Far East in addition to providing oil/commodity letters of credits and letters of guarantees in favour of Turkish contractors bidding for projects in Continental Africa and the Gulf Cooperation Council (GCC) Region. At the same time, the Bank enhanced its already existing and sustainable business relationship with major banks US and Europe.

In 2014, Yapı Kredi aims to maintain its leading position in international correspondent activities via the introduction of cutting-edge products and services and continue to expand its already extensive global correspondent network.

International Debt Capital Markets

Diversifying funding base
In wholesale funding, Yapı Kredi's core strategy in 2013 was diversifying funding sources and increasing maturities. In this respect, recurring access to international markets played a crucial role during the year.

- Issuance of a US$ 500 million Eurobond with 7 years maturity and 4.00% coupon rate in January 2013
- Launch of a Global Medium Term Note (GTMN) programme with initial limit of US$ 1.25 billion in September 2013. The limit was increased to US$ 2 billion in December 2013. Total funding achieved through this programme exceeded US$ 850 million as of the end of 2013. Additionally, a US$ 500 million Eurobond was issued with 5 years maturity and 5.25% coupon rate in December 2013 under the programme
- 100% rollover of US$ 2.7 billion syndications in April and September 2013 with proceeds used to finance customers' pre-export and export credit facilities
- Refinancing of a US$ 585 million subordinated debt from UniCredit Bank Austria AG with 10 years maturity in January 2013
- Obtainment of a US$ 470 million subordinated debt from UniCredit Bank Austria AG with 10 years maturity in December 2013. At the same time, an existing EUR 350 million subordinated debt from Goldman Sachs obtained in April 2006 was repaid
- Signing of loan agreements with the Council of Europe Development Bank (CEB) for US$ 100 million in May 2013 and European Bank for Reconstruction and Development (EBRD) for US$ 80 million in June 2013
- Disbursement of US$ 500 million via Yapı Kredi's Diversified Payment Rights (DPR) programme in July 2013

In 2014, Yapı Kredi targets to maintain its effectiveness in obtaining funding from foreign institutions and international capital markets at the most favourable rates and conditions.

Alternative Delivery Channels

A benchmark in Digital Banking

Website

In 2013, Yapı Kredi completely renewed its company website based on "Google Search Appliance" technology. Yapı Kredi became the first and only bank to utilise this technology and was subsequently selected as a case study by Google.

Innovations in the new website include:

- Lean and user-friendly interface allowing easy navigation
- A smart search engine which evolves based on customer behaviour. Number of searches performed on the new website in the first 4 months reached 4.5 million
- "Online Help" for instant customer assistance
- Social media integration to guide customers for all types of inquires

Internet Banking

In 2013, Yapı Kredi's number of internet banking customers increased by 31% annually to 3.2 million. At the same time, total number of transactions performed via internet banking reached 67.7 million, corresponding to 21% of banking transactions while total product sales increased by 12% to 1 million.

In line with the new company website, Yapı Kredi's internet banking platform was also redesigned with advanced technology. It was opened for limited usage at the end of 2013 and will become fully available in 2014.

Throughout the year, Yapı Kredi also continued to enhance its internet banking to increase efficiency and customer satisfaction.

- Log-in option using Turkish social identity number for retail internet banking and credit card number for corporate internet banking was introduced.
- Application for individual pension plans was added.

Smart Assistant, an alarm and reminder service that notifies customers instantly via SMS, e-mail or push notification for their banking transactions, remained popular in 2013 and was used by 3.3 million customers compared to 2 million in 2012.

Mobile Banking

Yapı Kredi's mobile banking application is the first in Turkey to be used in all platforms including İOS, Android, BBOS and Windows 8 as well as via m.ykb.com. As of the end of 2013, number of customers using this channel doubled compared to 2012 and reached 530 thousand. During the same period, number of transactions increased by 213% annually and customer penetration increased by 112%.

In 2013, mobile banking was further enhanced.

- Windows 8 mobile application was completed.
- Log-in option using credit card or Turkish social identity numbers were introduced.
- Application for individual pension plans was added.
- Cash to Mobile function was introduced.
- Other new functions such as fast loan application were added.

ATM Network and Self Service Banking

Yapı Kredi has the 5th largest ATM network in Turkey with 3,000 ATMs as of the end of 2013. Nearly 4.5 million customers use the Bank's ATM network on a monthly basis. In 2013, 132 million transactions were performed via ATMs, which corresponds to 47% of total number of banking transactions.

Throughout the year, Yapı Kredi continued to optimise the efficiency of its ATM network by expanding to out-of-branch high-volume locations in addition to relocating its ATMs from low-volume areas. The Bank also continued to deploy advanced ATMs (Tele24 Plus) in 2013 and increased the share of these ATMs in total to 85%.

In order to increase security and to protect customers against ATM fraud, additional hardware and software based measures were added to ATMs.

In 2013, campaign offers for the Bank's products were offered to Yapı Kredi ATMs which also serve as an efficient point of sale. In order to prevent ATMs from unexpected interruptions, reduce costs and increase customer satisfaction, first phase of the ATM Monitoring Project was also implemented.

As part of Yapı Kredi's Enabled Banking programme, the number of ATMs specifically designed for disabled customers increased to 670 in 2013 from 353 in 2012. During the year, the Bank received several awards for this programme. At the same time, Self-service Banking Corners with internet and telephone banking units in branches were increased to 882.

Call Center

Yapı Kredi Call Center operates as a multi-channel contact center handling 42 million customer contacts per year and provides award winning customer service through 1,200 employees in 2 different locations, Samsun and Istanbul. In 2013, 98% of all incoming customer inquiries to the call center were resolved during the first call. On the other hand, Yapı Kredi Call Center also acts as a sales base handling 5 million outbound calls and 2.9 million product sales. Yapı Kredi's call center focuses on customer acquisition, services which create added value for customers, sale and post-sale services as well as customer satisfaction.

In 2013, Yapı Kredi, in addition to telephone, chat, e-mail and SMS channels, began providing customer service via social media. In order to resolve customers' complaints rapidly and at the first contact, "444 0 440 Yapı Kredi Services Line" was established. 75% of the complaints were resolved by the experienced teams at the first customer contact. Additionally, a new initiative which diverts customer calls from branches to the call center led to an increase in efficiency as well as customer satisfaction.

Future Outlook

Renew the interactive voice system and service model to make it more customer friendly

Further enlarge the ATM network and redesign Self-service Banking Corners at branches

Significantly increase the number of internet banking customers and further enhance the platform

Profile

3,000
ATMs

3.2
million internet banking users

530
thousand mobile banking users

42
million call center contacts

Market Shares

10.9%
mobile banking

11.6%
internet banking

7.1%
ATMs

Did You Know?

Yapı Kredi website was fully renewed in 2013 and was selected by Google as a case study.

Yapı Kredi offers close to 500 products and functions via internet banking.

Yapı Kredi's internet banking market share has been increasing for the past 6 quarters. In 2013, internet banking customers increased by 28%, 10 percentage points higher than sector growth.

Yapı Kredi Call Center realised 39% of the Bank's total credit card sales in 2013.

Information Technologies and Operations

In Information Technologies (IT) and Operations, Yapı Kredi focuses on process modernisation and infrastructure improvements to become more agile and provide customers with rapid and high quality services.

Information Technologies: Continuously developing infrastructure

In 2013, the Technology Transformation Program which started in 2010, was successfully completed, covering comprehensive technology refreshments and modernization of IT processes and infrastructure. Accordingly:

- **Replatforming of the credit card system:** Credit cards were migrated to a new system allowing simple, quick and flexible options. The aim of the project was to further improve time to market and reinforce Yapı Kredi's leadership positioning.
- **Simplification of workflow system:** A web-based, highly parametric and flexible platform was introduced aiming to increase efficiency by simplifying processes at branches and central operations.
- **Sales force automation**: Sales processes were simplified at branches to promote cross sell and sale of banking packages. As a result, 20-25% increase in productivity was accomplished based on product.
- **Communications support to sales team:** Mobile banking applications and equipment (tablet computers) were provided to managers and direct sales force teams to enhance information sharing and speed.
- **Corporate and commercial banking Customer Relationship Management (CRM) system:** CRM infrastructure development for corporate and commercial banking was finalised to allow more effective delivery of the right products to the right customer.

Operations: An effective customer service point

Throughout the year, the Bank focused on improving service quality at branches, tellerline sales and risk minimisation. Accordingly, significant improvements were realised in systems and processes:

- Branch lobby waiting times and transaction times were reduced. As of the end of 2013, the Bank recorded 19% improvement in average transaction execution time and 28% improvement in average branch lobby waiting time.
- Available sales time per teller was increased as a result of decrease in teller service time per transaction. This lead to a 38% increase in sales per teller.
- Overtime at branches decreased by 26% due to improved management of branch working hours.

Increase in operational speed and better resource allocation also remained a focus area during the year. As a result of enhancements for straight through processes, central operations recorded 35% efficiency gain in 2013.

Initiated in 2013 as a first in Turkey, mobile technologies started to be utilised by 400 direct sales representatives to optimise cost and improve efficiency of the credit card application process. As a result, both unit costs and process handling times were decreased.

Future Goals

Minimise the use of hard copy documents in the branch network

Enhance credit and treasury systems and become market leader in these applications

Decrease workload per person in branches via further service and efficiency improvements

Did you know?

Yapı Kredi has a dedicated IT research and development unit since 2010 to remain a leader in innovation

Yapı Kredi has a data storage capacity of 7.7 Petabyte which is equal to the capacity of 8 thousand standard personal computers. This size grows at a pace of 40% each year

Yapı Kredi operations also serve as a sales channel and realise more than 2.6 million product sales per year

Human Resources

Continuous investment in human resources as a key to success

In line with its sustainability approach, Yapı Kredi attaches strong importance to its employees. In this regard, the Bank has a dynamic and structured human resources policy in place to manage recruitment, adaptation, career planning as well as development and training.

Yapı Kredi's (including Bank and subsidiaries) employees increased by 7% in 2013 and reached 16,682[1]. At Yapı Kredi, 63% of employees are female, 84% are university graduates and 29% are fluent in at least one foreign language. 67% of employees benefit from Yapı Kredi's group pension plan. In addition, all employees and their immediate families benefit from group health insurance. 59% of Yapı Kredi employees are union members. A collective labour agreement is signed between the Bank and BASISEN (Bank and Insurance Employees Union) every two years. Latest labour agreement covers the period between 1 April 2013 - 31 March 2015.

Employee Satisfaction and Loyalty

Yapı Kredi acknowledges employee satisfaction as a key prerequisite for sustainability. In this regard, the Bank conducts employee satisfaction surveys each year and forms action plans according to survey results. Yapı Kredi also conducts regular interviews with its employees to ensure that the Bank's development actions are aligned with employee expectations. In 2013, 259 head office and 165 branch employees were interviewed.

Yapı Kredi launched an exclusive 24/7 help line in 2010 to assist employees with both personal and professional inquiries. In 2013, 4,002 inbound calls were received by the help line.

Career Development and Talent Management

Yapı Kredi provides attractive development opportunities for employees through cooperation with leading academic institutions and its shareholders. Employees with high performance and high potential are enrolled in dedicated programmes in collaboration with UniCredit Group. For managerial positions, the Bank provides specially designed development programs together with Europe's leading business schools while for young talents, there are other various development programs in place.

In 2013, 7,936 employees were appointed or promoted to new positions, corresponding to 75% of the branch network. At the same time, 74 new branch managers were appointed through an internal branch manager candidate identification process and 120 employees were transferred from back-office to sales positions. The share of branch employees in total employees was 61% as of the end of 2013.

Training Programs

Established in 2009, Yapı Kredi Banking Academy is one of the most comprehensive corporate universities in Turkey providing training to employees, their families, customers, university students and volunteers. The Academy is also present in the Bank's subsidiary in Azerbaijan and has trained nearly 2,000 employees there in banking and finance, personal development, leadership and social responsibility since 2011. The Academy has established strong collaboration with local bodies such as the Central Bank of the Republic of Azerbaijan and the Azerbaijan Bank Training Center.

Yapı Kredi employees are provided specially designed certificate programs via cooperation with local and international universities as well as reputable institutions such as The Bankers Association of Turkey. Yapı Kredi also has partnership agreements with Koç University, Bilgi University and Özyeğin University to provide employees master programs with a special discount.

As part of a dedicated 2 year program (Heroes Club) launched in 2012 and designed for 3rd year university students, 16 Heroes Club graduates started to work in different departments within Yapı Kredi in 2013. The second term Heroes Club students completed their first semester by attending various workshops, training programs and preparing projects. 27 of these students completed a summer internship in the Bank. In 2013, 1,600 applications were received for the third term of Heroes Club. Following case studies and interview processes, 50 students were selected from 22 different universities in Turkey. Selected students are provided with various training programs, projects, seminars and different corporate social responsibility initiatives as well as receiving an internship and part-time job opportunities within the Bank. As part of the program, each student is assigned a human resources advisor in the first year and receives career mentorship from senior managers during the second year. At the end of the program, a job offer may be presented based on performance and the Bank's needs.

Future Goals

Increase number of branch/regional visits and strengthen interaction with employees to improve communication

Increase use of alternative training models via mobile learning, Online Academy and smart applications and offer instant access to all training and development activities

Detect skilled employees at all levels and support them through special development programs

(1) 2012 number of group employees has been adjusted due to Yapı Kredi's insurance subsidiary sale (2012 insurance subsidiary employees: 1,800)

Other Subsidiaries

Yapı Kredi Koray Real Estate Investment Trust

Established in 1996 and 30.45% owned by Yapı Kredi, YapıKredi Koray Real Estate Investment Trust operates in both residential and commercial real estate development. The company is publicly traded in Borsa Istanbul with a market capitalisation of TL 46.4 million as of the end of 2013.

Yapı Kredi Koray Real Estate Investment Trust has undertaken prestigious residential and commercial projects in major cities such as Istanbul and Ankara.

Banque de Commerce et de Placements

Established in 1963 and 31% owned by Yapı Kredi, Banque de Commerce et de Placements (BCP) is a Swiss bank headquartered in Geneva with 2 branches in Luxembourg and Dubai. BCP offers its clients the full service range of a universal Swiss bank. The bank focuses on structured commodity, trade finance and wealth management as its core activities supported by treasury services and correspondent banking. As of the end of 2013, BCP has a Tier 1 capitalisation ratio of 19.9%. The Bank is rated as investment grade by Fitch Ratings.

Allianz Yaşam ve Emeklilik

Allianz Yaşam ve Emeklilik operates in private pension and life insurance. The company serves individual and corporate customers with a wide range of tailored products. Allianz, one of the largest insurance companies and asset management groups in the world, became the main shareholder of Yapı Kredi Pension Fund in 12 July 12 2013 by purchasing 80% of its shares. On 27 September 2013, the name of the company was changed to Allianz Yaşam ve Emeklilik. Yapi Kredi remained a 20% shareholder in the company to support its long-term strategic partnership with Allianz. As part of this successful and well-timed transaction, a 15 year exclusive bancassurance agreement was signed with Allianz. Accordingly, customers continue to benefit from insurance and private pension products through Yapı Kredi's extensive branch network and innovative alternative delivery channels.

Yapı Kredi Cultural Activities, Arts and Publishing

Established in 1984 and fully owned by Yapı Kredi, Yapı Kredi Cultural Activities, Arts and Publishing (YKKSY) is one of the most reputable culture and arts companies in Turkey. YKKSY presents important publications, cultural events and exhibitions to the community through the Yapı Kredi Cultural Center as well as Yapı Kredi Publications.

Yapı Kredi Cultural Center organized 11 exhibitions and 180 art events in 2013 with 35 thousand attendees. One of the most important exhibitions in 2013 was the "Transition Project", echoing the comprehensive renovation the of Yapı Kredi Cultural Center building. With the implementation of the 3 stages of the project, the building hosted a series of live performances and screening programs, turning the building into a platform for discussing and experiencing intersection points between performance and moving image.

"My Homeland: The Lines on My Forehead" exhibition, organised to celebrate the 111th birthday of legendary Turkish poet Nazım Hikmet, was a success and attracted hundreds of visitors.

In 2013, Yapı Kredi Publishing celebrated its 4,000th book "Children are Human" by Yaşar Kemal with an exhibition of thousands of book covers. During the year, a total of 2.1 million books were printed under 815 titles. In addition, approximately 200 school events and library presentations brought together over 40 thousand students, teachers and librarians with authors and editors of books published by Yapı Kredi Cultural Activities, Arts and Publishing.

Research and Development Activities

Yapı Kredi continued to invest in research and development activities in 2013 with an aim to understand and improve customer experience and service quality. In this regard, surveys were conducted to understand customer expectations.

In 2013, more than 400 thousand customers were surveyed about their satisfaction regarding Yapı Kredi branches, channels and services. All retail branches were monitored and surveys were conducted by contacting customers the day after they finalised a transaction. Accordingly, branches were able to contact dissatisfied customers rapidly, resulting in significant improvement in customer feedback.

Two key pillars of positive customer experience are internal service quality and employee satisfaction. In this regard, Yapı Kredi carries out regular yearly research to monitor these issues. In 2013, the Bank conducted "A Day in the Head Office" activities for branch employees and "A Day in a Branch" activities for Head Office employees to enhance collaboration and understanding of different roles within the Bank. Feedback from these visits was utilised to develop action plans and further improve employee and customer experience.

Yapı Kredi continuously focuses on innovation and enhancements. Customer response and satisfaction to changes is therefore crucial. During 2013, the Bank organised various research to understand employee and customer feedback before and after implementation of new services, system and process changes. Regular image and reputation monitoring was also undertaken to track Yapı Kredi's brand perception.

Within the scope of the idea development and innovation system (Evreka), which was introduced in 2012, employees submitted more than 9,000 ideas in 2013. After initial screening, around 30% of the approved ideas were implemented or added to future plans. These ideas support the Bank in many diverse areas including cost optimisation, efficiency, improvement in customer/employee experience and social responsibility.

Corporate Social Responsibility

Yapı Kredi consistently endeavours to fulfil its obligations in fostering development of the Turkish society. In this regard, the Bank carries out corporate social responsibility projects in education, environment, culture and arts. Yapı Kredi specially selects projects which have long-lasting positive effects on society.

Education Projects

I read, I play: Conducted in cooperation with the Educational Volunteers Foundation of Turkey (TEGV), the project aims to improve reading skills of children through the support of 11 educational parks and 55 volunteers. 110 thousand children have been reached since 2006 through this project.

Environmental Projects

Recycling Project: Yapı Kredi has been implementing a recycling project to maintain the sustainability of natural resources since 2008. In 2013, the Bank prevented 42 thousand tons of greenhouse gases from being releasing into the atmosphere and saved 16.500 trees, 25 million litres of water and petroleum as well as the same amount of electricity.

Bottle Cap Campaign: 4 battery wheelchairs were donated to disabled citizens in exchange for bottle caps collected by Yapı Kredi Employees.

ISO 14064: Yapı Kredi completed the ISO 14064 Greenhouse Gas Emissions (GHG) certification process which began in 2011 and has been qualified to receive the certification for ISO 14064. Certification process for 2012 and 2013 is expected to be finalised in 2014.

Culture and Art Projects

Yapı Kredi Cultural Activities, Arts and Publishing Activities: In 2013, Yapı Kredi Cultural Center organised 180 panels about archaeology, literature, history and photography as well as special educational activities for children. In addition, Yapı Kredi Publications published its 4,000th title, a milestone in Turkish publishing.

The Afife Theatre Awards: Held each year since 1997 with the continuous support of Yapı Kredi and under mentorship of well-known stage actor Haldun Dormen, the Afife Theatre Awards were organised for the 17th time in 2013.

Çatalhöyük Excavation: Çatalhöyük Excavations have been continuing under the main sponsorship of Yapı Kredi since 1997.

Other Projects

I Know No Barriers for My Country: Yapı Kredi has continued to play an active role in this project, which was started under the leadership of Koç Group. Accordingly, Yapı Kredi strives to make its products and services as well as its service points more accessible for disabled customers. At the same time, the Bank organises training programs for employees to increase awareness.

Enabled Banking

Initiated in 2008 as a first in Turkey, the project aims to provide disabled customers with convenient access to banking services. Since 2008, 500 enabled ATMs have been installed in 53 different cities throughout Turkey. In addition, the number of audio books released by Yapı Kredi Publishing and available for visually-impaired citizens over the phone 24/7 reached 65.

Bölüm II
Bank Management and Corporate Governance Practices

Board of Directors

Mustafa V. KOÇ

Chairman of the Board of Directors

Mustafa V. Koç, after finishing Lyceum Alpinum Zuoz in Switzerland, graduated with a Business Administration degree from George Washington University. In 1984, he started his career at Tofaş as Consultant. In 1992, he moved to Koç Holding and served as Vice President and President of various business groups. He became a Member of the Board of Directors in 2001 and Vice Chairman in 2002. He was appointed as Chairman of Koç Holding Board of Directors on 4 April 2003. Koç is a member of the Rolls Royce International Advisory Board, the JP Morgan International Council and the Global Advisory Board of the Council on Foreign Affairs. He is also a Member of the Steering Committee of the Bilderberg Meetings and Honorary Consul General of Finland in Istanbul. Koç was awarded the Cavaliere d'Industria medal by the Government of Italy in 2005 and the International Leonardo Prize, known as the "Oscar of Business", in 2012. He is Honorary Chairman of the Turkish Industrialists and Businessmen's High Advisory Council. Koç is also a Member of the Board of his family's philanthropic foundation, the Vehbi Koç Foundation. He is strongly committed to its work in the cultural, educational and medical fields in Turkey, whose excellence has been recognized internationally by, among others, the World Monuments Fund, the Carnegie Foundation and BNP Paribas. Since August 2011, Mustafa V. Koç has been serving as Chairman of the Board of Directors at Yapı Kredi and Koç Financial Services.

Gianni F. G. PAPA

Vice-Chairman of the Board of Directors (Independent*)

After receiving his degree in Law from Universita Cattolica del Sacro Cuore in Italy, Gianni Franco Giacomo Papa served in numerous positions at the International division of Credito Italiano Milano, starting from 1979. Papa, who served at the same bank as Manager between 1986 and 1987, worked at Hong Kong office of Credito Italiano as the Assistant General Manager in charge of the establishment of the branch of Credito Italiano, and then Head of Corporate Finance, Capital Markets and Treasury from 1988 to 1993. Papa, who served at Segrate branch of Credito Italiano as the Deputy General Manager between 1993 and 1997, and the Assistant General Manager in charge of Corporate Investors and Private Banks Department under the Financial Division of the Group thereafter, was appointed as the Deputy General Manager of UniCredit's Singapore Branch in 1998 and served at the same office until 1999. Thereafter, he served as the General Manager of the same branch and the Director of Unicredit Asia (except China) until 2002. Papa held the offices of the General Manager of New York Branch of UniCredit and UniCredit's Director in charge of the USA operations between 2003 and 2005. He was then appointed as General Manager and COO of UniCredit Slovakia between 2005 and 2007. Papa, who served as the Vice Chairman of the Board of Directors and the General Manager of UniCredit Slovakia until 2008, then worked at the office of the Chairman of the Supervisory Board of UniCredit Leasing until the beginning of 2009. Papa, who was appointed to serve as the First Deputy Chairman of the Board and the General Manager at PJSC Ukrosotsbank between 2008 and 2010, worked as the Executive Vice President and the Head of Central and Eastern European Corporate and Investment Banking at UniCredit Bank Austria AG between November 2010 and December 2010. Papa is currently Senior Executive Vice President of UniCredit Group in charge of Central and Eastern Europe Division and also Deputy Chairman of the Management Board of UniCredit Bank Austria AG. Papa was appointed as the Vice Chairman of the Board of Directors of Yapı Kredi as of April 2011. Papa also serves as Vice Chairman of the Board of Directors of Koç Financial Services.

H. Faik AÇIKALIN

Chief Executive Officer (CEO)

After earning a BS degree in Business Administration from Middle East Technical University, Faik Açıkalın began his banking career in 1987 as a Management Trainee at Interbank. He subsequently worked in various positions including Internal Auditor, Relationship Manager, Branch Manager and Marketing Manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank. In May 1998, he joined Dışbank as Executive Vice President. Later that year, he was appointed Chief Operating Officer (COO) responsible for the coordination and communication between the Board of Directors and business units. He also assumed the position as a Member of the Credit Committee. In June 1999, Açıkalın was appointed as Deputy CEO and member of the Board of Directors. In December 2000, he became CEO of Dışbank. Following the acquisition of the majority shares of Dışbank by Fortis in July 2005, he continued to serve as CEO of the bank when it was renamed Fortisbank and was appointed member of the Fortis Global Management Committee and Fortis Global Retail Management Team. In October 2007, he resigned from his duties at Fortisbank and became CEO at Turkey's largest newsprint media holding company, Doğan Gazetecilik. In April 2009, Açıkalın was appointed as Executive Director of Yapı Kredi's Board of Directors and was also appointed as Chairman of the Executive Committee. Serving as Yapı Kredi's CEO since May 2009, in addition to his current role, in 2010 Açıkalın was also appointed as CEO of Koç Financial Services. Also as of August 2011, Açıkalın became the President of Koç Holding's Banking and Insurance Group. At the same time, Açıkalın serves as Chairman of Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Moscow, Yapı Kredi Koray Real Estate Investment Trust, Koç Consumer Finance, as Vice Chairman of Banque de Commerce et de Placements S.A. and Allianz Yaşam ve Emeklilik and as Director of the Banks Association of Turkey.

Carlo VIVALDI

Executive Director and Deputy CEO

After graduating from the University of Ca' Foscari, Venice, Department of Business Administration, Carlo Vivaldi started his career in 1991 as Teller in Cassamarca, one of the four banks which merged into UniCredit in 1998. At that time he moved to Group's Planning and Control and then after a brief experience in contributing to the development of Group's internet strategy, in 2000 he moved under the newly established New Europe Division responsible for Planning and Control, contributing to the expansion of UniCredit in the region. At the end of 2002, he moved to Turkey and pursued the position of Chief Financial Officer and Executive Vice President at Koç Financial Services and Yapı Kredi in addition to memberships of the Board of Directors at some Group subsidiaries until September 2007. At that time he actively contributed to the largest merger in the Turkish banking history between Koçbank and the newly acquired Yapı Kredi. In October 2007, he was appointed as Member of the Management Board and Chief Financial Officer at UniCredit Bank Austria AG (covering Austria and the CEE countries of UniCredit) and started to serve in several other Supervisory Boards in CEE subsidiaries of UniCredit Group (UniCredit Bank Czech Republic A.S. and Unicredit Bank Slovakia as Chairman, Zagrebacka Banka D.D., UniCredit Tiriac Bank S.A., JSC ATF Bank Kazakhstan, and UGIS). Since May 2009, Carlo Vivaldi has been a Member of the Board of Directors at Yapı Kredi. As of January 2011, he has been appointed as UniCredit representative for Turkey in the position of Executive Director and Deputy CEO in Yapı Kredi. Vivaldi also serves as Executive Director and Deputy CEO of Koç Financial Services and Vice Chairman in all Yapı Kredi subsidiaries (Yapı Kredi Asset Management, Yapı Kredi Invest, Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Moscow and Yapı Kredi Cultural Activities, Arts and Publishing). He is also a Member of Board of Directors of Yapı Kredi Koray Real Estate Investment Trust and Allianz Yaşam ve Emeklilik.

F. Füsun AKKAL BOZOK

Member of the Board of Directors (Independent*)

F. Füsun Akkal Bozok completed her academic studies with an MBA from Boğaziçi University in Faculty of Administrative Sciences and a Ph.D. from Istanbul University in Faculty of Administration. She began her career at Arthur Andersen Audit Company in 1980. Bozok joined Koç Group in 1983 as an Associate and Coordinator Assistant in the Audit and Financial Group Division. In 1992, she was appointed as the Audit and Financial Group Coordinator, a position which she held for 11 years. Between 2003 and 2006, she worked as the Finance Group Director. In September 2005, she became a Member of the Board of Directors of Yapı Kredi. In addition to being a Member of the Board of Directors of Koç Financial Services, Akkal is also an Assistant Professor at Sabancı University.

Ahmet F. ASHABOĞLU

Member of the Board of Directors

Ahmet F. Ashaboğlu graduated from Tufts University and earned a master's degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT, held various positions at UBS Warburg between 1996 and 1999 and worked as Engagement Manager at McKinsey & Company, New York, between 1999 and 2003. He joined Koç Holding as Finance Group Coordinator in 2003. He has been serving as the CFO at Koç Holding since 2006. Ashaboğlu has been a Member of the Board of Directors of Yapı Kredi since September 2005. Ashaboğlu is also a Member of Board of Directors of Koç Financial Services and Yapı Kredi Koray Real Estate Investment Trust.

O. Turgay DURAK

Member of the Board of Directors

He completed his undergraduate and graduate degrees at Northwestern University in Mechanical Engineering, joining Koç Group in 1976 at Ford Otomotiv as Design Engineer for product development. He was appointed as Assistant General Manager in 1986, became Deputy General Manager in 2000 and General Manager of Ford Otosan in 2002. He served as the President of Automotive Group at Koç Holding between 2007 and 2009. Durak was appointed Koç Holding's Deputy CEO in May 2009 and became CEO and Board Member in April 2010. He was the Chairman of the Board of Directors of Automotive Manufacturers' Association between 2004 and 2010. He served as a Istanbul Chamber of Industry's Council Member for 2.5 years and as a Board Member for 1 year. He has been a Member of National Committee of International Chamber of Commerce since February 2014. Since April 2009, he has been a Member of the Board of Directors of Yapı Kredi. Durak is also a Member of Board of Directors of Koç Financial Services.

Francesco GIORDANO

Member of the Board of Directors (Independent*)

Giordano, who received his Bachelor's degree and Master's in Economics from University of Genova and Warwick (UK), served as a European Economist at Standard & Poor's and London Branch of San Paolo Bank until 1997, started to work as the Senior European Economist at Credit Suisse First Boston in 1997. Giordano was appointed as the Chief Economist/ Research Officer at UniCredit Banca Mobiliare in 2000. Subsequently Giordano served as the Head of Planning, Strategy and Research Department of the Group between 2005 and 2009 and was appointed to the office of the Head of Planning, Strategy and Research Department at Corporate and Investment Banking Division of UniCredit in 2009. He was appointed in 2011 as a Member of the Management Board and the CFO of UniCredit Bank Austria. Since April 2011, he has been a Member of the Board of Directors of Yapı Kredi. Giordano is also a member of Board of Directors of Koç Financial Services.

Dr. Jürgen KULLNIGG

Member of the Board of Directors

After graduating from University of Salzburg Law School, Dr Jürgen Kullnigg completed the International Trade Program at Vienna Business School. In 1985, Kullnigg started his career as a Marketing Assistant at the Austrian Trade Commission in Munich and later became Deputy Trade Commissioner at the Austrian Trade Commission in Houston between 1986 and 1989. Kullnigg served as Vice President at Girocredit AG Vienna, Los Angeles, New York and Prague from 1989 to 1995 and Vice President of Trade Finance at Creditanstalt AG from 1995 to 1997. In 1997, he began to work for Bank Austria Creditanstalt as Head of Structured Trade and Project Finance in London. Kullnigg moved on to become Head of Credit Department at Bank Austria AG in 2000. After one year, he was appointed as Head of Strategic Risk Management where he served until 2006. From 2006 to 2010, Kullnigg served as Head of Group Credit Operations as well as Group Divisional Risk Officer Corporate at UniCredit S.p.A in Milan. In 2010, he was appointed Head of Credit Operations at UniCredit S.p.A Milan until November of 2012 when he became Chief Risk Officer at UniCredit Bank Austria AG. Kullnigg has been a Member of the Board of Directors of Yapı Kredi and Koç Financial Services since April 2013.

Laura S. PENNA

Member of the Board of Directors

After graduating from Università Commerciale L. Bocconi (Milan) in 1989 with an Economics degree (final grade of 110/110), she started her career in the strategic consulting industry working for Accenture, where she remained for 9 years as Senior Engagement Manager for Financial Strategic Services. In 1999, Penna began to work at Rolo Banca (current Unicredit Banca) as the Head of Planning and Control. In 2001, she became the Head of Group Planning and Control at Group Level. In 2005, Penna served as Head of Financial Controlling of the integration between Unicredit and HVB, where she was in charge of managing integration's synergies, benefit and cost. In September 2006, she became the Head of Strategic Business Development in Leasing Area. In 2007, she founded "UniCredit Management Consultancy Unit", a highly specialized unit aiming at providing in-house high level strategic advisory and aiming to create a center of excellence for talent management. Penna has been an Executive Vice Presiden, Member of the Board of Directors and Member of Internal Control & Risks Committee of Unicredit Business Integrated Solutions since December 2011. Since March 2012, Laura Stefania Penna has been a Member of the Board of Directors of Yapı Kredi and Koç Financial Services. Since April 2012, she has been a Member of the Board of Directors of Fineco Bank and since June 2012 she has been a Member of the Supervisory Board and Member of the Audit Committee of Bank Pekao.

Benedetta NAVARRA

Member of the Board of Directors (Independent)

Benedetta Navarra graduated from Luiss Guido Carli University with honours in Economics in 1990 and received her Ph. D in Law in 1994 with honours from the La Sapienza University in Rome. Navarra taught banking and stock exchange law at Luiss Guido Carli University until 2010. In addition, she is a Member of the Doctorate Business Law Program Committee under the Business School. Navarra has several published books on banking law and financial law. Since 2003, Navarra has been a Senior Partner at Graziadei Law Firm. Navarra was appointed Member of the Board of Directors at AS Roma S.p.A in October 2011, Member of the Board of Directors at Statutory Auditors Equitalia S.p.A. in March 2012 and Member of the Board of Directors at Statutory Auditors Poste Italiane S.p.A. in July 2013. Navarra has been a Member of the Board of Directors of Yapı Kredi and Koç Financial Services since April 2013.

Adil G. ÖZTOPRAK

Member of the Board of Directors (Independent)

After graduating from Ankara University, Faculty of Political Science, Finance and Economics Department, Adil G. Öztoprak served at the Ministry of Finance as Auditor from 1966 to 1975. In 1975, Öztoprak was appointed Assistant General Manager of the Budget and Fiscal Control Department. Since 1976, he has been a Financial Coordinator and Chief Executive Officer at many companies. Between 1993 and 2000, Öztoprak was Partner at PricewaterhouseCoopers. Öztoprak, a Certified Public Accountant, served as a Statutory Auditor since 2000 at Yapı Kredi, Yapı Kredi Insurance, Yapı Kredi Pension, Yapı Kredi Leasing, Yapı Kredi Factoring and Yapı Kredi Invest. Currently, Öztoprak serves as an Independent Member of the Board of Directors for Yapı Kredi Koray Real Estate Investment Trust and he has been a Member of the Board of Directors of Yapı Kredi and Koç Financial Services since April 2013.

*Gianni F.G. Papa, Chairman of the Audit Committee, and F. Füsun Akkal Bozok and Francesco Giordano, Members of the Audit Committee, are deemed as Independent Board Members. As per Capital Markets regulations, in terms of the structure of the Board of Directors, those who are Members of the Audit Committee are recognised as Independent Members of the Board of Directors.

Members of the Board of Directors each have a one-year term of duty. Appointments of Members are set out annually at the Annual Shareholders' Meeting.

Mustafa V. Koç, Ahmet F. Ashaboğlu and O. Turgay Durak, who are Members of the Board of Directors, are also Members of Board of Directors at other Koç Group companies due to their positions in Koç Holding. Furthermore, Gianni F. G. Papa, Laura S. Penna, Francesco Giordano and Dr. Jürgen Kullnigg are also Members of the Board of Directors in other UniCredit companies due to their positions in UniCredit Group.

Senior Management

H. Faik AÇIKALIN
Chief Executive Officer (CEO)
Please refer to page 36

Carlo VIVALDI
Executive Director and Deputy CEO
Please refer to page 36

Yakup DOĞAN
Assistant General Manager - Alternative Delivery Channels

After graduating from the Faculty of Business Administration at Çukurova University, Yakup Doğan started his career at İşbank as an Assistant Specialist in 1992. Between 1996 and 2001, he worked at Ottoman Bank in Senior Management positions responsible for the development of Retail Banking, Credit Cards and Alternative Delivery Channels. In 2001, Doğan joined Koçbank as Alternative Delivery Channels Supervisor. Doğan has been Assistant General Manager in charge of Alternative Delivery Channels at Yapı Kredi since May 2009.

Cahit ERDOĞAN
Assistant General Manager - Information Technologies and Operation

After graduating from Istanbul Technical University Faculty of Mechanical Engineering, Cahit Erdoğan earned his MBA degree from Rochester Institute of Technology. Erdoğan started his professional career at Xerox Corporation (Rochester, NY) as a Business Analyst. In 2000, Erdoğan joined Accenture Turkey office as a Consultant and was later promoted to Manager and Senior Manager. In February 2008, he was appointed as Turkey Country Lead for the Management Consulting Growth Platform of Accenture. Erdoğan joined Yapı Kredi in 2009 as Head of Information Technologies (CIO). Erdoğan has been Assistant General Manager in charge of Information Technologies and Operations since July 2013.

Mehmet Murat ERMERT
Assistant General Manager - Corporate Communications

Having graduated from Marmara University's Business Administration department, Murat Ermert began his career at Leo Burnett Advertising Agency in 1987. He joined Yapı Kredi in 1989 and worked until 1993 as Advertising Unit Manager. Between 1993 and 1996, he worked for Doğan Media Group as Media Marketing Manager and between 1996 and 2000 for Demirbank as Advertising and Public Relations Coordinator. In 2000, Ermert was appointed as Assistant General Manager in charge of Corporate Communications at Dışbank (later Fortis) and also worked at the Global Marketing and Communications Management (Brussels) of Fortis until 2008. During this period, he was also a Faculty Member at both Anadolu University and Bahçeşehir University. Ermert is currently Vice Chairman of the Corporate Communications Directors Association and Member of European Association of Communications Directors (EACD). Ermert has been Assistant General Manager in charge of Corporate Communications at Yapı Kredi since July 2008.

Nurgün EYÜBOĞLU
Assistant General Manager - Corporate and Commercial Credits

After graduating from Boğaziçi University in 1991, Nurgün Eyüboğlu began her career in İktisat Bankası as Management Trainee in 1991. She joined Koçbank in 1993 and worked as Branch Manager until 2004. Between 2004-2009, Eyüboğlu held the position of Head of Corporate and Multinational Companies in Yapi Kredi. In February 2009, she was appointed as General Manager of Yapi Kredi Leasing. Eyüboğlu has been Assistant General Manager in charge of Corporate and Commercial Credits since February 2013. Eyüboğlu is also Member of Board of Directors of Yapı Kredi Faktoring.

Marco IANNACCONE
Assistant General Manager - Financial Planning and Administration (CFO)

Marco Iannaccone graduated from Università degli Studi di Venezia Business Administration in 1993 and completed his MBA degree at Clemson University in 2003, where he was previously a graduate assistant in 1994. Between 1995 and 1997, he worked at KPMG as Consultant. In 1997, he started to work at Andersen Consulting as Senior Consultant and then in 1999 he was appointed to Deutsche Bank as Research and Strategic Planning Director. He continued his career at Deutsche Bank between 1999 and 2002 working in several departments, last of which was as the Head of Private & Business Banking. Moving to Unicredito Italiano in 2002, Iannaccone held a number of managerial positions in the Group, including Central and Eastern Europe Mergers and Acquisitions, Business Development, Private Banking, Strategy, Planning and Control until 2008. In 2008, Iannaccone assumed the position of Chief Financial Officer and Vice President of the Management Board at Bank Pekao in Poland. Iannaccone has been Chief Financial Officer and Member of the Executive Committee at Yapı Kredi since May 2013.

Süleyman Cihangir KAVUNCU
Assistant General Manager - Human Resources and Organisation

After receiving his MBA at University of Bridgeport, Süleyman Cihangir Kavuncu began his career at Arthur Andersen in 1983 as an Auditor. Between 1985 and 1989, he was the Foreign Funds Manager at the Treasury Division of Interbank. Kavuncu subsequently worked as the Financing Director and Human Resources Director at Coca- Cola, Administrative Affairs Coordinator at Çukurova Holding and Human Resources Director at Colgate Palmolive. Following his appointment in August 2004 as Assistant General Manager at Yapı Kredi, he has been Assistant General Manager in charge of Human Resources and Organisation at Yapı Kredi since February 2006. Kavuncu is also a Member of the Executive Committee since February 2009.

Mert ÖNCÜ
Assistant General Manager – Treasury and Financial Institutions

After graduating from Istanbul Technical University, Electronics and Telecommunication Engineering Department in 1992, Mert Öncü completed his MBA degree at DePaul University in 1994 where he was also a graduate assistant between 1993-1994. Öncü earned his doctoral degree from Marmara University in 2001. After a brief experience as Intern at the Chicago Mercantile Exchange in 1994, Öncü joined Koçbank the same year and worked at the Treasury department respectively as Senior Dealer, Section Head and Treasury TL/FX Manager. Between 2003 and 2006, he served as the Money and FX Markets Manager. In 2006, he became the Head of Money and FX Markets at Yapı Kredi. Öncü has been Assistant General Manager in charge of Treasury and Financial Institutions and a Member of the Executive Committee since May 2011.

Mehmet Erkan ÖZDEMİR
Assistant General Manager - Compliance and Internal Control

After graduating from Middle East Technical University, Department of Economics in 1989, Mehmet Erkan Özdemir worked as a Sworn-in Bank Auditor on the Sworn-in Bank Audit Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Holding in August 2001 as Audit Coordinator in the Koçbank Audit Group, responsible for the financial companies of the Group. He started serving as Statutory Auditor at Koçbank in August 2002 and later at Yapı Kredi in September 2005. Özdemir was assigned as Compliance Officer and Assistant General Manager in charge of the Compliance Office in April 2008. Özdemir has been serving as Assistant General Manager in charge of Compliance and Internal Control since October 2013.

Stefano PERAZZINI

Assistant General Manager - Internal Audit

After graduating from the University of Turin in Economics, Stefano Perazzini began his career at San Paolo IMI Bank in 1987. Between 1989 and 1992, he worked at Honeywell Bull in the Planning and Control. Perazzini then became an Information Technology Auditor at Banca CRT Head Office followed by Internal Auditor at London and Paris branches of the bank. In September 1999, he was appointed as Internal Auditor at UniCredit and later became the Deputy Manager of the Internal Audit at Bank Pekao in Poland, a UniCredit Group company. In March 2003, he took on the responsibility of Assistant General Manager for Internal Audit at Koç Financial Services. Perazzini has been Assistant General Manager in charge of Internal Audit at Yapı Kredi since February 2006.

Cemal Aybars SANAL

Assistant General Manager – Legal Affairs

After graduating from Istanbul University Faculty of Law, Cemal Aybars Sanal began his career in 1986 at Sanal&Sanal Law Firm as Partner. Between 1992 and 1995, he worked at Shell Company of Turkey Limited as an Attorney, between 1995 and 1998 at White&Case Law Firm as an Attorney, between 1998 and 1999 at Shell Company of Turkey Limited as Chief Legal Counsel and a Member of the Board of Directors, between 1999 and 2006 at Boyner Holding as Chief Legal Counsel and Vice President. After working as a freelance attorney between 2006 and 2007, Sanal worked at ELIG Law Firm as Senior Consultant from 2007 to 2008. Sanal has been Assistant General Manager in charge of Legal Affairs at Yapı Kredi since July 2008.

Wolfgang SCHILK

Assistant General Manager - Risk Management (CRO)

In 1992, following his graduation from University of Wien Law School, Wolfgang Schilk completed a postgraduate internship program at Creditanstalt- Bankverein (CA-BV). Between 1994 and 1996, he was Restructuring Manager responsible for Corporate Banking at CA-BV. Between 1996 and 2004, Schilk worked as Head of the Credit Unit at Bank Austria Creditanstalt. Later in 2004, he became the Head of the Regional Office responsible for Corporate Banking. In 2006, he took a position as the Head of the Regional Office responsible for Private and SME Banking. Between 2007 and 2010, Schilk worked as the Head of Risk Management responsible for Private and SME Clients as well as Private Banking. During his career, he was also a Member of the Supervisory Board of Leasfinanz Bank (a subsidiary of UniCredit Leasing) and BAF (a subsidiary of Bank Austria for Mobile Sales Channel) as well as Member of the Advisory Council of IRG Immobilien Rating GMBH (a subsidiary of Bank Austria for Real Estate Appraisal). Schilk has been Assistant General Manager in charge of Risk Management and a Member of the Executive Committee at Yapı Kredi since September 2010. Schilk is also Member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Bank Nederland and Yapı Kredi Bank Moscow. He has also been a Member of Board of Directors of Yapı Kredi Bank Azerbaijan since August 2011.

Zeynep Nazan SOMER ÖZELGİN

Assistant General Manager - Retail Banking

After graduating from the Faculty of Business Administration at Boğaziçi University, Zeynep Nazan Somer Özelgin joined Arthur Andersen in 1988 as an Independent Auditor and obtained her Certified Public Accountant certificate. Between 1999 and 2000, she worked as Partner in charge of the finance sector. She joined Yapı Kredi in September 2000 as Assistant General Manager in charge of Individual Banking. Between 2003 and 2009, she served as Assistant General Manager in charge of Credit Cards and Consumer Lending. Somer Özelgin has been Assistant General Manager in charge of Retail Banking at Yapı Kredi and a Member of the Executive Committee since February 2009. In addition, she has been a Member of the Board of Directors of Yapı Kredi Bank Azerbaijan since September 2012. Furthermore, Somer Özelgin has been a Board Director of Visa Europe since May 2003.

Feza TAN

Assistant General Manager - Corporate and Commercial Banking

After graduating from the Department of Economics at Boğaziçi University in 1993, Feza Tan began her professional career at Yapı Kredi as a Management Trainee in Corporate and Commercial Credits and served in various positions in the same department between 1993 and 2006. In 2006, she was promoted as Head of Corporate and Commercial Credits Underwriting. In February 2009, Tan became Assistant General Manager in charge of Corporate and Commercial Credits. Tan has been Assistant General Manager in charge of Corporate and Commercial Banking since February 2013. Tan is also a Member of the Board of Directors of Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Invest, Yapı Kredi Bank Moscow and Yapı Kredi Bank Azerbaijan.

Mehmet Gökmen UÇAR

Assistant General Manager - Retail Credits

Mehmet Gökmen Uçar graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Economics Department in 1998. Between 1998 and 2002, he worked in Başaran Nas Bağımsız Denetim ve S.M.M.M. A.Ş. (PwC) as an Independent Auditor and obtained the Certified Public Accountant qualification. He joined Koçbank in 2002 and worked at Budget Control and Planning as Budget Planning and MIS Supervisor until 2005. Between 2005 and 2007, he took several management responsibilities over strategy, budgeting and planning areas under UniCredit Group in Italy, Germany and Austria. He returned to Yapı Kredi in 2008 and worked as Capital Management, Cost Control and Allocation Supervisor, Head of Financial Reporting and Vice President in charge of Financial Reporting and Accounting, respectively. In 2011, he was appointed as Financial Reporting and Accounting Executive Vice President. He has been Assistant General Manager responsible for Retail Credits since August 2012.

Mert YAZICIOĞLU

Assistant General Manager - Private Banking and Wealth Management

After receiving his MA from Istanbul Technical University, Department of Business Administration, Mert Yazıcıoğlu began his career at S. Bolton and Sons in 1987 as an International Relations Officer. In 1989, Yazıcıoğlu joined Koçbank first as a Customer Relations Officer, then became a Junior Dealer in November 1990, Dealer in 1991, Senior Dealer in 1992, Section Head in 1994, Unit Head of Treasury in 1996 and Assistant General Manager in charge of Treasury in 1999. Between February 2006 and May 2011, he served as Assistant General Manager responsible for Treasury at Yapı Kredi. He has been Assistant General Manager in charge of Private Banking and Wealth Management since May 2011 and a Member of the Executive Committee since February 2011.

Board of Directors and Committees

Board of Directors

The Board of Directors convenes upon the request of the Chairman when necessitated by the Bank's business. The Board of Directors reviews and decides on the corporate agenda as authorised by the Articles of Association of the Bank, laws and regulations. In 2013, the Board of Directors convened 11 times with the required majority and quorum satisfied.

Executive Committee

The Executive Committee is the decision making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular biweekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously by the principal members. In 2013, the Executive Committee convened 21 times with the required majority and the quorum satisfied.

The Committee's responsibilities include:

- defining Group strategies and the Bank's structural risk management
- managing asset-liability guidelines including pricing and interest rates
- existing product evaluation and new product approval
- assessing credit, operational, market and liquidity risk
- ensuring coherence of the Bank's commercial policies and principles with budget objectives
- further improving customer satisfaction
- marketing activities
- internal and external communication plans
- approval of the Bank's annual project plan and major organisational changes
- optimisation of market risk profile strategies within the guidelines set by the Board of Directors

Executive Committee Members

Chairman	H. Faik Açıkalın	Executive Director and Chief Executive Officer (CEO)
Vice Chairman	Carlo Vivaldi	Executive Director and Deputy CEO
Member	Wolfgang Schilk	Assistant General Manager - Risk Management (CRO)
Member	Marco Iannaccone(1)	Assistant General Manager - Financial Planning and Administration (CFO)
Member	Feza Tan	Assistant General Manager - Corporate and Commercial Banking
Member	Z. Nazan Somer Özelgin	Assistant General Manager - Retail Banking
Member	Mert Yazıcıoğlu	Assistant General Manager - Private Banking and Wealth Management
Member	S. Cihangir Kavuncu	Assistant General Manager - Human Resources and Organization
Member	A. Cahit Erdoğan(2)	Assistant General Manager - Information Technologies and Operations
Member	Mert Öncü	Assistant General Manager - Treasury and Financial Institutions

Credit Committee

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the Bank's lending activity in coherence with credit policy, economic objectives and the Bank's overall risk profile. All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority. In 2013, the Credit Committee convened 46 times with the required majority and the quorum satisfied.

The Committee reviews loan applications and restructuring requests within its authorised delegated limit or advises the Board of Directors for those that are not. Credit Committee also outlines parameters for credit scoring, lending and monitoring systems.

Credit Committee Principal Members

Chairman	H. Faik Açıkalın	Executive Director and Chief Executive Officer (CEO)
Vice Chairman	Carlo Vivaldi	Executive Director and Deputy CEO
Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors
Member	Dr. Jürgen Kullnigg (3)	Member of the Board of Directors

Credit Committee Alternate Members

Alternate Member	Laura S. Penna	Member of the Board of Directors
Alternate Member	Francesco Giordano	Member of the Board of Directors

(1) As of 1 April 2013, Marco Iannaccone was appointed as Assistant General Manager - Financial Planning and Administration (CFO) following the appointment of Marco Cravario, Assistant General Manager - Financial Planning and Administration (CFO) to another position within UniCredit Group

(2) As of 30 June 2013, A. Cahit Erdoğan was appointed as Assistant General Manager - Information Technologies and Operations following the retirement of E. Yüksel Rizeli from her post as Assistant General Manager - Information Technologies and Operations.

(3) Based on the decision of the Board of Directors dated 29 March 2013, numbered 70/38; Director Dr. Jürgen Kullnigg was appointed as Credit Committee Principal Member to replace Massimiliano Fossati whose duty at Yapı Kredi ended at the General Assembly.

Audit Committee

The Audit Committee administers the Bank in terms of compliance with local laws and internal regulations. The Committee convenes quarterly or more, according to the needs of the Bank. In 2013, the Audit Committee convened 4 times with the required majority and the quorum satisfied. The Committee reports at least once every six months to the Board of Directors.

The Committee's responsibilities include:

- monitoring the performance of Internal Audit, Compliance and Internal Control as well as Risk Management departments
- fulfilling the relevant tasks as determined by Banking and Capital Market regulations
- approving and monitoring the Annual Audit Plan and the charter of the internal audit function
- verifying adequacy of internal control systems
- monitoring audit projects and evaluating significant findings
- appointing, compensating and overseeing external auditor, rating, valuation and support service institutions
- monitoring the financial reporting process
- reviewing procurement policies and practices

Audit Committee Members

Chairman	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	F. Füsun Akkal Bozok	Member of the Board of Directors
Member	Francesco Giordano	Member of the Board of Directors
Member	Benedetta Navarra	Independent Member of the Board of Directors
Member	Adil G. Öztoprak	Independent Member of the Board of Directors

Corporate Governance Committee

The Corporate Governance Committee is an advisory body that assists the Board of Directors on compliance to Corporate Governance Principles, investor relations activities and public disclosures. The Committee is responsible for identifying and providing guidance for any conflicts of interest that may arise. The Committee confirms that proper flow of information is ensured by the Koç Financial Services, Subsidiaries and Shareholder Relations Unit to shareholders and investors. All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority. In 2013, the Corporate Governance Committee convened 2 times with the required majority and the quorum satisfied.

Corporate Governance Committee Members

Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	O. Turgay Durak	Member of the Board of Directors

Remuneration Committee

The Remuneration Committee monitors and audits compliance of the Bank's compensation principles and remuneration practices with its structure, strategies, long-term targets and risk approach on behalf of the Board of Directors. The Committee convenes at least twice a year or according to the needs of the Bank. In 2013, Remuneration Committee convened 2 times with the required majority and the quorum satisfied.

Remuneration Committee Members

Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	O. Turgay Durak	Member of the Board of Directors

Board Of Directors Report

Dear Shareholders,

Welcome to the Annual Shareholders' Meeting where we will present Yapı Kredi's activities and financial results for 2013.

On behalf of myself and the Board of Directors, I would like to thank you for your participation.

I would first like to start by making an overall assessment of the global and Turkish economy. 2013 was a year divided into two parts due to both global and domestic developments. Signs of tapering by the FED resulted in a volatile market environment in the second part of the year. This led to depreciation of emerging market currencies and rising interest rates. Turkey, similar to other emerging markets, was also impacted in this environment.

The Central Bank of Turkey maintained its flexible monetary policy throughout the year to manage the volatile environment. The main focus, which was controlling growth in the first part of the year, shifted to tightening in the second part of the year in order to manage currency depreciation.

Despite volatility and impact of macro-prudential measures by regulatory bodies, the Turkish banking sector continued to grow throughout the year. Total loans increased by 33% annually to TL 995 billion while total deposits increased by 24% to TL 951 billion. Net income remained stable in 2013 incorporating increasing impact of regulations throughout the year.

Dear Shareholders,

Yapı Kredi, one of the most deep-rooted institutions in the banking sector, continued its unyielding customer-orientation in 2013. The Bank effectively implemented its Smart Growth strategy with a pioneering and innovative approach.

In 2013, Yapı Kredi's consolidated net income increased by 74% annually to TL 3.7 billion. Excluding the capital gain of TL 1.3 billion from the successful sale of Yapı Kredi Insurance, the Bank posted a net income of TL 2.4 billion indicating an annual increase of 13% and return on average tangible equity of 16.7%. Additionally, the Bank's total assets increased by 22% annually to TL 160 billion.

Yapı Kredi reinforced its base and increased its profitability in 2013 while effectively managing its liquidity through balanced growth in loans and deposits and strengthening its capital.

In terms of capital, Yapı Kredi became one of the strongest banks in the sector thanks to capital strengthening actions and its customer-oriented balance sheet structure. In 2013, Yapı Kredi was able to maintain its capital adequacy ratio at 16.0% with only 32 basis points decrease while the capital adequacy ratio of the sector decreased by 266 basis points to 14.6%. Focused actions taken during the year included sale of insurance business, securities portfolio repositioning, renewal of sub-debt and risk weighted asset optimisation.

In 2013, Yapı Kredi continued its strong emphasis on customer satisfaction. In this period, total loans increased by 28% annually to TL 99.4 billion. Loans to assets ratio increased to 62% while securities to assets ratio declined to 14%, confirming the Bank's continuous customer-business focus.

In terms of liquidity, Yapı Kredi maintained a balanced growth in loans and deposits while continuing to actively tap international markets. Total deposits increased by 24% annually to TL 88.5 billion. Yapı Kredi was able to maintain its loan to deposit ratio stable at 110% compared to an increase of 8 percentage points in the sector to 111%. In addition, the Bank raised a total of US$ 5.2 billion through syndications, securitisations, bond issuances and other financial instruments.

In terms of revenue generation, Yapı Kredi maintained its growth momentum in 2013. Total revenues increased by 13% annually to TL 8,058 million driven by strong contribution of core revenues and positive impact of other income. Cumulative net interest margin was recorded at 3.7% with a limited contraction, confirming the Bank's ability to navigate in a challenging rate environment especially in the second half of the year. Fee growth was realised at 15% annually. Yapı Kredi maintained its discipline in cost management with a limited 12% annual growth.

Throughout the year, Yapı Kredi continued to develop its branch network and alternative delivery channels with an innovative approach to provide the fastest and easiest services to customers. As of the end of 2013, Yapı Kredi provided service to 9.7 million customers via 949 branches covering all regions of Turkey, 3,000 ATMs, innovative internet banking, leading mobile banking and two call centers.

In conclusion, Yapi Kredi maintained its pioneering, innovative and leading position in the targeted areas. The Bank ended the year as leader in credit cards outstanding volume with a market share of 20.6% with Turkey's first credit card, Worldcard. In addition, Yapı Kredi Leasing maintained its leadership position with over US$ 1 billion in terms of new leasing transaction volume and 14.8% market share. Yapı Kredi Factoring on the other hand is sector leader as of year-end in terms of factoring turnover.

In 2013, Yapı Kredi's continued to be recognised worldwide for its ability to accurately interpret the banking and social needs of the community. The Bank received many prestigious awards in various fields such as banking practices, executive training, internal auditing, enabled banking and excellence in practice.

Dear Shareholders,

Yapı Kredi will celebrate its 70th anniversary in 2014. Since its establishment in 1944, Yapı Kredi has been "Dedicated to Deliver" and will continue to support its customers with its pioneering and innovative approach also in the future. Leveraging on the strong capital and liquidity base created in 2013, Yapı Kredi will accelerate its investments in infrastructure, efficiency, human resources and service network in 2014.

I would now like to present our 2013 annual report and financial statements for your review and approval. On behalf of the Board of Directors and myself, I would like to thank you, our valuable shareholders, for your unyielding trust and faith in Yapı Kredi.

On behalf of the Board of Directors,

President
Mustafa V. Koç

Human Resources Implementations

Candidate searches: Following determination of needs in human resources, candidate searches are initiated through existing candidate pools, internet, news releases, internal announcements as well as head hunters. In addition, a special candidate pool composed of existing employees is also prepared for the position. Applications are assessed on the basis of criteria such as education, foreign language skills and work experience, as indicated in the scope of the position. All applicants with the required characteristics are invited to join the recruitment process.

In addition, Yapı Kredi actively undertakes employer branding activities in cooperation with university clubs to introduce the Bank to university students and learn about their expectations.

Recruitment process: This stage consists of an examination, interview and job offer. At the examination stage, through tests based on job function, it is determined whether the candidate possesses the necessary abilities required for the position. These abilities include learning capabilities, performing rapid numerical calculations, adaptability, problem solving, identifying details in words and figures, visual, numeric and verbal memory assessments. For some positions, a personality inventory is also applied. The interview stage is aimed at determining whether candidates possess certain abilities (establishing communication, teamwork etc.) required by the position to which they will be assigned, also through role play. Candidates are also asked ability-based and behaviour-focused questions during the interview process to assess whether the qualities required by the job match their expectations.

At the end of the process, the suitable candidate is offered the position and if the offer is accepted, the candidate receives the required document list and an offer letter via e-mail. During the job offer, candidates are informed of employee rights at Yapı Kredi, the articles of the contract they will sign and other relevant subjects. In addition, all of their questions are addressed. Contracts are signed with candidates who accept the job offer and start working at Yapı Kredi.

For newly formed positions or positions that require expertise and technical know-how, candidates with sufficient work experience in the relevant field are preferred. The interview stage of hiring experienced staff is carried out by the Human Resources career and recruitment planning teams in cooperation with the relevant department. Yapı Kredi continues its human resources activities with an aim to choose suitable candidates compatible with the Bank's vision, mission and strategic objectives. For experienced candidates that live in other cities, the Bank has an online interview process allowing candidate evaluation. For the candidates abroad, one-to-one interviews are carried out with the attendance of both Human Resources and Regional Managers.

Senior management and employees receive fixed and performance based income in accordance with the Bank's Remuneration Policy. In this regard, more detailed information is provided in article 20 of the 2013 Corporate Governance Principles Compliance Report.

Support Services

- Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. provides around 123.235.900 printing services per year for credit card and customer account statements.
- Electronic distribution of account statements is undertaken by the Bank.
- Physical security services are provided by G4S Güvenlik Hizmetleri A.Ş. (G4S) in 946 branches of the Bank and in 17 other locations with 1,023 armed and 17 unarmed security employees.
- Support services for cash transportation, On-site and Off-site ATM first-line maintenance services are provided by G4S Güvenlik Hizmetleri A.Ş. (G4S) as well. The company is integrated into the Yapı Kredi organisation through 32 G4S offices with around 343 employees and 149 armoured vehicles.
- Support services for cash transportation, On-site and Off-site ATM first-line maintenance services are also provided by Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (BANTAŞ). The company is integrated into the Yapı Kredi organisation through 4 BANTAŞ offices with around 18 employees and 9 armoured vehicles.
- Alarm system monitoring, controlling and maintenance services for all technical and electronic security systems are provided by Elektromaks Elektronik ve Güvenlik Sistemleri San. Tic. Ltd. Şti, fire alarm systems controlling and maintenance is provided by Protek Mühendislik Ltd. Şti., card pass systems controlling and maintenance is provided by Senkron A.Ş.
- Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. and NCR Bilişim Sistemleri Ltd. Şti. provide second-line maintenance services for On-site and Off-site ATMs.

Corporate Governance Principles Compliance Report

1. Declaration of Compliance with Corporate Governance Principles

Yapı Kredi strives to comply with the Capital Market Board (CMB) Corporate Governance Principles to a significant degree and focuses on continuous development in this area while carrying out its operations. Yapı Kredi joined the Istanbul Stock Exchange (ISE) Corporate Governance Index in 2008 and has since increased its corporate governance rating from 8.02 to 9.32 (out of 10) in 2013. The Bank's corporate governance ratings, which are determined by SAHA Corporate Governance and Credit Rating Services Inc., are presented in the table below:

Main Sections	Weight	2012	Weight	2013
Shareholders	0.25	8.72	0.25	9.65
Public Disclosure and Transparency	0.35	9.26	0.25	9.12
Stakeholders	0.15	9.54	0.15	9.38
Board of Directors	0.25	7.83	0.35	9.33
Total	1.00	8.81	1.00	9.32

2. Shareholder Relations Units

Yapı Kredi conducts its relations with shareholders through the Koç Financial Services (KFS), Subsidiaries and Shareholder Relations Unit and Investor Relations Unit. During the year, all telephone and e-mail inquiries to both departments were answered within relevant guidelines. In addition, the Investor Relations Unit attended a total of 22 roadshows and conferences domestically and internationally in 2013 and met close to 1,000 existing and potential investors. Quarterly financial results were presented and shared 4 times during the year via quarterly teleconferences and questions by investors and analysts were answered by senior management.

Principal activities and responsibilities of the KFS, Subsidiaries and Shareholders Unit include:

- Assisting in the exercise of shareholders' rights, ensuring that records are updated, maintaining communication between the Board of Directors and shareholders,
- Ensuring that the Annual Shareholders' Meeting conforms with the legislation in force and the Articles of Association,
- Conforming to, carrying out and monitoring all issues related to public disclosure, including legislation and the Bank's Disclosure Policy
- Carrying out capital increase operations,
- Ensuring Corporate Governance Principles are administered within the Bank.

Principal activities and responsibilities of the Investor Relations Unit include:

- Providing equity and fixed income investors, analysts and rating agencies with transparent and consistent financial information in order to support the fair evaluation and long-term increase in the value of Yapı Kredi,
- Interacting with the investment community to achieve an effective two-way flow of information through conferences, roadshows and investor meetings domestically and internationally,
- Contributing to reducing the Bank's cost of funding through improving understanding of Yapı Kredi's risk/return profile by fixed income investors.

KFS, Subsidiaries and Shareholder Relations Unit

Name, Surname	E-mail address	Phone Number
Erdinç TETİK	erdinc.tetik@yapikredi.com.tr	+90 212 339 64 31
Hasan SADİ	hasan.sadi@yapikredi.com.tr	+90 212 339 73 80
Ercan YILMAZ	ercan.yilmaz@yapikredi.com.tr	+90 212 339 73 17

Investor Relations Unit

Name, Surname	E-mail address	Phone Number
Gülsevin T. YILMAZ	gulsevin.yilmaz2@yapikredi.com.tr	+90 212 339 73 23
Feride TELCİ	feride.telci@yapikredi.com.tr	+90 212 339 76 88
Ersin Efe MERİÇ	efe.meric@yapikredi.com.tr	+90 212 339 71 90
Tunç TATLICI	tunc.tatlici@yapikredi.com.tr	+90 212 339 70 23

3. Exercise of Shareholders' Right to Obtain Information

Yapı Kredi continuously communicates with shareholders through telephone, e-mail, internet, press releases as well as one-on-one and group meetings.

The Bank has regularly updated websites in Turkish (www.yapikredi.com.tr) and English (www.yapikredi.com.tr/en-us).

The appointment of a special auditor has not been stipulated as an individual right in the Bank's Articles of Association. However, shareholders can exercise this right pursuant to the Turkish Commercial Code and the Capital Markets Law. In 2013, no requests were made for the appointment of a special auditor. Yapı Kredi, according to the Banking Law, is subject to supervision and audit from Banking Regulation and Supervision Agency (BRSA) as well as CMB regulations.

4. Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on 29 March 2013. Shareholders attended this meeting with a 90.61% majority, while no stakeholder or media representative attended. In accordance with the applicable law and the Bank's Articles of Association, meeting invitation was announced via the Turkish Trade Registry Gazette, Public Disclosure Platform and national newspapers.

Board of Directors and Auditors Committee Reports, Financial Reports, Independent Audit Report, Dividend Distribution Proposal for the year 2012, the Annual Report containing the date and the agenda of the meeting as well as Corporate Governance Principles Compliance Report and articles of Annual Shareholders' Meeting Agenda, detailed annotation containing the Compliance to Capital Markets Board regulations were made available for the examination of shareholders at the Bank's Head Office, on its website www.yapikredi.com.tr as well as Electronic General Meeting System of Central Securities Depository Institution within the legal period of 3 weeks prior to the Annual Shareholders' Meeting.

At the Annual Shareholders' Meeting, regular articles were discussed and approved. Additionally, the Dividend Distribution Policy, Remuneration Policy for 2013 and beyond as well as the Bank's Disclosure Policy were presented to the General Assembly. Shareholders were also informed that possible changes could be made to the Bank's Disclosure Policy by the Board of Directors in order to comply with Capital Market regulations. General Assembly Internal Directive prepared by the Board of Directors has been approved. Transactions regarding liquidation by sale of some Bank receivables that are being followed up on non-performing loan accounts has been approved and the Board members were cleared regarding these transactions. Shareholders were informed of the donations and charities made in 2012 and a ceiling amount for the donations to be made in 2013 was determined by the General Assembly. Additionally, it was decided that the Articles of Association would be amended. At the Annual Shareholders' Meeting, an opportunity was presented to the shareholders to speak and ask questions regarding all agenda items. No questions were brought forward which required written answer.

Minutes of the Annual Shareholders' Meeting can be accessed via the Public Disclosure Platform, Electronic General Meeting System and e-company portal of the Central Securities Depository Institution and Yapı Kredi's website.

5. Voting and Minority Rights
Yapı Kredi has no privileged shares. Minority shares are not represented in management. There is no cross-shareholding between the Bank and its subsidiaries and thus no such votes were cast at the most recent Annual Shareholders' Meeting. The Bank's Articles of Association does not provide for cumulative voting.

6. Dividend Distribution Policy
Principles regarding Yapı Kredi's Dividend Distribution Policy are set out in the Bank's Articles of Association.

As the Bank has no privileged shares, no privilege exists in dividend distribution. Shareholders are informed of the Bank's Dividend Distribution Policy at the Annual Shareholders' Meeting. The Bank's Dividend Distribution Policy is also available on the Public Disclosure Platform, the Bank's website and annual report. The Dividend Distribution Policy, formed in line with the Bank's long-term growth targets, economic conditions, projects on the agenda and available funds, is reviewed by the Board of Directors and presented at the Annual Shareholders' Meeting.

In 2013, a total gross cash dividend of TL 300,000,000 was distributed from 2012 net income.

7. Transfer of Shares
There are no provisions in Yapı Kredi's Articles of Association that restrict transfer of shares.

8. Company Disclosure Policy
Yapı Kredi's Disclosure Policy, which is available on the Bank's website and presented at the Annual Shareholders' Meeting, is prepared with the objective of pursuing effective communication in accordance with relevant regulations.

Yapı Kredi provides all public disclosure and information to shareholders under the supervision of its Compliance Office. The Compliance Officer and the Head of the KFS, Subsidiaries and Shareholder Relations Unit are identified as authorised signatories and responsible for public disclosures via the authorisation of the Board of Directors. In addition, the Investor Relations Unit is responsible for providing detailed information regarding the Bank and the sector, in a transparent, complete and timely manner.

9. Company Website and Its Contents
In accordance to the Bank's Corporate Governance Principles, the Bank has regularly updated websites in Turkish (www.yapikredi.com.tr) and English (www.yapikredi.com.tr/en-us). Both websites provide detailed information about Yapı Kredi under the Investor Relations section.

The Investor Relations section in Turkish (www.yapikredi.com.tr/tr-TR/yatirimci_iliskileri) provides information regarding the Bank's history, vision and values, shareholding structure, share price, periodic financial tables, annual reports, credit ratings given by rating agencies, corporate governance reports, board of directors and statutory auditors, senior management, articles of association, trade registry, disclosure policy, code of ethics, Annual Shareholders' Meetings details, including minutes, agenda, list of attendees, disclosures and all other relevant information. The Annual Shareholders' Meeting disclosure document containing discussion topics related to the agenda and relevant documents (annual report, financial statements, dividend distribution table, Dividend Distribution Policy and other documents regarding the agenda) are available on the website and presented at the Annual Shareholders' Meeting.

The Investor Relations section in English (http://www.yapikredi.com.tr/en/investor-relations), in addition to containing most of the information on the Turkish website, also has investor presentations, releases, list of analysts, investor conference calendar and other relevant information.

10. Annual Report
The Bank's annual report is prepared according to BRSA Regulations regarding the Principles and Procedures Concerning the Preparation of the Annual Report by Banks. At the same time, maximum compliance is ensured to CMB and Corporate Governance Principles.

11. Informing Stakeholders
Yapı Kredi employees are informed about the Bank's activities via internal communication systems by the CEO and relevant senior management when necessary. In addition, Head Office and branch managers are regularly informed about various developments via management meetings, announcements and other various communication channels.

The Bank's Code of Ethics and compliance to this code are reported to the Corporate Governance Committee on a regular basis.

Outside of Yapı Kredi's employees, stakeholders are notified regarding information pertaining to themselves and when deemed necessary via e-mail, telephone and other communication channels.

12. Attendance of Stakeholders in Management
Yapı Kredi is a joint stock company and is managed by internal executive functions. The decision making responsibilities of these functions are initially evaluated by the relevant management and then submitted for the approval of the related decision making bodies.

13. Human Resources Policy
The Bank's human resources practices are based on its Employee Guidelines. These guidelines inform employees about human resource practices and set conditions pertaining to administrative services. Through the Employee Guidelines, the Bank aims to inform and provide consultancy to employees regarding matters such as (i) employee selection, placement and development based on employee knowledge, skills and talent (ii) fair and proper compensation (iii) performance enhancing training opportunities (iv) provision of an appropriate work environment to maximise employee efficiency (v) information on employment practices, rules, vacations, leave of absence, insurance benefits, administration etc. The Bank's Human Resources and Organisation management carries out its operations without discrimination of race, gender, nationality, age, religion, political view and physical disability and with respect towards privacy and civil rights.

Moreover, all Bank employees are able to share any discomfort and complaints in regards to these matters, verbally or written, in person or to the Code of Conduct e-mail address within the Compliance Office.

Job description as well as performance and bonus guidelines are announced to all employees of the Bank. In addition, the Bank has a human resources portal available to all employees with published detailed policies under main headings of Career, New Career Development, Salary and Benefits as well as Performance.

On the other hand, under the law on Trade Unions and Collective Labour Agreements (Law nr.6356), a Collective Bargaining Agreement is in place between the Bank and Union of Bank and Insurance Workers. The purpose of this agreement is identifying the benefits and responsibilities of the Bank and union members regarding contents and termination of members' labour contracts and other issues, ensuring that these are implemented correctly and demonstrating solutions in the event of possible conflicts. Through this agreement, both parties mutually guarantee to be on good terms, labour peace, wellbeing and labour safety. As a part of the Collective Bargaining Agreement, Workplace Union Representatives are designated by BASISEN on behalf of the members of the union. These representatives are commissioned to listen to members, resolve their complaints, assure cooperation, labour peace and harmony between workers and the employer, monitor the rights and interests of the workers and assist the exercise of the working conditions subject to the labour laws and collective bargaining agreements.

14. Code of Ethics and Social Responsibility

In 2013, Yapı Kredi channelled TL 4,650 thousand towards culture and art events as well as corporate social responsibility activities. In addition, the Banks disbursed TL 4,909 thousand in aid and donations.

15. Board of Directors Structure and Formation

The Bank is governed and represented by the Board of Directors. The General Assembly is authorized to determine the number of and elect members of the Board of Directors. The numbers and the qualifications of the independent members are determined according to the regulations of Banking Regulation and Supervision Agency and provisions of the Capital Markets Board. According to the Bank's Articles of Association, the Board of Directors is composed of a minimum of 8 individuals. Members are elected at the Annual Shareholders' Meeting for a term of maximum 3 years and serve until the election of their successor. A member whose term of office has expired may be re-elected.

Presently, H. Faik Açıkalın (Chairman of the Executive Committee and CEO) and Carlo Vivaldi (Vice Chairman of the Executive Committee and Deputy CEO) are executive directors. Benedetta Navarra and Adil G. Öztoprak were nominated and selected as "Independent Members" by the Corporate Governance Committee at the Annual Shareholders' Meeting on 28 February 2013, in accordance with the regulations of Banking Regulation and Supervision Agency and provisions of the Capital Markets Board. Detailed resumes of the Board of Directors and Independent Members are available in Yapı Kredi's Annual Report.

16. Operating Principles of the Board of Directors

The Board of Directors convenes upon the invitation of the Chairman as the operations of the Bank necessitate and at least 10 times a year. In 2013, the Board of Directors convened 11 times. The Board of Directors meeting and decisions are subject quorum of at least one more than half the total number of members. Members of the Board of Directors are not granted weighted voting rights.

Meeting invitations are sent to all Members and Statutory Auditors on behalf of the Chairman. Matters to be discussed and related documentation are collected and upon the Chairman's approval, the meeting agenda is sent to all Members and Statutory Auditors. During the signing of the minutes by the attendees, Members who vote against an adopted resolution are required to state and undersign the reasons for their opposition thereof. Requests and views expressed at the Board of Directors' meetings are reflected in the minutes.

17. Number, Structure and Independence of Committees Formed by the Board of Directors

The aim of the committees is to provide support during the decision-making process, evaluate proposals to be submitted for approval to the Bank's related functions and make decisions in their own areas of responsibility in accordance with the authorities delegated by the Board of Directors. The committees are responsible for acting in compliance with the Banking Law and related regulations while carrying out their functions within the framework of the Corporate Governance Principles. Detailed information about the committees can be found in the "Board of Directors and Committees" section of the Bank's Annual Report.

According to the Banking Law, members of committees excluding the Executive Committee must be members of the Board of Directors. The Board of Directors consists of 12 members. The Board of Directors and other committee members are allocated in accordance to the Bank's joint venture shareholding structure. As a result, there are Members of the Board of Directors who are part of more than one committee.

18. Risk Management and Internal Control Mechanism

Effective Internal Control Systems were established to monitor and control risks at branches and all related subsidiaries to ensure Bank's compliance to local laws and internal regulations. The Internal Control System, under the Audit Committee organisational structure, consists of Internal Audit, Compliance and Internal Control as well as Risk Management departments. Through the Manager of Internal Systems and Audit Committee, these departments report to the Board of Directors as per the regulations.

19. Strategic Goals of the Company

Strategic objectives of the Bank are annually reviewed by the Board of Directors. The Bank's annual budget is approved by the Board of Directors. At each Board of Directors' meeting during the year, the Bank's overall performance is reviewed and compared with the monthly targets. On a quarterly basis, key performance indicators and growth of the Bank compared to the sector are analysed in detail by the Board of Directors.

20. Financial Benefits

In 2013, TL 36,657 thousand (Group: TL 43,220 thousand) has been paid to senior management. Senior management and other employees receive salaries and performance-based payments according to the Bank's Remuneration Policy. Performance-based payments are subject to achievement of the Bank's quantitative and qualitative targets as declared on the Remuneration Policy. Members of the Board of Directors and senior management are allowed to utilise loans from the Bank within the guidelines specified on Article 50 of the Banking Law.

Transactions Carried out with the Risk Group

Transactions with the risk group are carried out at arms-length and under market conditions in compliance with the Banking Law. In 2013, all related party transactions were undertaken within regulatory limits.

Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section 5 Note VIII of the publicly announced Consolidated Financial Report as of 31 December 2013.

Affiliated Company Report

According to Article 199 of the Turkish Commercial Code no.6102, which came into effect on July 2012, Yapı Kredi's Board of Directors are liable to prepare a report regarding relations with the controlling company and its affiliated companies, within the first three months of the relevant operating year and to indicate the conclusion part of mentioned report in its annual report. Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section 5 Note VIII of the publicly announced Consolidated Financial Report.

In the report prepared by Yapı Kredi's Board of Directors on 5 March 2014, it states; "It is concluded that in all transactions made by Yapı Kredi with the controlling company and the companies affiliated to the controlling company in 2013, according to situations and conditions known to us and prevailing at the time the related transaction was made or related measure were taken or refrained from being taken, an appropriate consideration for each transaction has been provided and there is no measure taken or refrained from being taken, which may cause the company to suffer losses and that in this context, there is no transaction or measure which may require balancing."

Part III
Financial Information and Risk Management

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

Internal Audit

Yapı Kredi's internal audit approach includes regular, process, investigation and follow-up audits. The risks detected during audits are submitted to senior management via audit reports. In addition, the effectiveness and adequacy of management procedures and business processes are evaluated from a risk oriented perspective. In 2013, parallel to the annual target, 54 process Head Office audits and 112 process subsidiary audits were performed. Moreover, 605 regular/spot branch audits (exceeding the annual target with 5 branch audits), 53 follow-up branch audits, 63 Bank and 5 subsidiary investigations/inquiries were completed.

The Annual Audit Certification Program, launched in 2010 in order to train auditors, continued in 2013 in collaboration with Boğaziçi University and the Turkish Institute of Internal Auditors (TIDE). The Program received the Internal Audit Awareness award by TIDE in 2012 and 2013 for its contribution to the audit profession.

At Yapı Kredi, regular and process audits are determined based on an Annual Audit Plan and submitted to the Board of Directors and shareholders for approval via the Audit Committee. The Annual Audit Plan is prepared following meetings with senior management to assess each unit's risk priorities and follow-up corrective actions on previously identified risks. In addition, internal audit findings are submitted to the Board of Directors at least 4 times a year via the Audit Committee.

In 2013, the execution of the Management Assertion study requested by the Banking Regulation and Supervision Agency (BRSA) continued. In this context, banking processes and general IT controls were performed by Internal Audit in addition to support services companies' on-site audits within the Management Assertion framework. The test results were reviewed by the Audit Committee and presented to the Board of Directors.

Internal Control

Internal Control activities are carried out by 75 employees under the governance of the Audit Committee. Daily, weekly, monthly and periodic on-site/remote controls are performed in identified areas pursuant to BRSA regulation. Findings are rapidly reported to related managements and employees to ensure necessary improvements. In 2013, following a risk evaluation, 428 branches were chosen and on-site audits were performed at the branches in addition to remote controls performed at the Head Office. Follow-up controls for 20 branches were also performed as a result of on-site control results. In 2013, Internal Control activities continued for 8 subsidiaries. In addition, a Central Control unit was established to perform independent controls apart from the local internal controllers for subsidiaries. Another new unit, Central Risk Controls, was established to perform predetermined second level controls at the Bank.

During the year, the Fraud Prevention Unit continued to perform periodic remote controls on banking transactions. Additionally, a new fraud tool 'In-Act' was purchased and started to be implemented. Accordingly, suspicious cases in internet banking, fraudulent transactions in ATMs and call center as well as credit card losses were detected and prevented by the ADC Fraud Prevention Unit

Risk Management

Yapı Kredi's risk management activities are carried out by 58 employees under the Audit Committee's governance with an objective to measure, monitor, report and mitigate risks which the Bank may be exposed to. Risk management is divided into 3 sub-departments; credit, operational and market risk.

Credit Risk

In 2013, the Credit Policy Directive, which reflects the Bank's strategy in regards to asset quality, effective risk management and compliance with legal practices, was updated. Additionally:

- Regular upgrade/enhancement projects for the rating/scoring systems continued
- Validation activities were performed in parallel to modelling activities
- A new methodology based on the performance of branch managers was introduced to define authority levels of retail branches serving SME clients
- Economic Capital started to be calculated periodically for the credit portfolio in line with the Group methodology
- Economic Value Added (EVA) based limit management for credit cards was initiated

Operational Risk

Yapı Kredi's main objective in operational risk is to identify, measure and mitigate operational and information technologies risks at Bank and subsidiary level. Policies are reviewed on a yearly basis, updated if necessary and submitted to the Board of Directors for approval. Operational risk is responsible for coordinating the reputational risk management activities and the related policies. Operational risk also coordinates the Bank's compliance to the Basel-II advanced measurement approach. In this regard, the Bank's operational risk losses and key risk indicators are monitored. Furthermore, scenario analyses are performed and risk-based insurance management activities are undertaken to mitigate risk. On a yearly basis, risk assessment of support services and new product risk assessment is carried out and a risk map of information technologies is prepared. Activities in operational risk and business continuity are submitted to senior management on a monthly basis and to the Board of Directors at least 4 times a year via the Audit Committee.

Market Risk

Market risk management activities at Yapı Kredi focus on measuring the effect of risks arising from volatility in price, interest rates and currency from financial markets on the Bank's balance sheet and liquidity. Market risk activities also comprise preparation of market risk reports for regulatory authorities and implementation of advanced measurement techniques under Basel-II framework. Risk measurements, utilising advanced techniques and daily limit-risk controls are performed and various scenario analysis and stress tests are applied within this scope. Results of all calculations and analyses are presented on a daily and monthly basis to senior management and to the Board of Directors via the Audit Committee.

Risk Management Policies

Yapı Kredi'a risk management policies entail the full commitment of all employees. In coherence with this directive, any breach of limit or policy is reported to management and the Executive Committee in a timely manner.

Credit Risk

The Credit Policy Directive, which reflects the Bank's risk appetite, is updated annually and becomes operational following approval by the Board of Directors. The Credit Policy Directive in effect is based on improving asset quality, supporting effective risk management and complying with legal practices. In addition, it includes management of all lending activities according to the Bank's common standards, limitations and principles.

The main purpose of the credit risk policy is to identify, measure and mitigate credit risk, react in a timely manner and take necessary actions with the help of efficient and well-functioning rating/scoring models, strategies and processes. The main strategies include:

- Effective implementation of the Credit Policy Directive to reinforce the common risk management approach
- Steering of the loan portfolio toward less risky sectors
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits
- Focus on customers with better credit ratings
- Avoidance of transactions bearing high credit and reputational risk
- Undertaking preventative actions against new defaults in consumer and SME loans
- Timely updates to senior management about all developments in credit risk area to ensure effective credit risk management
- Redesign of limit management strategies in retail loans
- Ensuring sustainability in collections
- Managing credit process harmonisation among legal entities
- Performing credit stress tests
- Participating in credit risk regulatory processes

Operational Risk

Since 2006, a framework has been in effect including a set of policies and procedures to control, measure and mitigate the Group's operational risk. Every year, these policies are reviewed and updated in parallel to changes in operational risk profile.

Operational risk policies cover nationwide principles and standards regarding responsibilities of the operational risk unit and management; strategy, policy and investments for control and management of operational and information technologies risk; frequency, content and recipients of operational and information risk reports.

Business Continuity Management Policy is formed to minimise risks that might endanger the continuity of the Bank's activities and ensure recovery of critical services/products in the desired time span in case of disruption. This Business Continuity Management Policy is regularly updated and approved by the Board of Directors.

Moreover, a Reputational Risk Management Policy has been put into effect since 2013 to define the set of principles and procedures to control, measure and mitigate the Group's reputational risks.

Market Risk

Yapı Kredi, in terms of market risk, monitors the limits defined by risk management policies, measures the effect of fluctuations in interest rates, foreign exchange rates and equity prices on the Bank's trading portfolio and reports the results to senior management. Expectations, limits and risks exposed are defined in detail and in line with market risk policies in the budget process every year. Market risk policies include the risk limits set according to the budget and the measurement methods utilised. In addition, functions and authorisation of related units and committees are included in the policies. The Executive Committee plays an active role in the market risk management process.

2013 Financial Review

Based on Banking Regulation and Supervision Agency (BRSA) consolidated financial results dated 31 December 2013, Yapı Kredi reported TL 3.7 billion net income and 25.7% return on average tangible equity. Excluding the capital gain from the Yapı Kredi Insurance sale, the Bank posted a net income of TL 2.4 billion, indicating an annual increase of 13% and return on average tangible equity of 16.7%. At the same time, total assets increased by 22% annually to TL 160 billion.

In terms of liquidity, Yapı Kredi maintained a balanced growth in loans and deposits while continuing to actively tap international markets. The Bank maintained a stable loan to deposit ratio of 110%.

Total loans increased by 28% annually to TL 99.4 billion. Loan growth was supported by 25% increase in consumer lending and 29% increase corporate lending. Loans to assets ratio increased to 62% while securities to assets ratio declined to 14%.

Total deposits increased by 24% annually to TL 88.5 billion in 2013 driven mainly by foreign currency deposits. Deposits, the main source of funding for Yapı Kredi, constituted 55% of total liabilities. In the meantime, Yapı Kredi continued to focus on funding diversification and raised USD 5.2 billion through syndications, securitisations, bond issuances and other financial instruments.

In terms of capital, Yapı Kredi became one of the strongest banks in the sector thanks to capital strengthening actions and its customer-oriented balance sheet structure. The Bank's capital adequacy ratio was realised at 16.0% and Tier-1 ratio at 11.1% as of the end of 2013. Focused actions taken during the year to strengthen capital base included sale of insurance business, securities portfolio repositioning, renewal of sub-debt and risk weighted asset optimisation.

In 2013, total revenues increased by 13% annually to TL 8,058 million driven by strong contribution of core revenues and positive impact of other income. Cumulative net interest margin was recorded at 3.7% with a limited contraction, confirming the Bank's ability to navigate in a challenging rate environment especially in the second half of the year. Fee growth was realised at 15% annually driven by lending growth as well as positive contribution of asset management and bancassurance. In terms of cost management, Yapı Kredi sustained its discipline in cost management with a limited growth of 12% annually.

Asset quality remained intact and non-performing loans ratio was realised as 3.5% with a slight increase compared to last year, also incorporating TL 202 mln NPL portfolio sale in the fourth quarter. Specific coverage increased to 67% while cost of risk decreased to 1.27%.

As of the end of 2013, Yapı Kredi provided service to 9.7 million customers via 949 branches covering all regions of Turkey, 3,000 ATMs, innovative internet banking, leading mobile banking and two award winning call centers. Total banking transactions handled through the alternative delivery channels reached 83%.

In 2013, total administrative fines enforced on the Bank by the regulatory and supervisory authorities were TL 832 thousand. In addition, the Competition Board investigation which started in November 2011 of 12 banks for price fixing (in accordance with the 4th clause of The Act on the Protection of Competition-law number 4054) among which Yapı Kredi was included, was finalised. Accordingly, an administrative fine of TL 149,962 thousand was imposed on Yapı Kredi. Pursuant to Article 17 of the Misdemeanour Law No. 5326, Yapı Kredi paid 75% of the original amount, or TL 112,471 thousand, on 14.08.2013 to Large-size Taxpayers Office. At the same time, Yapı Kredi appealed to Ankara 2. Administrative Court on 12.09.2013 for the nullity of Competition Board's decision.

Five Year Summary Financial Highlights

(TL million)	2009	2010	2011	2012	2013
Total Assets	71,734	92,814	117,450	131,498	160,310
Loans	38,863	54,243	69,326	77,813	99,436
Deposits	43,375	55,207	66,187	71,143	88,482
Shareholders' Equity	8,486	10,746	12,635	16,040	18,286
Net Income/(Loss)	1,553	2,255	2,291	2,098	3,659
Capital Adequacy Ratio(Group)	16.5%	15.4%	14.9%	15.2%	15.5%
Capital Adequacy Ratio (Bank)	17.8%	16.1%	14.7%	16.3%	16.0%
Number of Branches (Group)	901	927	964	958	988
Number of Branches (Bank)	838	868	907	928	949
Number of Employees (Group)(1)	16,749	16,821	17,350	17,461	16,682
Number of Employees(Bank)	14,333	14,411	14,859	14,733	15,683

(1) Insurance subsidiary employees are excluded from 2013 due to Yapı Kredi Insurance sale. (2012 insurance subsidiary employees: 1,800)

Credit Ratings

Yapı Kredi's credit ratings by Fitch, Standard & Poor's and Moody's are provided below. In November 2012, Fitch upgraded Turkey's sovereign rating to investment grade (BBB-). In accordance, Fitch upgraded Yapı Kredi's existing investment grade Long Term Foreign Currency and Long Term Local Currency ratings by one notch to BBB. Additionally, Moody's ratings for Yapı Kredi's Long Term Local Currency Deposit (Baa2) and Short Term Local Currency Deposit (Prime-3) are investment grade.

Fitch

BBB	BBB
Stable	**Stable**
Long Term Foreign Currency	**Long Term Local Currency**

Short Term Foreign Currency	F3	
Short Term Local Currency	F3	
Viability Rating	bbb	
Support Rating	2	
National Long Term	AAA (tur)	Stable
Senior Unsecured Debt	BBB	

Standard & Poor's

BB+	BB+
Negative	**Negative**
Long Term Foreign Currency	**Long Term Local Currency**

Short Term Foreign Currency	B
Short Term Local Currency	B
National Long Term	trAA+
Local Currency National Short Term	trA-1
Local Currency Senior Unsecured Debt	BB+

Moody's

Baa3	Baa2
Stable	**Negative**
Long Term Foreign Currency Deposit	**Long Term Local Currency Deposit**

Short Term Foreign Currency Deposit	Prime-3	
Short Term Local Currency Deposit	Prime-3	
Financial Strength Rating	D+	Negative
National Scale Rating	Aa3.tr	
Senior Unsecured Debt	Baa2	Negative

Not: 6 Mart 2013 tarihi itibarıyla güncel notlar

(Convenience translation of publicly announced unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Publicly announced unconsolidated financial statements and related disclosures at December 31, 2013 together with independent auditor's report

Building a better working world

Güney Bağımsız Denetim ve
SMMM AŞ
Büyükdere Cad.
Beytem Plaza No: 20
K: 9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com

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

Independent audit report

To the Board of Directors of Yapı ve Kredi Bankası A.Ş.:

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 2013, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the financial statements:

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published in the Official Gazette dated November 1, 2006 and numbered 26333 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No: 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, February 10, 2014

(Convenience translation of publicly announced unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

The unconsolidated year end financial report of Yapı ve Kredi Bankası A.Ş. as of December 31, 2013

Convenience translation of publicly announced unconsolidated year end financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

E-Mail: financialreports@yapikredi.com.tr

The unconsolidated financial report for the year end which is prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as regulated by the Banking Regulation and Supervision Agency includes the following sections.

- **Section one** - General information about the Bank
- **Section two** - Unconsolidated financial statements of the Bank
- **Section three** - Explanations on accounting policies applied in the related period
- **Section four** - Information related to financial position of the Bank
- **Section five** - Explanations and notes related to unconsolidated financial statements
- **Section six** - Other explanations
- **Section seven** - Independent auditor's report

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

Mustafa V. KOÇ
Chairman of the Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial Reporting and Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsun Akkal BOZOK
Member of Audit Committee

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title : Aysel Taktak / Regulatory Reporting Manager
Telephone Number : 0212 339 63 29 / 0212 339 78 20
Fax Number : 0212 339 61 05

Section one
General information

Section two
Unconsolidated financial statements

Section three
Accounting policies

Section four
Financial Position and Risk Management

Section five
Explanations and notes related to unconsolidated financial statements

Section six
Other explanations

Section seven
Independent auditor's report

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section One
General Information

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

Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

II. Explanations about the Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling group of the Bank:

The Bank's publicly traded shares are traded on the Borsa İstanbul ("BIST") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of December 31, 2013, 18,20% of the shares of the Bank are publicly traded (December 31, 2012 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organization and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UCG over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from BIST and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS shares in the Bank increased to 81,80%.

III. Explanations regarding the board of directors, members of the audit committee, Chief Executive Officer and executive vice presidents, and their areas of responsibility and shares if any:

As of December 31, 2013, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Mustafa V. KOÇ	Chairman
Gianni F.G. PAPA	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Deputy General Manager
Adil Giray ÖZTOPRAK	Member
Ahmet Fadıl ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
F. Füsun Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA	Member
Osman Turgay DURAK	Member

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Adil Giray ÖZTOPRAK	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
F. Füsun Akkal BOZOK	Member

General Manager and Deputy General Manager:

Name	Responsibility
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Deputy General Manager

Assistant General Managers:

Name	Responsibility
Akif Cahit ERDOĞAN	Information Technologies and Operation Management
Cemal Aybars SANAL	Legal Activities Management
Feza TAN	Corporate and Commercial Banking Management
Marco IANNACCONE	Financial Planning and Administration Management
Mehmet Erkan ÖZDEMİR	Compliance and Internal Control / Consumer Relations Coordination Officer
Mehmet Gökmen UÇAR	Retail Credits Management
Mehmet Murat ERMERT	Corporate Communication Management
Mert ÖNCÜ	Treasury Management
Mert YAZICIOĞLU	Private Banking and Asset Management
Nurgün EYÜBOĞLU	Corporate and Commercial Credit Management
Stefano PERAZZINI	Internal Audit / Chief Audit Executive
Süleyman Cihangir KAVUNCU	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Zeynep Nazan SOMER ÖZELGİN	Retail Banking Management

The shares of the above individuals in the Bank are insignificant.

General information (continued)

IV. Information on the individual and corporate shareholders having control shares of the Bank:

Name/Commercial title	Share amounts (nominal)	Share percentage	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.555.712.396,07	81,80%	3.555.712.396,07	-

Koç Finansal Hizmetler A.Ş. is a joint venture of Koç Group, UniCredit Group and Temel Ticaret ve Yatırım A.Ş.

V. Summary information on the Bank's activities and service types:

The Bank's activities summarized from the section 3 of the articles of association are as follows.

The Bank's purpose and subject matter, in accordance with the Banking Law, regulations and existing laws, include;

- The execution of all banking activities
- The execution of all economic and financial activities which are allowed by the regulation
- The execution of the representation, attorney and agency activities related to the subjects written above
- The purchase and sale of share certificates, bonds and all the capital market instruments, in accordance with Capital Market Law and regulations

In case of necessity for performing activities which are useful and required but that are not specified in the articles of association, a Board of Directors' proposal is to be presented to the General Assembly. With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

As of December 31, 2013, the Bank has 948 branches operating in Turkey and 1 branch in overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas). As of December 31, 2013, the Bank has 15.683 employees (December 31, 2012 - 14.733 employees).

The accompanying unconsolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank, and Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı, an entity under common control, are consolidated through "Equity Method" in the consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş.,on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group.These entities are taken into account as a deduction item in shareholders' equity for the purpose of calculation of capital adequacy ratio.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., and Enternasyonel Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled and there is no significant influence by the Bank.

All other subsidiaries are fully consolidated.

VII. The existing or potential, actual or legal obstacles on the immediate transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

None.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Section two

Unconsolidated financial statements

I. Balance sheet (Statement of Financial Position)

				Current Period (31/12/2013)			Prior Period (31/12/2012)	
	Assets	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Cash and balances with Central Bank**	**I-a**	**1.330.472**	**17.446.710**	**18.777.182**	**1.620.811**	**9.455.751**	**11.076.562**
II.	**Financial assets at fair value through profit or (loss) (net)**	**I-b**	**1.535.234**	**130.008**	**1.665.242**	**629.323**	**211.078**	**840.401**
2.1	Trading financial assets		1.535.234	130.008	1.665.242	629.323	211.078	840.401
2.1.1	Government debt securities		11.000	24.519	35.519	341.736	110.557	452.293
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading	I-c	1.524.234	104.294	1.628.528	287.587	92.640	380.227
2.1.4	Other marketable securities		-	1.195	1.195	-	7.881	7.881
2.2	Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**Banks**	**I-ç**	**506.372**	**2.495.274**	**3.001.646**	**297.735**	**2.423.218**	**2.720.953**
IV.	**Money markets**		**2.851.375**	**48.453**	**2.899.828**	**2.618.818**	**111.234**	**2.730.052**
4.1	Interbank money market placements		-	-	-	330.046	-	330.046
4.2	Receivables from Istanbul Stock Exchange Money Market		1.701.131	48.453	1.749.584	1.396.571	111.234	1.507.805
4.3	Receivables from reverse repurchase agreements		1.150.244	-	1.150.244	892.201	-	892.201
V.	**Financial assets available-for-sale (net)**	**I-d,e**	**9.254.920**	**3.856.941**	**13.111.861**	**7.742.462**	**7.119.001**	**14.861.463**
5.1	Share certificates		5.760	229	5.989	5.132	179	5.311
5.2	Government debt securities		7.853.497	3.383.608	11.237.105	6.200.265	6.939.048	13.139.313
5.3	Other marketable securities		1.395.663	473.104	1.868.767	1.537.065	179.774	1.716.839
VI.	**Loans and receivables**	**I-f**	**65.761.979**	**30.276.751**	**96.038.730**	**54.892.258**	**20.877.058**	**75.769.316**
6.1	Loans and receivables		64.824.545	30.066.698	94.891.243	54.024.235	20.770.277	74.794.512
6.1.1	Loans to bank's risk group		615.998	284.051	900.049	602.690	305.441	908.131
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		64.208.547	29.782.647	93.991.194	53.421.545	20.464.836	73.886.381
6.2	Loans under follow-up		3.056.127	501.476	3.557.603	2.202.516	323.389	2.525.905
6.3	Specific provisions (-)		(2.118.693)	(291.423)	(2.410.116)	(1.334.493)	(216.608)	(1.551.101)
VII.	**Factoring receivables**		**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Held-to-maturity investments (net)**	**I-g**	**3.526.884**	**2.927.024**	**6.453.908**	**3.286.761**	**2.399.687**	**5.686.448**
8.1	Government debt securities		3.526.884	2.927.024	6.453.908	3.286.761	2.399.687	5.686.448
8.2	Other marketable securities		-	-	-	-	-	-
IX.	**Investments in associates (net)**	**I-ğ**	**4.503**	**43.404**	**47.907**	**4.503**	**43.404**	**47.907**
9.1	Consolidated based on equity method		-	-	-	-	-	-
9.2	Unconsolidated		4.503	43.404	47.907	4.503	43.404	47.907
9.2.1	Investments in financial associates		-	43.404	43.404	-	43.404	43.404
9.2.2	Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X.	**Subsidiaries (net)**	**I-h**	**1.825.790**	**539.977**	**2.365.767**	**3.254.382**	**565.797**	**3.820.179**
10.1	Unconsolidated financial subsidiaries		1.823.490	539.977	2.363.467	3.252.082	565.797	3.817.879
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	**Joint ventures (net)**	**I-ı**	**19.623**	**-**	**19.623**	**19.623**	**-**	**19.623**
11.1	Accounted based on equity method		-	-	-	-	-	-
11.2	Unconsolidated		19.623	-	19.623	19.623	-	19.623
11.2.1	Financial joint ventures		19.623	-	19.623	19.623	-	19.623
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	**Lease receivables**	**I-i**	**-**	**-**	**-**	**-**	**-**	**-**
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	**Derivative financial assets held for hedging**	**I-j**	**462.819**	**4.808**	**467.627**	**94.166**	**-**	**94.166**
13.1	Fair value hedge		307.375	-	307.375	93.996	-	93.996
13.2	Cash flow hedge		155.444	4.808	160.252	170	-	170
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	**Property and equipment (net)**	**I-k**	**934.355**	**-**	**934.355**	**984.674**	**-**	**984.674**
XV.	**Intangible assets (net)**	**I-l**	**1.376.092**	**-**	**1.376.092**	**1.329.944**	**-**	**1.329.944**
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		396.599	-	396.599	350.451	-	350.451
XVI.	**Investment property (net)**	**I-m**	**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**Tax asset**		**25.032**	**-**	**25.032**	**52.535**	**-**	**52.535**
17.1	Current tax asset		7.407	-	7.407	-	-	-
17.2	Deferred tax asset	I-n	17.625	-	17.625	52.535	-	52.535
XVIII.	**Assets held for resale and related to discontinued operations (net)**	**I-o**	**151.396**	**-**	**151.396**	**132.195**	**-**	**132.195**
18.1	Held for sale purposes		151.396	-	151.396	132.195	-	132.195
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	**Other assets**	**I-ö**	**943.597**	**601.519**	**1.545.116**	**1.006.493**	**1.007.296**	**2.013.789**
	Total assets		**90.510.443**	**58.370.869**	**148.881.312**	**77.966.683**	**44.213.524**	**122.180.207**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

I. Balance sheet (Statement of Financial Position)

			Current Period			Prior Period		
					(31/12/2013)			(31/12/2012)
	Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	**Deposits**	**II-a**	**44.303.269**	**42.004.358**	**86.307.627**	**41.440.810**	**26.603.130**	**68.043.940**
1.1	Deposits of the Bank's risk group		4.005.367	8.432.153	12.437.520	4.838.601	3.907.990	8.746.591
1.2	Other		40.297.902	33.572.205	73.870.107	36.602.209	22.695.140	59.297.349
II.	**Derivative financial liabilities held for trading**	**II-b**	**755.244**	**88.312**	**843.556**	**286.669**	**84.585**	**371.254**
III.	**Funds borrowed**	**II-c**	**1.087.491**	**15.340.417**	**16.427.908**	**638.396**	**11.782.055**	**12.420.451**
IV.	**Money markets**		**249.162**	**3.143.784**	**3.392.946**	**1.711.008**	**3.019.074**	**4.730.082**
4.1	Funds from interbank money market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements		249.162	3.143.784	3.392.946	1.711.008	3.019.074	4.730.082
V.	**Marketable securities issued (net)**	**II-ç**	**1.659.777**	**4.186.983**	**5.846.760**	**1.441.014**	**885.367**	**2.326.381**
5.1	Bills		1.165.920	827.050	1.992.970	737.778	-	737.778
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		493.857	3.359.933	3.853.790	703.236	885.367	1.588.603
VI.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**Miscellaneous payables**		**5.457.238**	**1.399.101**	**6.856.339**	**4.759.776**	**617.741**	**5.377.517**
VIII.	**Other liabilities**	**II-d**	**1.145.831**	**722.667**	**1.868.498**	**1.605.587**	**1.027.930**	**2.633.517**
IX.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**Lease payables (net)**	**II-e**	**288**	**477**	**765**	**596**	**6.791**	**7.387**
10.1	Financial lease payables		310	486	796	681	6.983	7.664
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		(22)	(9)	(31)	(85)	(192)	(277)
XI.	**Derivative financial liabilities held for hedging**	**II-f**	**30.573**	**355.822**	**386.395**	**412.001**	**492.686**	**904.687**
11.1	Fair value hedge		-	-	-	90.233	-	90.233
11.2	Cash flow hedge		30.573	355.822	386.395	321.768	492.686	814.454
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	**Provisions**	**II-g**	**2.435.870**	**536.807**	**2.972.677**	**2.438.060**	**461.105**	**2.899.165**
12.1	General loan loss provision		982.335	488.336	1.470.671	919.039	385.793	1.304.832
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		216.717	-	216.717	213.610	-	213.610
12.4	Insurance technical provisions (net)		-	-	-	-	-	-
12.5	Other provisions		1.236.818	48.471	1.285.289	1.305.411	75.312	1.380.723
XIII.	**Tax liability**	**II-ğ**	**187.911**	**-**	**187.911**	**408.142**	**-**	**408.142**
13.1	Current tax liability		187.911	-	187.911	408.142	-	408.142
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	**Liabilities for property and equipment held for sale and related to discontinued operations (net)**		**-**	**-**	**-**	**-**	**-**	**-**
14.1	Held for sale		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	**Subordinated loans**	**II-h**	**-**	**6.480.981**	**6.480.981**	**-**	**5.195.642**	**5.195.642**
XVI.	**Shareholders' equity**	**II-ı**	**17.335.719**	**(26.770)**	**17.308.949**	**15.926.652**	**935.390**	**16.862.042**
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		1.255.221	(26.770)	1.228.451	2.758.337	935.390	3.693.727
16.2.1	Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences		218.075	267.891	485.966	2.039.404	1.377.550	3.416.954
16.2.4	Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus shares from investments in associates, subsidiaries and joint ventures		15.107	-	15.107	-	-	-
16.2.8	Hedging funds (effective portion)		179.544	(294.661)	(115.117)	(118.653)	(442.160)	(560.813)
16.2.9	Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		298.614	-	298.614	293.705	-	293.705
16.3	Profit reserves		8.530.472	-	8.530.472	6.907.792	-	6.907.792
16.3.1	Legal reserves		463.786	-	463.786	359.847	-	359.847
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		8.051.473	-	8.051.473	6.546.849	-	6.546.849
16.3.4	Other profit reserves		15.213	-	15.213	1.096	-	1.096
16.4	Income or (loss)		3.202.975	-	3.202.975	1.913.472	-	1.913.472
16.4.1	Prior years' income or (loss)		-	-	-	-	-	-
16.4.2	Current year income or (loss)		3.202.975	-	3.202.975	1.913.472	-	1.913.472
	Total liabilities and shareholders' equity		**74.648.373**	**74.232.939**	**148.881.312**	**71.068.711**	**51.111.496**	**122.180.207**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Off-balance sheet commitments

					Current Period (31/12/2013)			Prior Period (31/12/2012)
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	**Off-balance sheet commitments (I+II+III)**		**102.762.440**	**122.829.471**	**225.591.911**	**113.305.921**	**113.241.494**	**226.547.415**
I.	**Guarantees and warranties**	**III-a-2.3**	**12.898.958**	**24.693.477**	**37.592.435**	**11.376.121**	**16.986.676**	**28.362.797**
1.1	Letters of guarantee		12.818.400	14.584.549	27.402.949	11.271.953	9.239.705	20.511.658
1.1.1	Guarantees subject to state tender law		482.038	657.448	1.139.486	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations		1.521.868	13.927.101	15.448.969	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee		10.814.494	-	10.814.494	9.573.268	-	9.573.268
1.2	Bank acceptances		-	118.686	118.686	-	121.325	121.325
1.2.1	Import letter of acceptance		-	118.686	118.686	-	121.325	121.325
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		1.208	6.458.142	6.459.350	13.789	5.596.826	5.610.615
1.3.1	Documentary letters of credit		1.208	6.458.142	6.459.350	13.789	5.596.826	5.610.615
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Prefinancing given as guarantee		-	-	-	143	2.377	2.520
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		79.350	2.016.957	2.096.307	90.236	1.057.479	1.147.715
1.9	Other warranties		-	1.515.143	1.515.143	-	968.964	968.964
II.	**Commitments**	**III-a.1**	**37.495.938**	**7.552.103**	**45.048.041**	**75.280.393**	**28.375.675**	**103.656.068**
2.1	Irrevocable commitments		37.495.938	7.552.103	45.048.041	29.934.837	7.009.518	36.944.355
2.1.1	Asset purchase and sale commitments		1.816.025	6.966.286	8.782.311	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments		-	9	9	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		5.884.104	510.050	6.394.154	4.992.286	330.326	5.322.612
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		5.385.711	-	5.385.711	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments		41.007	-	41.007	38.106	-	38.106
2.1.9	Commitments for credit card limits		21.610.762	-	21.610.762	17.856.081	-	17.856.081
2.1.10	Commitments for credit cards and banking services promotions		7.365	-	7.365	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		2.750.964	75.758	2.826.722	1.754.294	18.130	1.772.424
2.2	Revocable commitments		-	-	-	45.345.556	21.366.157	66.711.713
2.2.1	Revocable loan granting commitments		-	-	-	45.345.556	21.366.157	66.711.713
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**III-b,c**	**52.367.544**	**90.583.891**	**142.951.435**	**26.649.407**	**67.879.143**	**94.528.550**
3.1	Derivative financial instruments for hedging purposes		12.176.363	25.452.330	37.628.693	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge		1.104.763	1.506.212	2.610.975	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge		11.071.600	23.946.118	35.017.718	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		40.191.181	65.131.561	105.322.742	12.524.949	41.221.886	53.746.835
3.2.1	Forward foreign currency buy/sell transactions		3.874.595	5.596.930	9.471.525	3.004.739	5.217.724	8.222.463
3.2.1.1	Forward foreign currency transactions-buy		1.101.765	3.679.900	4.781.665	988.634	3.092.645	4.081.279
3.2.1.2	Forward foreign currency transactions-sell		2.772.830	1.917.030	4.689.860	2.016.105	2.125.079	4.141.184
3.2.2	Swap transactions related to foreign currency and interest rates		28.989.040	46.974.699	75.963.739	5.339.212	24.430.414	29.769.626
3.2.2.1	Foreign currency swap-buy		11.579.789	21.617.962	33.197.751	2.604.049	10.715.333	13.319.382
3.2.2.2	Foreign currency swap-sell		17.409.251	15.044.967	32.454.218	2.735.163	10.500.961	13.236.124
3.2.2.3	Interest rate swap-buy		-	5.155.885	5.155.885	-	1.607.060	1.607.060
3.2.2.4	Interest rate swap-sell		-	5.155.885	5.155.885	-	1.607.060	1.607.060
3.2.3	Foreign currency, interest rate and securities options		6.469.546	12.184.618	18.654.164	3.473.998	10.919.644	14.393.642
3.2.3.1	Foreign currency options-buy		2.028.284	4.259.197	6.287.481	1.246.132	3.539.644	4.785.776
3.2.3.2	Foreign currency options-sell		3.064.188	3.206.369	6.270.557	1.684.220	3.214.377	4.898.597
3.2.3.3	Interest rate options-buy		70.800	2.359.526	2.430.326	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell		70.800	2.359.526	2.430.326	145.800	2.047.816	2.193.616
3.2.3.5	Securities options-buy		820.104	-	820.104	215.704	-	215.704
3.2.3.6	Securities options-sell		415.370	-	415.370	111.342	-	111.342
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		858.000	375.314	1.233.314	707.000	654.104	1.361.104
B.	**Custody and pledges received (IV+V+VI)**		**132.274.872**	**33.461.678**	**165.736.550**	**115.496.598**	**25.192.246**	**140.688.844**
IV.	**Items held in custody**		**54.881.691**	**5.616.895**	**60.498.586**	**51.688.636**	**4.089.103**	**55.777.739**
4.1	Customer fund and portfolio balances		-	12	12	-	117	117
4.2	Investment securities held in custody		42.507.367	4.918.699	47.426.066	40.031.441	3.492.529	43.523.970
4.3	Checks received for collection		9.754.090	136.315	9.890.405	9.364.237	88.780	9.453.017
4.4	Commercial notes received for collection		2.612.459	531.332	3.143.791	2.282.730	483.701	2.766.431
4.5	Other assets received for collection		-	30.537	30.537	-	23.976	23.976
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		7.775	-	7.775	10.228	-	10.228
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**76.079.903**	**27.120.977**	**103.200.880**	**62.639.447**	**20.520.383**	**83.159.830**
5.1	Marketable securities		204.521	237	204.758	220.994	193	221.187
5.2	Guarantee notes		681.445	433.893	1.115.338	703.951	365.205	1.069.156
5.3	Commodity		22.983	-	22.983	28.559	-	28.559
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		52.696.177	19.738.023	72.434.200	41.434.412	15.196.331	56.630.743
5.6	Other pledged items		22.474.777	6.944.919	29.419.696	20.251.531	4.955.489	25.207.020
5.7	Pledged items-depository		-	3.905	3.905	-	3.165	3.165
VI.	**Accepted independent guarantees and warranties**		**1.313.278**	**723.806**	**2.037.084**	**1.168.515**	**582.760**	**1.751.275**
	Total off-balance sheet commitments (A+B)		**235.037.312**	**156.291.149**	**391.328.461**	**228.802.519**	**138.433.740**	**367.236.259**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. Income statement

	Income and expense items	Note (Section Five)	Current Period 01/01 - 31/12/2013	Prior Period 01/01 - 31/12/2012
I.	**Interest income**	**IV-a**	**9.235.690**	**9.372.833**
1.1	Interest on loans	IV-a-1	7.557.038	7.589.281
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks	IV-a-2	35.087	33.517
1.4	Interest received from money market transactions		121.487	144.533
1.5	Interest received from marketable securities portfolio	IV-a-3	1.519.160	1.604.762
1.5.1	Trading financial assets		8.832	20.431
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		1.092.835	643.440
1.5.4	Held to maturity investments		417.493	940.891
1.6	Financial lease income		-	-
1.7	Other interest income		2.918	740
II.	**Interest expense**	**IV-b**	**(4.571.458)**	**(4.880.824)**
2.1	Interest on deposits	IV-b-4	(3.501.698)	(3.977.981)
2.2	Interest on funds borrowed	IV-b-1	(701.435)	(553.951)
2.3	Interest expense on money market transactions		(115.292)	(152.459)
2.4	Interest on securities issued	IV-b-3	(236.433)	(186.708)
2.5	Other interest expenses		(16.600)	(9.725)
III.	**Net interest income (I + II)**		**4.664.232**	**4.492.009**
IV.	**Net fees and commissions income**		**2.006.317**	**1.761.005**
4.1	Fees and commissions received		2.397.619	2.165.631
4.1.1	Non-cash loans		277.365	245.698
4.1.2	Other	IV-i	2.120.254	1.919.933
4.2	Fees and commissions paid		(391.302)	(404.626)
4.2.1	Non-cash loans		(263)	(487)
4.2.2	Other		(391.039)	(404.139)
V.	**Dividend income**	**IV-c**	**132.787**	**183.377**
VI.	**Trading gain/(loss) (net)**	**IV-ç**	**115.048**	**(39.001)**
6.1	Trading gains/(losses) on securities		569.121	305.957
6.2	Derivative financial transactions gains/(losses)	IV-d	1.683.541	(948.671)
6.3	Foreign exchange gains/(losses)		(2.137.614)	603.713
VII.	**Other operating income**	**IV-e**	**452.360**	**338.192**
VIII.	**Total operating income (III+IV+V+VI+VII)**		**7.370.744**	**6.735.582**
IX.	**Provision for impairment of loans and other receivables (-)**	**IV-f**	**(1.475.405)**	**(1.293.415)**
X.	**Other operating expenses (-)**	**IV-g**	**(3.339.012)**	**(2.992.925)**
XI.	**Net operating income/(loss) (VIII-IX-X)**		**2.556.327**	**2.449.242**
XII.	**Excess amount recorded as income after merger**		**-**	**-**
XIII.	**Income/(loss) from investments accounted based on equity method**		**-**	**-**
XIV.	**Income/(loss) on net monetary position**		**-**	**-**
XV.	**Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)**	**IV-ğ**	**2.556.327**	**2.449.242**
XVI.	**Tax provision for continuing operations (±)**	**IV-h**	**(525.787)**	**(535.770)**
16.1	Current tax provision		(151.385)	(739.096)
16.2	Deferred tax provision		(374.402)	203.326
XVII.	**Net profit/loss from continuing operations (XV±XVI)**		**2.030.540**	**1.913.472**
XVIII.	**Income from discontinued operations**		**1.227.271**	**-**
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		1.227.271	-
18.3	Other income from discontinued operations		-	-
XIX.	**Expenses from discontinued operations (-)**		**-**	**-**
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	**Profit /losses before taxes from discontinued operations (XVIII-XIX)**	**IV-ğ**	**1.227.271**	**-**
XXI.	**Tax provision for discontinued operations (±)**	**IV-h**	**(54.836)**	**-**
21.1	Current tax provision		(54.836)	-
21.2	Deferred tax provision		-	-
XXII.	**Net profit/loss from discontinued operations (XX±XXI)**		**1.172.435**	**-**
XXIII.	**Net profit/loss (XVII+XXII)**	**IV-ı**	**3.202.975**	**1.913.472**
	Earnings/(loss) per share (full TL)		0,0074	0,0044

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. Statement of income and expense items accounted under shareholders' equity

	Income and expense items accounted under shareholders' equity	Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	**Transfers to marketable securities valuation differences from financial assets available for sale**	**(3.669.718)**	**2.402.759**
II.	**Property and equipment revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Currency translation differences for foreign currency transactions**	**179.693**	**18.864**
V.	**Profit /loss on cash flow hedges (effective part of the fair value changes)**	**661.738**	**(336.707)**
VI.	**Profit/loss on foreign net investment hedges (effective part of the fair value changes)**	**-**	**-**
VII.	**Effects of changes in accounting policy and adjustment of errors**	**-**	**-**
VIII.	**Other income and expense items accounted under shareholders' equity according to TAS**	**32.727**	**269**
IX.	**Deferred tax on valuation differences**	**339.492**	**(387.544)**
X.	**Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)**	**(2.456.068)**	**1.697.641**
XI.	**Current year profit/loss**	**3.202.975**	**1.913.472**
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	1.690.028	4.236
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(247.017)	(209.965)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	1.759.964	2.119.201
XII.	**Total income/loss accounted for the period (X+XI)**	**746.907**	**3.611.113**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of December 31, 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Statement of changes in shareholders' equity

	Prior Period December 31, 2012	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income /(loss)	Prior period income /(loss)	Marketable securities Value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	**Period opening balance**		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	1.467.299	-	-	(308.530)	-	13.250.929
II.	**Changes in accounting policies according to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	1.467.299	-	-	(308.530)	-	13.250.929
	Changes in the period																	
IV.	**Increase/decrease due to merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	1.951.647	-	-	-	-	1.951.647
VI.	**Hedging transactions (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	(269.366)	-	(269.366)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(269.366)	-	(269.366)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Foreign exchange differences**		-	-	-	-	-	-	-	-	-	-	(1.992)	-	-	17.083	-	15.091
XI.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Effect of the changes in equity of investment in associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	**Paid in-capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	**Other**		-	-	-	-	-	-	-	269	-	-	-	-	-	-	-	269
XIX.	**Current year income or loss**		-	-	-	-	-	-	-	-	1.913.472	-	-	-	-	-	-	1.913.472
XX.	**Profit distribution**		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+IV+V+……+ XVIII +XIX+XX)		4.347.051	-	543.881	-	359.847	-	6.546.849	294.801	1.913.472	-	3.416.954	-	-	(560.813)	-	16.862.042

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Statement of changes in shareholders' equity

	Current Period December 31, 2013	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/ (loss)	Prior period income/ (loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	**Prior period end balance**		**4.347.051**	**-**	**543.881**	**-**	**359.847**	**-**	**6.546.849**	**294.801**	**1.913.472**	**-**	**3.416.954**	**-**	**-**	**(560.813)**	**-**	**16.862.042**
	Changes in the period																	
II.	**Increase/decrease due to the merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	(3.158.437)	-	-	-	-	(3.158.437)
IV.	**Hedging transactions (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	15.107	-	-	15.107
VIII.	**Foreign exchange differences**		-	-	-	-	-	-	-	-	-	-	227.449	-	-	(83.695)	-	143.754
IX.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Effect of the changes in equity of investment in associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Paid in-capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-	-	14.117	-	-	-	-	-	-	-	14.117
XVII.	**Current year income or loss**		-	-	-	-	-	-	-	-	3.202.975	-	-	-	-	-	-	3.202.975
XVIII.	**Profit distribution**		-	-	-	-	103.939	-	1.504.624	4.909	(1.913.472)	-	-	-	-	-	-	(300.000)
18.1	Dividend paid		-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	-	(300.000)
18.2	Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(1.613.472)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+…+XVI+XVII+XVIII)		**4.347.051**	**-**	**543.881**	**-**	**463.786**	**-**	**8.051.473**	**313.827**	**3.202.975**	**-**	**485.966**	**-**	**15.107**	**(115.117)**	**-**	**17.308.949**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VI. Statement of cash flows

		Notes (Section Five)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A.	**Cash flows from banking operations**			
1.1	Operating profit before changes in operating assets and liabilities		3.619.866	5.000.529
1.1.1	Interest received		10.291.967	8.715.216
1.1.2	Interest paid		(4.388.150)	(4.702.612)
1.1.3	Dividend received		132.787	150.349
1.1.4	Fees and commissions received		2.398.398	2.166.084
1.1.5	Other income		1.450.270	(899.474)
1.1.6	Collections from previously written-off loans and other receivables		1.209.846	1.576.539
1.1.7	Payments to personnel and service suppliers		(2.734.427)	(2.413.358)
1.1.8	Taxes paid		(521.256)	(716.167)
1.1.9	Other	VI-c	(4.219.569)	1.123.952
1.2	Changes in operating assets and liabilities		(5.337.148)	(7.712.256)
1.2.1	Net (increase)/decrease in trading securities		412.601	(283.257)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		(7.187.982)	(4.312.304)
1.2.4	Net (increase)/decrease in loans		(22.423.162)	(9.957.615)
1.2.5	Net (increase)/decrease in other assets		689.716	(238.922)
1.2.6	Net increase /(decrease) in bank deposits		980.858	13.988
1.2.7	Net increase /(decrease) in other deposits		17.248.694	4.499.412
1.2.8	Net increase /(decrease) in funds borrowed		3.049.273	(2.173.684)
1.2.9	Net increase /(decrease) in payables		-	-
1.2.10	Net increase /(decrease) in other liabilities	VI-c	1.892.854	4.740.126
I.	**Net cash flows from banking operations**		**(1.717.282)**	**(2.711.727)**
B.	**Cash flows from investing activities**			
II.	**Net cash flows from investing activities**		**(653.507)**	**702.063**
2.1	Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(71.129)	(22.236)
2.2	Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		1.247.195	-
2.3	Purchases of property and equipment		(251.481)	(271.209)
2.4	Disposals of property and equipment		61.070	35.543
2.5	Purchase of investments available-for-sale		(10.005.484)	(3.258.932)
2.6	Sale of investments available-for -sale		8.611.406	3.349.491
2.7	Purchase of investment securities		(262.570)	(342)
2.8	Sale of investment securities		17.486	869.748
2.9	Other		-	-
C.	**Cash flows from financing activities**			
III.	**Net cash flows from financing activities**		**2.712.059**	**702.315**
3.1	Cash obtained from funds borrowed and securities issued		11.204.385	7.808.583
3.2	Cash used for repayment of funds borrowed and securities issued		(8.183.185)	(7.059.732)
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(300.000)	-
3.5	Payments for finance leases		(9.141)	(46.536)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rates on cash and cash equivalents**	**VI-c**	**621.837**	**(163.969)**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**963.107**	**(1.471.318)**
VI.	**Cash and cash equivalents at beginning of the period**	**VI-a**	**8.309.106**	**9.780.424**
VII.	**Cash and cash equivalents at end of the period**	**VI-a**	**9.272.213**	**8.309.106**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VII. Profit appropriation statement [1]

		Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	**Distribution of current year income**		
1.1	Current year income	3.783.598	2.449.242
1.2	Taxes and duties payable (-)	(580.623)	(535.770)
1.2.1	Corporate tax (income tax)	(206.221)	(739.096)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(374.402)	203.326
A.	**Net income for the year (1.1-1.2)**	**3.202.975**	**1.913.472**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	103.939
1.5	Other statutory reserves (-)	-	-
B.	**Net income available for distribution [(a-(1.3+1.4+1.5)]**	**3.202.975**	**1.809.533**
1.6	First dividend to shareholders (-)	-	300.000
1.6.1	To owners of ordinary shares	-	300.000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividends to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Second legal reserves (-)	-	-
1.11	Statutory reserves (-)	-	-
1.12	Extraordinary reserves	-	1.504.624
1.13	Other reserves	-	-
1.14	Special funds	-	4.909
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	Dividends to personnel (-)	-	-
2.5	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0,0074	0,0044
3.2	To owners of ordinary shares (%)	-	-
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	0,0007
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(1) Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2013 has not been prepared by the Board of Directors, only net profit related to the year 2013, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 873.950 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

Section Three
Accounting policies

I. Explanations on basis of presentation:

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish Tax Legislation.

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis (restated for the changes in the general purchasing power of TL until December 31, 2004), except for financial assets at fair value through profit or loss, financial assets available for sale, investments in associates and subsidiaries measured at fair value, trading derivative financial liabilities and hedging derivative financial assets/liabilities. Besides, the carrying values of assets carried at amortised cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

The preparation of unconsolidated financial statements in conformity with TAS requires the use of certain accounting estimates by the Bank management to exercise its judgment on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 2012. TAS/TFRS changes which are effective from January 01, 2013 (TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment), TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income, TAS 19 Employee Benefits (Amended), TAS 27 Separate Financial Statements (Amended), TAS 28 Investments in Associates and Joint Ventures (Amended), TFRS 10 Consolidated Financial Statements, TFRS 11 Joint Arrangements, TFRS 12 Disclosure of Interests in Other Entities, TFRS 13 Fair Value Measurement) do not have a significant effect on the Bank's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II to XXVI below. The changes introduced by TFRS 10 as adopted by the Bank are evaluated and it was concluded that the changes have no impact on consolidation of investments and associates of the Bank.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under evaluation by the Bank. The standard which the Bank did not early adopt will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, it is not practical or possible to quantify the effect at this stage. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank's accounting policies, financial position and performance.

Additional paragraph for convenience translation into English:

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

II. Explanations on strategy of using financial instruments and foreign currency transactions:

The general strategy of the Bank in using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is deposits. The Bank is also sustaining a lengthened liability structure by using long-term foreign and local currency borrowings from domestic and international investors and financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is followed within the determined levels by the Board of Directors, by considering the limits specified by the Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. Since the foreign currency investments and subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the date when the fair values are remeasured and are accounted under shareholders equity.. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

III. Explanations on investments in associates, subsidiaries and joint ventures:

Investments in associates, subsidiaries and joint ventures are accounted for in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement" in the unconsolidated financial statements. Investments in subsidiaries quoted on organized markets or for which their fair values can be reliably measured, are accounted for at their fair values. While calculating the fair value of foreign currency denominated subsidiaries and associates, exchange rate at the valuation date is used. Differences arising from the revaluation of the subsidiaries are accounted for in the line item 'Marketable Securities Valuation Differences" under equity. Investments in subsidiaries which are not quoted on organized markets and for which their fair values cannot be reliably measured, are accounted for at their historical cost less allowance for impairment, if any.

IV. Explanations on forward and options contracts and derivative instruments:

The Bank's derivative transactions mostly include money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method applied to the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

At the transaction date, the Bank documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Bank regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transaction is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or derecognition of the hedged item.

The Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate swaps. The effective portion of the fair value changes of the hedging instruments are recorded in "Hedging funds" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss".

Accounting policies (continued)

"Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Parameters used for the valuation of the option portfolio are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to TAS 39 in case (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another.

As of December 31, 2013, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or asset pool. Depending on whether the reference assets are included in the balance sheet of the issuer or the owner of the assets, these transactions can be accounted by the party assuming the credit risk as insurance or as an embedded derivative. As per the Bank's management evaluation, the embedded derivatives included in the credit linked notes are separated from the host contracts in accordance with TAS 39 and recorded and evaluated as credit default swaps. The bond itself (host contract) is valued in accordance with the valuation principles of the category it is classified. Credit default swaps are contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract.

Credit default swaps are valued daily by the valuation model of the Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

Market risks of these products are monitored using the Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, currency exchange transactions, which are realized at value date in the initial phase of currency swaps, are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

A Credit Valuation Adjustment (CVA) is applied to the Bank's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank's over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with Turkish Accounting Standards, TAS 39, comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

V. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method periodically. The Bank ceases accruing interest income on non-performing loans and any interest income accruals from such receivables are reversed and no income is accounted until collection is made according to the related regulation.

VI. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

VII. Explanations on financial assets:

The Bank classifies and accounts its financial assets as "fair value through profit or loss", "available-for-sale", "loans and receivables" or "held-to-maturity". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment. Regular purchases and sales of financial assets are recorded based on settlement date. Settlement date of a financial asset is the date that the asset is received or delivered by the Bank. Settlement date accounting requires; (a) accounting for the financial asset when the asset is received and (b) accounting of disposal of the financial asset and recording the related profit and loss when the asset is delivered. The fair value changes of an asset to be acquired between the trade date and settlement date is accounted in accordance with the basis of valuation of assets.

a. Financial assets at fair value through profit or loss:

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

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV of this section.

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets other than loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity and that are not initially classified as financial assets at fair value through profit/loss or available for sale. Held-to-maturity financial assets are initially recognized at total of acquisition and transaction cost. Held-to-maturity securities are carried at "Amortized cost" using the "Effective interest method" after their initial recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39, sales or reclassification to available for sale portfolio of insignificant amount of financial assets, sale or reclassification to available for sale portfolio of financial assets which are close to maturity less than three months, or sale or reclassification to available for sale portfolio of assets as a result of significant increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes will not result in tainting.

c. Loans and receivables:

Loans and receivables are financial assets raised through lending without having the intention to trade in the short term. Loans and receivables are non derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on active market. Loans and receivables are recognized initially at cost including transaction costs (which reflect fair values) and subsequently carried at the amortized cost using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

Accounting policies (continued)

Retail, commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the Uniform Chart of Accounts ('UCA'). Foreign currency indexed loans are initially measured at local currency accounts with the foreign exchange rate prevailing at date of the initial recognition and re-valued with the relevant foreign currency rates prevailing at the date of the financial statements. Increase or decrease in the value of the principal amount of the loan due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates prevailing at the repayment dates and the valuation differences is accounted for in foreign exchange gain/loss accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "other operating income". Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial assets at fair value through profit or loss".

Available-for-sale financial assets are subsequently re-measured at fair value. When fair values based on market prices cannot be obtained reliably, the available-for-sale financial assets are carried at fair values determined by using alternative models. Available for sale equity securities which are not quoted on a market and the fair values of which cannot be determined reliably, are carried at cost less any impairment. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the shareholders' equity as "Marketable securities valuation differences", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from available for sale assets are recorded in interest income and dividend income as appropriate.

Interest income on available for sale financial assets are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of an available for sale financial assets before the maturity, the difference between the profit, which is the difference between the cost and sales price of the financial assets, and the interest income accrual are accounted under "Trading gains/(losses) on securities" according to the Uniform Chart of Accounts ("UCA").

VIII. Explanations on impairment of financial assets:

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided based on the financial assets classification.

Impairment for held to maturity financial assets carried at amortized cost is calculated as the difference between the expected future cash flows discounted at the effective interest rate method and the carrying value. The impairment amount transferred from shareholders' equity to profit or loss for available for sale securities is calculated as the difference between the purchase cost (after deduction of principal repayments and redemption) and the fair value less any impairment that was previously recorded in profit or loss. This amount is recorded in expense accounts in accordance with the UCA.

The principles for the accounting of provisions for loans and receivables are explained in Note VII. of this section.

IX. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repos") are classified as "at fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds provided under repurchase agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("Reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Bank has no securities lending transactions.

XI. Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets:

According to the TFRS 5, a tangible asset (or a group of assets to be disposed) classified as "Asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "Asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

Additionally, assets that were acquired due to non-performing receivables are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated November 1, 2006, No. 26333 and classified as assets held for resale.

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

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognized by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to amortization but is tested annually or more frequently for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36").

b. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for impairment.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

The Bank evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Bank estimates a recoverable amount in accordance with the Turkish Accounting Standard (TAS 36) "Impairment of Assets". The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit from the asset. The rates used are presented below:

Credit card brand value, deposit base and customer portfolio	10%
Other intangible assets	20%

XIII. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement in accordance with the Turkish Accounting Standard (TAS 16) "Tangible Assets". Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The rates used are stated below:

Buildings	2%
Movables, movables acquired under financial leasing	20%

The depreciation charge for items remaining in property and equipment for less than a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

In accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets", where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for impairment is charged to the income statement.

Property and equipment have not been re-valued in order to be presented at fair value in the financial statements.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales proceeds.

Expenditures for the repair and maintenance of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

XIV. Explanations on leasing transactions:

The Bank performs financial and operational leasing in the capacity of the lessee.

Financial lease

The Bank includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognized. The liabilities arising from financial leasing contracts are accounted under "Financial lease payables". Expenses arising from interest and exchange rate changes related to financial leasing liabilities are charged to the income statement. Lease payments are deducted from financial leasing payables. The Bank does not perform financial leasing operations as "Lessor".

Operational lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operational lease. Payments that are made under operational leases, are accounted in income statements on a straight line basis during the lease period.

XV. Explanations on provisions, contingent liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognized for loans and other receivables, are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognized in the period of occurrence in accordance with the "Matching principle". A provision is recognized when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to 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 disclosed where an inflow of economic benefits is probable. 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.

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for employee rights" account in the balance sheet.

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Bank determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised TAS 19 standard.

b. Pension rights

The Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No.506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23 paragraph 1 of the Banking Act published in the Official Gazette No. 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

Accounting policies (continued)

The article of the Law related to the transfer was cancelled (pursuant to the application by the President on November 2, 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated March 22, 2007) published in the Official Gazette No. 26479 dated March 31, 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. It was decided to extend the transfer date by one year in accordance with the decision of the Council of Ministers on 3 May, 2013.

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

c. Short term benefits of employee:

Within the scope of TAS 19, the Bank measures the expected costs of accumulated paid leaves as expected payments it will make due to unused leave rights as at the end of the reporting date.

XVII. Explanations on taxation:

a. Current tax:

The Corporate Tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. This tax rate is applied to accounting income modified for certain exemptions and deductions, and additions for certain non-tax deductable expenses and allowances for tax purposes. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period 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.

b. Deferred tax:

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and in accordance with BRSA's explanations and circulars and the tax legislation, the Bank calculates deferred tax on deductible temporary differences except for general loan loss provisions, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

Additionally, in accordance with the related legislation of BRSA, deferred tax effect, if income, is not eligible for dividend distribution and share capital increase.

c. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007/26704, explains the application related issues on this topic effective from January 1, 2007, also taking into account the regulations in Article 41 of the Income Tax Law.

"Arm's length principle", which is the basis for the transfer pricing rule, is the pricing system to be followed for purchase or sale activities between related parties for any product or service transactions as if the transaction is realized with any other third party. According to this communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As discussed in the relevant section of this communiqué, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings:

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" including costs of transactions using the "effective interest method".

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Bank.

Also, the Bank obtains funds by issuing bonds and bills.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

XIX. Explanations on issuance of share certificates:

When shares are issued above their nominal value, the excess over the nominal value is accounted under shareholders' equity as "Share premium".

No dividend payments were announced after the balance sheet date.

XX. Explanations on avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "Off-balance sheet commitments".

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until balance sheet date, the Bank received government grant from TÜBİTAK amounting to TL 1.203 (December 31, 2012 - TL 1.096).

XXII. Profit reserves and profit distribution:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Legal reserves consist of first and second reserves as foreseen in the TCC. The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. Earnings per share:

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

	Current Period	Prior Period
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	2.030.540	1.913.472
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	**0,0047**	**0,0044**

	Current Period	Prior Period
Net Income/(loss) from discontinued operations to be appropriated to ordinary shareholders	1.172.435	-
Weighted average number of issued ordinary shares(thousand)	434.705.128	-
Earnings per share from discontinued operations (full TL)	**0,0027**	**-**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares were issued during 2013 (December 31, 2012- no bonus shares were issued).

XXIV. Related parties:

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Note VII of Section Five.

XXV. Explanations on operating segments:

Information about operating segments which are determined in line with "Turkish Financial Reporting Standard about Operating Segments" ("TFRS 8") together with organizational and internal reporting structure of the Bank, are disclosed in Note XV of Section Four.

XXVI. Explanations on other matters:

None.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Four

Information related to financial position of the Bank

I. Explanations on capital adequacy ratio:

a. The capital adequacy ratio of the Bank is 16,00% (December 31, 2012 – 16,30%).

b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 26333 as of November 1, 2006".

For the calculation of amounts subject to credit risk, the Bank classifies the loans in the related risk weight taking into consideration the risk classes, ratings and the risk mitigating factors. "Comprehensive collateral method" is used in considering the risk mitigating factors for the banking and trading book.

For the calculation of capital adequacy ratio; financial information, which is prepared in accordance with the current regulations, is used. Within the scope of this Regulation, trading books and banking books are defined and they become subject to credit risk and market risk calculations. In addition, market risk and operational risk calculations are included in the calculation of the capital adequacy ratio, in accordance with the existing regulation.

Amounts taken into consideration as deduction items are subject to credit risk calculations. Assets subject to amortization or impairment are taken into consideration after relevant nettings over their net book values for the calculation of risk-weighted assets.

In the calculation of the value at credit risk for non-cash loans and commitments, the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the Provisioning Regulation. The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation and included in the relevant exposure category defined in the Regulation.

In accordance with Article 5 of the Regulation, counterparty credit risk is calculated for repo transactions, securities and commodities. The "Fair Value Valuation Method" mentioned in the communiqué is used for the counterparty credit risk calculations.

In the calculation of the value at credit risk for the derivative financial instruments which are in banking books, the receivables from counterparties are multiplied by the rates stated in the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in Regulation.

Information related to capital adequacy ratio:

	Risk Weights								
	0%	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**Total**
Amounts subject to credit risk	**29.251.835**	**7.315.757**	**19.909.664**	**32.989.097**	**68.429.271**	**3.349.618**	**6.926.484**	**827.921**	**168.999.647**
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	27.345.073	-	4.549.670	-	-	-	-	-	31.894.743
Conditional and unconditional receivables from regional or local governments	-	139	-	-	-	-	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	894	-	-	-	894
Conditional and unconditional receivables from multilateral development banks	3.211	-	-	-	-	-	-	-	3.211
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	7.311.885	4.443.778	-	465.911	-	-	-	12.221.574
Conditional and unconditional receivables from corporates	-	-	-	-	54.421.563	-	-	-	54.421.563
Conditional and unconditional retail receivables	-	-	-	32.989.097	8.608.957	-	-	-	41.598.054
Conditional and unconditional receivables secured by mortgages	-	-	10.914.915	-	-	-	-	-	10.914.915
Past due receivables	-	-	-	-	438.373	718.543	-	-	1.156.916
Receivables defined as high risk category by the Regulator	-	-	1.301	-	4.759	2.631.075	6.926.484	827.921	10.391.540
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	1.903.551	3.733	-	-	4.488.814	-	-	-	6.396.098
Credit Risk Weighted Amounts	**-**	**1.463.151**	**9.954.832**	**24.741.823**	**68.429.271**	**5.024.427**	**13.852.968**	**2.069.803**	**125.536.275**

Summary information about capital adequacy ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10.042.902	8.639.259
Capital requirement for market risk (MRCR)	197.468	134.553
Capital requirement for operational risk (ORCR)	802.350	746.900
Shareholders' equity	**22.084.113**	**19.397.778**
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	**16,00**	**16,30**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

Information about shareholders' equity items:

	Current Period	Prior Period
Core Capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Adjustment to paid-in capital	-	-
Share premium	543.881	543.881
Share repeal	-	-
Legal reserves	8.530.472	6.907.792
Adjustment to legal reserves	-	-
Profit	3.202.975	1.913.472
Net current period profit	3.202.975	1.913.472
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	190.112	229.247
Income on sale of equity shares and real estates(1)	298.614	293.705
Primary subordinated loans	-	-
Loss (in excess of Reserves) (-)	-	-
Net current period's losses	-	-
prior periods' losses	-	-
Leasehold Improvements on Operational Leases (-)	81.772	77.850
Intangible assets (-)	1.376.092	1.329.944
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total core capital	**15.655.241**	**12.827.354**

	Current Period	Prior Period
Supplementary capital		
General reserves	1.470.671	1.304.832
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	15.107	-
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary subordinated loans(2)	5.089.496	3.990.969
45% of value increase fund of financial assets available for sale and associates and subsidiaries	218.684	1.537.629
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Total supplementary capital	**6.793.958**	**6.833.430**
Capital	**22.449.199**	**19.660.784**
Deductions from the capital	**365.086**	**263.006**
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	63.027	63.027
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	162.443	-
Loans extended being noncompliant with articles 50 and 51 of the Law	3.203	3.190
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.638	6.844
Securitization positions that is deducted -preferably- from the shareholders' equity	-	-
Other	129.775	189.945
Total shareholders' equity	**22.084.113**	**19.397.778**

(1) The figure includes income on sale of equity shares and real estates for TL 302.468 and other reserves for TL (3.854)
(2) In accordance with the "Regulation Regarding Banks' Shareholders' Equity", the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

c. Approaches for assessment of adequacy of internal capital requirements for current and future activities

Internal capital adequacy assessment process (ICAAP) is carried out by continuous assessment of the risks to which the bank is or might be exposed and it is aimed to identify and maintain sufficient capital to cover these risks. Within this scope relevant policies and procedures were prepared, systems and methods were developed. The Bank documented its approaches on the process of assessing the internal capital requirements in YKB ICAAP Policy and YKB Risk Appetite Framework documents which were approved by its Board of Directors.

The target capital adequacy ratio set within the scope of this process is a significant determining factor of the Bank's risk appetite. In accordance with this approach, risk types for which economic capital is calculated were defined and necessary procedures were started to perform calculations. This assessment includes the credit risk, market risk, operational risk, financial investment risk, real estate risk, liquidity risk, reputational risk, strategic risk, counterparty credit risk, concentration risk and interest rate risk. The bank has delivered its first ICAAP report as of year-end 2012 which was approved by its Board of Directors, to BRSA in June 2013. A dedicated team responsible for all ICAAP process is established under the Risk Management Department within the bank. A team responsible for the calculation of economical capital and assessment of ICAAP is established under the Risk Management Department within the bank.

II. Explanations on credit risk:

a. Credit risk is the loss or the risk of the Bank in case counterparty cannot fulfill its obligations stated in agreements where the Bank is at a side. The Bank identifies loan limits for each customer considering statutory regulations. Internal scoring system, financial analysis reports, geographical and sectoral concentrations and credit policies, which are approved and reviewed by the Bank's Board of Directors annually, are taken into consideration for limit allocation to customers. The limits defined by the Bank's Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each dealer at Treasury department who is authorized for transactions in the market are performed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

The Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

Loans and other receivables are monitored in terms of the credit worthiness of borrowers in accordance with the relevant legislation. In addition, the account status documents for new loans is controlled, and updated where if necessary.

Different rating systems are used for Small and Medium Sized Entities (SME) and Corporate/Commercial customers during the underwriting process of the Bank. The Bank uses scorecard system for its retail and credit card customers for the underwriting and limit management processes. Scorecard system was internally developed and being validated and updated regularly. Scorecard uses information received from Credit Brue and quantitative information which already kept in Bank's database.

Credit granting authorization levels are also determined in accordance with the rating of the customer in SME segment. By using this methodology; it is aimed to establish risk based optimization of credit processes through assigning the lower rated customer to higher authority levels whereas assigning higher rated customer to lower authority levels.

Probability of default of a customer is calculated through this internally developed rating system. The rating concentration of Corporate/Commercial customers of the Parent Bank is as follows:

	Current Period	Prior Period
Above average (1-4)	%41,3	%43,7
Average (5+ -6)	%51,7	%49,4
Below average (7+ -9)	%7,0	%6,9

The Bank takes the following criteria into consideration for the accounting of impaired and past due loans:

The loan is overdue more than 90 days.

The borrower is not able to pay at least one of the loans he received from the Bank (cross default)

Having a negative intelligence and bad-record for the borrower in the market.

Deterioration of the creditworthiness of the borrower

The Bank sets aside specific and general provisions with respect to "value adjustments" procedures in accordance with the Provisioning Regulation.

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk classifications:	Current period risk amount(1)	Average risk amount
Conditional and unconditional receivables from central governments or central banks	34.895.595	33.808.706
Conditional and unconditional receivables from regional or local governments	139	142
Conditional and unconditional receivables from administrative units and non-commercial enterprises	894	986
Conditional and unconditional receivables from multilateral development banks	3.211	2.437
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.207.410	11.595.104
Conditional and unconditional receivables from corporates	55.816.741	53.093.235
Conditional and unconditional retail receivables	41.782.662	34.028.238
Conditional and unconditional receivables secured by mortgages	10.914.915	9.598.663
Past due receivables	1.156.916	1.150.865
Receivables defined as high risk category by the Regulator	10.396.109	8.513.321
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	6.396.098	7.337.561
Total	**173.570.690**	**159.129.258**

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

b. The Bank has control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with Counterparty Credit Risk management. Limits are also calculated and dynamically managed by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments within the Bank.

The Bank may use its rights, as stated in the derivative agreements based on which the Bank realizes derivative transactions, in order to eliminate the credit risks that may arise due to being exposed to severe credit risk levels arising from fluctuations in the market.

c. In line with the Provisioning Regulation, if the cash risk of a customer is classified as nonperforming, the non-cash risk is also classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up according to the regulation on provisions considering the Bank's credit risk policies. Accordingly, the financial position and commercial operations of related customers are monitored, their principal and interest payments are followed up with the restructured repayment schedule and the necessary precautions are taken.

d. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related country and the evaluation of the creditworthiness of the customers and financial institutions. No material risks have been observed in scope of these operations.

e. 1. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 20% and 26%.

2. The proportion of the Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 47% and 58%.

3. The proportion of the Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 21% and 28% of total cash loans and non-cash loans.

f. The Bank provided a general loan loss provision amounting to TL 1.470.671 (December 31, 2012 - TL 1.304.832).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

g. Risk profile according to the geographical concentration:

	Risk Classifications(1)(2)											
	1	2	3	4	5	6	7	8	9	10	11	Total
Current Period												
Domestic	34.895.595	139	894	-	5.539.312	54.297.553	41.719.190	10.911.360	1.088.666	10.395.996	4.025.828	162.874.533
EU countries	-	-	-	2.302	5.199.529	705.441	23.484	2.605	4.216	84	-	5.937.661
OECD countries (3)	-	-	-	-	251.464	21.371	835	-	24.640	-	-	298.310
Off-shore banking regions	-	-	-	-	259	-	21.055	-	-	-	-	21.314
USA, Canada	-	-	-	909	1.013.090	128.592	612	187	-	-	-	1.143.390
Other countries	-	-	-	-	203.756	663.784	17.486	763	39.394	29	-	925.212
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	2.370.270	2.370.270
Undistributed Assets / Liabilities (4)	-	-	-	-	-	-	-	-	-	-	-	-
Total	**34.895.595**	**139**	**894**	**3.211**	**12.207.410**	**55.816.741**	**41.782.662**	**10.914.915**	**1.156.916**	**10.396.109**	**6.396.098**	**173.570.690**

	Risk Classifications(1)(2)											
	1	2	3	4	5	6	7	8	9	10	11	Total
Prior Period												
Domestic	31.401.101	148	4.437	-	5.290.636	49.935.158	30.475.699	8.528.624	1.020.525	7.069.529	4.650.065	138.375.922
EU countries	-	-	-	1.335	5.265.140	545.493	4.407	18.868	1.305	-	-	5.836.548
OECD countries (3)	-	-	-	-	385.586	17.804	233	-	7.281	-	-	410.904
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	22.059
USA, Canada	-	-	-	1.431	539.413	98.138	884	140	3	-	-	640.009
Other countries	-	-	-	-	199.441	638.526	856	433	4.285	-	-	843.541
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	3.824.682	3.824.682
Undistributed Assets / Liabilities (4)	-	-	-	-	-	-	-	-	-	-	-	-
Total	**31.401.101**	**148**	**4.437**	**2.766**	**11.681.977**	**51.255.409**	**30.482.087**	**8.548.065**	**1.033.399**	**7.069.529**	**8.474.747**	**149.953.665**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.
(2) Includes credit risk amounts of total exposure before applying credit risk mitigations.
(3) OECD Countries other than EU countries, USA and Canada.
(4) Assets and liabilities are not allocated on a consistent basis

1- Conditional and unconditional receivables from central governments or central banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from banks and brokerage houses
6- Conditional and unconditional receivables from corporates
7- Conditional and unconditional retail receivables
8- Conditional and unconditional receivables secured by mortgages
9- Past due receivables
10- Receivables defined as high risk category by the Regulator
11- Other receivables

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications[1][2]													
	1	2	3	4	5	6	7	8	9	10	11	TL	FC	Total
Agricultural	-	-	-	-	-	1.544.985	939.521	237.471	23.370	94.918	-	488.240	2.352.025	2.840.265
Farming and raising livestock	-	-	-	-	-	1.469.921	793.361	207.326	19.117	90.735	-	433.822	2.146.638	2.580.460
Forestry	-	-	-	-	-	41.726	107.572	22.730	1.538	1.824	-	29.884	145.506	175.390
Fishing	-	-	-	-	-	33.338	38.588	7.415	2.715	2.359	-	24.534	59.881	84.415
Manufacturing	-	1	20	-	-	31.690.834	10.859.174	2.258.942	634.136	262.776	4.188	28.323.968	17.386.103	45.710.071
Mining	-	-	-	-	-	6.689.033	1.450.551	241.586	194.174	14.592	43	5.818.065	2.771.914	8.589.979
Production	-	1	12	-	-	18.319.562	8.881.948	1.926.269	429.542	245.274	4.145	15.849.947	13.956.806	29.806.753
Electric, gas and water	-	-	8	-	-	6.682.239	526.675	91.087	10.420	2.910	-	6.655.956	657.383	7.313.339
Construction	5	2	-	-	-	6.764.860	4.229.152	1.186.609	84.246	48.017	-	6.254.207	6.058.684	12.312.891
Services	34.895.590	60	627	909	11.327.467	13.686.443	7.101.175	1.611.997	200.652	272.174	5.164.743	42.237.465	32.024.372	74.261.837
Wholesale and retail trade	-	1	3	-	-	4.249.262	3.448.159	606.843	42.574	106.106	-	2.315.642	6.137.306	8.452.948
Hotel, food and beverage services	-	-	18	-	-	1.624.167	940.336	492.967	17.958	40.058	-	2.080.299	1.035.205	3.115.504
Transportation and telecommunication	-	-	2	-	-	3.842.383	1.063.597	169.259	41.487	52.104	-	3.592.814	1.576.018	5.168.832
Financial institutions	34.895.590	7	8	909	11.327.467	2.232.603	316.185	41.950	28.713	10.413	5.161.990	32.902.541	21.113.294	54.015.835
Real estate and renting services	-	-	-	-	-	188.078	121.004	24.807	1.119	5.636	-	166.833	173.811	340.644
Self-employement services	-	-	-	-	-	306.753	341.765	61.117	45.890	20.036	95	210.317	565.339	775.656
Education services	-	-	416	-	-	38.414	133.528	22.249	1.543	3.601	-	13.954	185.797	199.751
Health and social services	-	52	180	-	-	1.204.783	736.601	192.805	21.368	34.220	2.658	955.065	1.237.602	2.192.667
Other	-	76	247	2.302	879.943	2.129.619	18.653.640	5.619.896	214.512	9.718.224	1.227.167	1.220.519	37.225.107	38.445.626
Total	**34.895.595**	**139**	**894**	**3.211**	**12.207.410**	**55.816.741**	**41.782.662**	**10.914.915**	**1.156.916**	**10.396.109**	**6.396.098**	**78.524.399**	**95.046.291**	**173.570.690**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.
(2) Includes credit risk amounts of total exposure before applying credit risk mitigations.

1- Conditional and unconditional receivables from central governments or central banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from banks and brokerage houses
6- Conditional and unconditional receivables from corporates
7- Conditional and unconditional retail receivables
8- Conditional and unconditional receivables secured by mortgages
9- Past due receivables
10- Receivables defined as high risk category by the Regulator
11- Other receivables

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

h. Risk profile according to remaining maturities:

Risk classifications[1]	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Total
Conditional and unconditional receivables from central governments or central banks	17.331.156	1.604.475	17.847	813.313	15.102.983	34.869.774
Conditional and unconditional receivables from regional or local governments	-	-	139	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	314	-	501	-	79	894
Conditional and unconditional receivables from multilateral development banks	725	204	1.044	1.238	-	3.211
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4.127.342	1.261.528	1.537.176	361.529	2.934.507	10.222.082
Conditional and unconditional receivables from corporates	4.771.251	3.722.933	8.689.334	6.899.406	31.733.815	55.816.739
Conditional and unconditional retail receivables	1.001.516	3.111.220	12.070.658	3.690.198	21.909.070	41.782.662
Conditional and unconditional receivables secured by mortgages	172.658	347.333	669.750	569.340	9.155.834	10.914.915
Past due receivables	15.158	7.394	20.763	22.309	193.508	259.132
Receivables defined as high risk category by the Regulator	226	646	18.292	1.988.424	8.388.521	10.396.109
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
General Total	**27.420.346**	**10.055.733**	**23.025.504**	**14.345.757**	**89.418.317**	**164.265.657**

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

ı. An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for the exposures to central governments/central banks and for asset classes for which the counterparty resides in foreign countries.

Exposures to central governments and central banks which are not rated by Fitch Ratings are included in the calculation of capital adequacy as unrated. Receivables from residents in Turkey are classified as unrated. Risk weights of accounts which are not included in the trading accounts are classified by issuer's credit rating.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

		Risk Classifications				
				Claims on banks and intermediary institutions		
Credit Quality Grade	**Fitch Ratings**	Claims on sovereigns and Central Banks	Claims on administrative bodies and other non-commercial undertakings	Remaining maturity of claims under 3 months	Remaining maturity of claims over 3 months	Claims on corporates
1	**AAA**	0%	20%	20%	20%	20%
	AA+					
	AA					
	AA-					
2	**A+**	20%	50%	20%	50%	50%
	A					
	A-					
3	**BBB+**	50%	100%	20%	50%	100%
	BBB					
	BBB-					
4	**BB+**	100%	100%	50%	100%	100%
	BB					
	BB-					
5	**B+**	100%	100%	50%	100%	150%
	B					
	B-					
6	**CCC+**	150%	150%	150%	150%	150%
	CCC					
	CCC-					
	CC					
	C					
	D					

i. Risk balances according to risk weights:

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are presented below:

	Risk Weights	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**	**200%**	**250%**	**Total**	**Deductions from the shareholders' equity**
1	Total exposure before credit risk mitigation	29.222.088	7.387.974	22.853.922	33.173.704	69.824.470	3.352.383	6.928.228	827.921	173.570.690	365.086
2	Total exposure after credit risk mitigation	29.251.835	7.315.757	19.909.664	32.989.097	68.429.271	3.349.618	6.926.484	827.921	168.999.647	365.086

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

j. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of 31 December 2013.
For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of 31 December 2013.

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
Agricultural	**102.476**	**139.800**	**11.548**	**66.784**
Farming and raising livestock	92.815	126.252	10.145	60.788
Forestry	5.843	3.852	543	3.885
Fishing	3.818	9.696	860	2.111
Manufacturing	**1.263.465**	**495.556**	**227.182**	**838.640**
Mining	54.970	11.170	13.271	35.803
Production	1.199.929	472.184	213.287	796.943
Electric, gas and water	8.566	12.202	624	5.894
Construction	**293.417**	**267.002**	**48.963**	**160.120**
Services	**577.958**	**497.502**	**49.073**	**402.336**
Wholesale and retail trade	269.479	181.593	26.866	176.471
Hotel, food and beverage services	48.725	79.761	3.720	28.486
Transportation and telecommunication	125.677	162.080	10.518	100.490
Financial institutions	8.439	11.468	516	5.477
Real estate and renting services	67.728	13.395	1.385	54.206
Self-employment services	-	-	-	-
Education services	5.247	6.005	331	3.340
Health and social services	52.663	43.200	5.737	33.866
Other	**1.654.400**	**1.214.962**	**47.492**	**1.016.026**
Total	**3.891.716**	**2.614.822**	**384.258**	**2.483.906**

k. Information about value adjustments and changes in the loan impairment:

The Bank provides specific provisions for loans which are overdue for 90 days or more by taking into account the collaterals received from customers in accordance with the Provisioning Regulation.

The Bank provides general loan loss provision for loans classified as first and second group loan portfolio. This provision is calculated in accordance with the Provisioning Regulation.

		Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments(1)	Close out balance
1	Specific provisions	1.551.101	1.097.268	(35.781)	(202.472)	2.410.116
2	General provisions	1.304.832	224.817	(58.978)	-	1.470.671

(1) Figure represents write-off's and also includes NPL sales amounts.

III. Explanations on market risk:

Risk management activities of the Bank are carried out under the responsibility of the Bank's Board of Directors in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In order to comply with the regulations, the Bank set its activities related with market risk management in accordance 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 the Official Gazette no. 28337 dated June 28, 2012.

Market risk policies, which are approved by the Bank's Board of Directors and updated annually, if needed, include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and to the Bank's Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications.

The table below shows details of the market risk as of December 31, 2013 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

(1) Explanations on market risk:

a. Information on market risk:

		Current Period	Prior Period
(I)	Capital requirement against general market risk - standard method	63.954	24.099
(II)	Capital requirement against specific risks - standard method	39.031	22.162
	Capital requirement against specific risks of securitization positions– standard method	-	-
(III)	Capital requirement against currency exchange risk - standard method	5.846	65.876
(IV)	Capital requirement against commodity risks - standard method	667	3.024
(V)	Capital requirement against exchange risks - standard method	-	-
(VI)	Capital requirement against market risks of options - standard method	6.308	1.277
(VII)	Capital requirement against counterparty credit risks - standard method	81.662	18.115
(VIII)	Capital requirement against market risks of banks applying risk measurement model	-	-
(IX)	Total capital requirement against market risk (I+II+III+IV+V+VI+VII+VIII)	197.468	134.553
(IX)	**Value-at-market risk (12,5 x VIII) or (12,5 x IX)**	**2.468.350**	**1.681.913**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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Notes to unconsolidated financial statements as of December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

b. Average market risk table of calculated market risk at month ends:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	41.773	66.591	20.031	23.999	32.018	15.752
Share price risk	29.304	64.030	7.739	15.709	18.512	9.458
Currency risk	29.591	58.224	5.150	49.482	65.876	36.687
Commodity risk	1.579	3.363	638	2.074	3.024	637
Settlement risk	-	-	-	-	-	-
Option risk	1.317	6.308	318	836	1.391	226
Counterparty credit risk	40.738	81.662	15.352	27.817	37.654	18.115
Total amount subject to risk	**144.302**	**280.178**	**49.228**	**119.917**	**158.475**	**80.875**

(2) Quantitative information on counterparty risk:

The "counterparty credit risk" is calculated for repurchase transactions and derivative transactions. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amount. The total of volatility, currency, credit quality levels and holding periods for marketable securities subject to repurchase and funding through repurchases are considered during the calculation of risk amount for repurchase transactions.

In counterparty credit risk calculations, credit limits are set by internal methods and fair value methodology is used for capital allocation calculations.

The Bank uses the same policy and procedures applicable to credit collateral and provisioning for counterparty credit risk.

In accordance with the counterparty risk policies the Bank does not have the risk of the opposite tendency.

Risk and collateral amounts are calculated daily. Changes applicable to market values are also revised using daily actuals.

Fair value methodology is used for capital adequacy calculations without using any coefficient.

Total counterparty credit risk from trading activities is TL 1.020.775 for the year ended December 31, 2013.

	Current Period (1)	Prior Period
Interest rate contracts	182.300	52.801
Foreign exchange rate contracts	2.987.699	487.013
Commodity contracts	3.708	-
Equity shares related contracts	52.938	6.768
Other	2.080	-
Gross Positive Fair Value	981.279	261.452
Netting benefits	-	-
Net current exposure amount	-	-
Collateral received	-	-
Net derivative position	981.279	261.452

(1) Includes only the counterparty risks arising from trading book.

(3) Explanations on calculation of capital requirements through a risk measurement model which is permitted to be used by the authorities;

Market risk is measured for trading portfolio and standard method and value at risk method are used.

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2012, 2011 and 2010 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated June 28, 2012, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2013, the total amount subject to operational risk is TL 10.029.381 (December 31, 2012 - TL 9.336.245) and the amount of the related capital requirement is TL 802.350 (December 31, 2012 - TL 746.900).

	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	4.753.333	4.961.755	6.331.921	5.349.003	15	802.350
Amount subject to operational risk (Total*12,5)						10.029.381

V. Explanations on currency risk:

The difference between the Bank's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Cross currency risk is also taken into consideration for the currency risk calculations and measurements.

The Bank keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition, although the internal exchange position limit is lower when compared to the related legal limit, there has not been any limit exceeding during the period. As an instrument of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied. Value at risk method is used for the measurement of foreign exchange risk.

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note XIII.

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Notes to unconsolidated financial statements as of December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five work days prior to that date are as follows:

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	**TL 2,13430**	**TL 2,93650**
First day current bid rate	TL 2,16040	TL 2,98440
Second day current bid rate	TL 2,09570	TL 2,86930
Third day current bid rate	TL 2,07100	TL 2,83530
Fourth day current bid rate	TL 2,08120	TL 2,84660
Fifth day current bid rate	TL 2,08770	TL 2,85730
Arithmetic average of the last 31 days:	**TL 2,13161**	**TL 2,91969**
Balance sheet evaluation rate as of prior period:	**TL 1,73800**	**TL 2,29290**

	EUR	USD	OTHER FC[4]	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.553.863	7.917.722	2.975.125	17.446.710
Banks	757.383	1.406.064	331.827	2.495.274
Financial assets at fair value through profit or loss	18.298	110.872	838	130.008
Money market placements	48.453	-	-	48.453
Available-for-sale financial assets	375.958	3.472.204	8.779	3.856.941
Loans [1]	11.154.838	23.312.416	523.504	34.990.758
Investments in associates, subsidiaries and joint ventures	356.964	183.013	43.404	583.381
Held-to-maturity investments	150.864	2.776.160	-	2.927.024
Hedging derivative financial assets	-	4.808	-	4.808
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets[2]	119.336	268.991	158.320	546.647
Total assets	**19.535.957**	**39.452.250**	**4.041.797**	**63.030.004**
Liabilities				
Bank deposits	105.398	199.020	7.918	312.336
Foreign currency deposits	15.759.867	24.227.118	1.705.037	41.692.022
Funds from money market	-	3.143.784	-	3.143.784
Funds borrowed from other financial institutions	7.312.492	7.961.379	66.546	15.340.417
Marketable securities issued	138.260	4.031.068	17.655	4.186.983
Miscellaneous payables	1.071.678	317.445	9.978	1.399.101
Hedging derivative financial liabilities	85.582	270.240	-	355.822
Other liabilities[3]	2.322.158	5.015.803	2.947	7.340.908
Total liabilities	**26.795.435**	**45.165.857**	**1.810.081**	**73.771.373**
Net on-balance sheet position[5]	**(7.259.478)**	**(5.713.607)**	**2.231.716**	**(10.741.369)**
Net off-balance sheet position	**7.265.312**	**5.815.756**	**(2.219.669)**	**10.861.399**
Financial derivative assets	10.449.480	19.606.587	1.588.241	31.644.308
Financial derivative liabilities	3.184.168	13.790.831	3.807.910	20.782.909
Net Position	**5.834**	**102.149**	**12.047**	**120.030**
Non-cash loans	**9.355.736**	**13.550.480**	**1.787.261**	**24.693.477**
Prior Period				
Total assets	11.281.116	33.390.424	2.729.917	47.401.457
Total liabilities	17.242.025	30.721.507	1.826.781	49.790.313
Net on-balance sheet position	**(5.960.909)**	**2.668.917**	**903.136**	**(2.388.856)**
Net off-balance sheet position	**5.895.947**	**(1.553.974)**	**(1.111.471)**	**3.230.502**
Financial derivative assets	7.533.536	7.960.682	414.402	15.908.620
Financial derivative liabilities	1.637.589	9.514.656	1.525.873	12.678.118
Net Position	**(64.962)**	**1.114.943**	**(208.335)**	**841.646**
Non-cash loans	**6.592.226**	**10.094.529**	**299.921**	**16.986.676**

(1) Includes FX indexed loans amounting to TL 4.714.007 (December 31, 2012 – TL 3.221.773) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 54.872 (December 31, 2012 - TL 33.840).
(3) Does not include foreign currency denominated general provisions for foreign currencies, hedged funds and marketable securities valuation differences under equity.
(4) Other FC column also includes gold balance.
(5) Forward transactions classified as commitments are also included.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

Currency risk sensitivity analysis:

The table below represents the sensitivity of the Bank to 15% change of currency exchange rates (USD and EUR).

15% change is the assumption of parity change that may be faced according to the Bank's stress test scenarios.

Change in currency exchange rates	Current Period Profit/loss effect [1]	Prior Period Profit/loss effect [1]
(+) 15%	(67.460)	(27.818)
(-) 15%	67.460	27.818

(1) Excluding tax effect.

VI. Explanations on interest rate risk:

The monitoring of interest rate sensitive assets and liabilities, including sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements, is performed by the risk management department for all interest sensitive instruments over carrying values. The results are presented monthly to the Asset and Liability Management function of the Executive Committee. By using sensitivity and scenario analyses, the possible effects by interest rate volatility are analyzed. In these analyses possible losses are calculated for the change in fair value of interest sensitive products by applying shock tests to interest rates.

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits.

The bank utilizes TL/foreign currency and TL/TL interest rate swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the TL balance sheet. Furthermore, in order to reduce the repricing mismatch in the foreign currency balance sheet, foreign currency/foreign currency interest rate swaps are utilized.

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	18.777.182	18.777.182
Banks	1.269.494	191.460	29.610	217.731	-	1.293.351	3.001.646
Financial assets at fair value through profit/loss	681.151	284.116	605.569	78.496	15.910	-	1.665.242
Money market placements	2.899.828	-	-	-	-	-	2.899.828
Available-for-sale financial assets	1.478.922	1.800.046	3.015.914	3.363.521	3.360.951	92.507	13.111.861
Loans	21.368.120	23.436.173	26.995.043	17.436.018	5.655.889	1.147.487	96.038.730
Held-to-maturity investments	419.645	1.849.971	1.257.268	-	2.927.024	-	6.453.908
Other assets	51.591	128.772	287.264	-	-	6.465.288	6.932.915
Total assets	**28.168.751**	**27.690.538**	**32.190.668**	**21.095.766**	**11.959.774**	**27.775.815**	**148.881.312**
Liabilities							
Bank deposits	462.603	481.035	52.751	65	-	682.780	1.679.234
Other deposits	52.730.425	13.562.753	5.304.371	10.804	-	13.020.040	84.628.393
Funds from money market	895.883	1.536.041	673.882	287.140	-	-	3.392.946
Miscellaneous payables	-	-	-	-	-	6.856.339	6.856.339
Marketable securities issued	42.903	727.277	1.896.948	2.127.754	1.051.878	-	5.846.760
Funds borrowed from other financial institutions	3.200.701	7.024.279	3.747.923	1.925.741	529.264	-	16.427.908
Other liabilities and shareholders' equity	196.228	4.215.956	3.262.485	34.027	3.001	22.338.035	30.049.732
Total liabilities	**57.528.743**	**27.547.341**	**14.938.360**	**4.385.531**	**1.584.143**	**42.897.194**	**148.881.312**
Balance sheet long position	**-**	**143.197**	**17.252.308**	**16.710.235**	**10.375.631**	**-**	**44.481.371**
Balance sheet short position	**(29.359.992)**	**-**	**-**	**-**	**-**	**(15.121.379)**	**(44.481.371)**
Off-balance sheet long position	5.408.564	10.396.614	404.906	-	-	-	16.210.084
Off-balance sheet short position	-	-	-	(14.322.488)	(1.247.341)	-	(15.569.829)
Total position	**(23.951.428)**	**10.539.811**	**17.657.214**	**2.387.747**	**9.128.290**	**(15.121.379)**	**640.255**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	11.076.562	11.076.562
Banks	755.441	193.448	4.043	177.291	-	1.590.730	2.720.953
Financial assets at fair value through profit/loss	129.691	104.992	185.673	122.150	297.895	-	840.401
Money market placements	2.620.972	109.080	-	-	-	-	2.730.052
Available-for-sale financial assets	1.615.316	1.523.937	2.296.245	2.968.458	6.452.196	5.311	14.861.463
Loans	17.264.421	18.436.046	19.056.320	14.662.021	4.446.618	1.903.890	75.769.316
Held-to-maturity investments	17.390	1.585.559	1.438.080	245.732	2.399.687	-	5.686.448
Other assets	10.930	36.115	47.121	-	-	8.400.846	8.495.012
Total assets	**22.414.161**	**21.989.177**	**23.027.482**	**18.175.652**	**13.596.396**	**22.977.339**	**122.180.207**
Liabilities							
Bank deposits	69.851	214.492	97.352	258	-	313.856	695.809
Other deposits	41.942.540	12.628.554	1.997.437	33.251	-	10.746.349	67.348.131
Funds from money market	3.222.368	1.507.714	-	-	-	-	4.730.082
Miscellaneous payables	-	-	-	-	-	5.377.517	5.377.517
Marketable securities issued	170.578	34.135	1.236.302	885.366	-	-	2.326.381
Funds borrowed from other financial institutions	420.171	4.902.762	5.103.676	1.376.644	617.198	-	12.420.451
Other liabilities and shareholders' equity	288.180	2.761.163	1.635.699	41.771	1.752.157	22.802.866	29.281.836
Total liabilities	**46.113.688**	**22.048.820**	**10.070.466**	**2.337.290**	**2.369.355**	**39.240.588**	**122.180.207**
Balance sheet long position	**-**	**-**	**12.957.016**	**15.838.362**	**11.227.041**	**-**	**40.022.419**
Balance sheet short position	**(23.699.527)**	**(59.643)**	**-**	**-**	**-**	**(16.263.249)**	**(40.022.419)**
Off-balance sheet long position	4.790.872	13.601.622	-	-	-	-	18.392.494
Off-balance sheet short position	-	-	(1.508.907)	(16.133.414)	(1.356.983)	-	(18.999.304)
Total position	**(18.908.655)**	**13.541.979**	**11.448.109**	**(295.052)**	**9.870.058**	**(16.263.249)**	**(606.810)**

b. Average interest rates for monetary financial instruments:

The following average interest rates are calculated by weighting the rates with their principal amounts outstanding as of the balance sheet date.

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets[1]				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,39	0,86	-	8,15
Financial assets at fair value through profit/loss	2,34	4,59	-	9,07
Money market placements	0,50	-	-	8,56
Available-for-sale financial assets	5,41	6,75	-	9,39
Loans	4,93	4,91	4,93	12,37
Held-to-maturity investments	5,20	5,51	-	8,94
Liabilities[1]				
Bank deposits	-	0,75	-	8,02
Other deposits	2,73	2,83	2,72	9,05
Funds from money market	-	0,89	-	4,63
Miscellaneous payables	-	-	-	-
Marketable securities issued	1,50	4,55	-	8,13
Funds borrowed from other financial institutions	2,07	3,52	2,99	8,79

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Notes to unconsolidated financial statements as of December 31, 2013 (continued)

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Information related to financial position of the Bank (continued)

Prior Period	EURO	USD	Yen	TL
	%	%	%	%
Assets(1)				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,30	1,41	-	6,11
Financial assets at fair value through profit/loss	2,57	4,03	-	7,10
Money market placements	-	0,60	-	6,26
Available-for-sale financial assets	5,41	7,05	-	9,19
Loans	5,44	5,18	4,40	12,52
Held-to-maturity investments	5,48	5,51	-	8,98
Liabilities(1)				
Bank deposits	0,36	-	-	6,23
Other deposits	3,00	2,92	0,30	8,34
Funds from money market	0,71	1,37	-	5,63
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,36	3,92	2,46	10,67

(1) Does not include demand/non-interest transactions.

c. Interest rate risk arising from banking accounts:

The sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements is performed for all interest earning assets and interest bearing liabilities.

Interest rate risk resulting from banking books comprise of repricing risk, yield curve risk, and basis risk.

Interest rate risk arising from banking book is measured in accordance with "The regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts", published in the Official Gazette No. 28034 dated August 23, 2011 and legal limit of this measurement is monitored and reported monthly. Proportional amount of capital is provided in line with the same level of Interest rate risk arising from banking accounts.

Interest rate risk is measured and monitored monthly by market risk management. Duration analysis, gap analysis, basis points value analysis, scenario analysis and simulation of net interest income are performed and reported monthly to Asset Liability Management function of the Executive Committee. Interest sensitivity is measured most appropriately using the duration distribution map for every type of product. Investment decisions are done by taking into account the interest rate measurements. The maturity and interest risk for products with uncertain maturities is effectively measured using the behavioral analysis.

Economic value differences resulting from interest rate fluctuations as of December 31, 2013 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

Currency	Applied shock (+/- x basis points)*	Gains/Losses	Gains/SE-Losses/SE
TRY	(+)500 bp	(1.811.334)	%(8,14)
TRY	(-)400 bp	1.766.615	%7,94
EUR	(+)200 bp	(76.652)	%(0,34)
EUR	(-)200 bp	90.661	%0,41
USD	(+)200 bp	196.480	%0,88
USD	(-)200 bp	(142.278)	%(0,64)
Total (For negative shocks)		**1.714.998**	**%7,77**
Total (For positive shocks)		**(1.691.507)**	**% (7,66)**

VII. Explanation on share certificates position risk from banking book:

a) Consolidated subsidiaries of the Bank are carried at fair value in the accompanying financial statements. Valuation differences at the end of the period are presented in marketable securities valuation differences account in shareholder's equity.

b) Comparison of carrying value of equity investments at fair value with the market value;

There is no equity instruments which are traded in organized markets, as of 31, December 2013.

c) Information on realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Below figures represent valuation differences, after tax, arising from fair value accounting of subsidiaries which are presented in the line item "marketable securities valuation differences" under equity and accumulated differences in the valuation of assets held for sale.

		Revaluation Surpluses		Unrealized gains and losses		
Portfolio	Realized gains (losses) in the current period	Total	Amount under supplementary capital	Total	Amount under core capital	Amount under supplementary capital
1. Equity Shares Investments	1.247.195	584.627	263.082	-	-	-
2. Quoted Equity Shares	-	-	-	-	-	-
3. Other Equity Shares	-	-	-	-	-	-
Total	**1.247.195**	**584.627**	**263.082**	**-**	**-**	**-**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

VIII. Explanations on liquidity risk:

Liquidity risk covers the inability to fund increases in assets or to meet liabilities when they are due and other risks arising from transactions undertaken in illiquid markets. These risks contain maturity mismatch risk, emergency risk and market liquidity risk.

The main objective of the Bank's overall liquidity management is to ensure the continuity of the Bank's payment obligations and sustain the level of payments availability in crisis time without risking the value and the brand name of the Bank. For this reason, two different models are defined: the current situation liquidity management and emergency situation liquidity management.

The current situation liquidity risk is monitored by the reports of short and long term liquidity. Short-term liquidity position is monitored on a daily basis including the legal Liquidity Adequacy Reports as to whether the position is within legal limits. Long-term liquidity position aims to ensure the financial stability of the balance sheet and is monitored on a monthly basis. On a monthly basis, the Asset and Liability Management function within the scope of the meetings of the Executive Board evaluates the Bank's liquidity position and actions are taken when necessary.

In cases when the future financial events require more liquidity than the Bank's daily liquidity needs, the Bank carries out its activities accordance with the "Emergency Situation Liquidity Plan" where duties and responsibilities are defined in detail. Liquidity stress test scenarios are used to measure the Bank's resistance to unexpected situations.

The Bank issues bonds and obtains long-term bank loans to overcome the current short-term funding of the banking sector.

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2013 and 2012 are disclosed below.

	First-term period (Weekly)		Second-term period (Monthly)	
Current Period	**FC**	**Total**	**FC**	**Total**
Average %	178,20	151,90	123,96	111,46
Highest %	236,28	173,32	163,48	124,31
Lowest %	128,64	133,90	102,19	101,56

	First-term period (Weekly)		Second-term period (Monthly)	
Prior Period	**FC**	**Total**	**FC**	**Total**
Average %	133,42	150,92	101,86	110,66
Highest %	164,51	173,79	124,58	120,79
Lowest %	110,12	133,42	87,53	104,79

Breakdown of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.816.098	14.961.084	-	-	-	-	-	18.777.182
Banks	1.293.351	1.269.494	191.460	29.610	217.731	-	-	3.001.646
Financial assets at fair value through profit or loss	-	576.651	226.076	506.801	280.901	74.813	-	1.665.242
Money market placements	-	2.899.828	-	-	-	-	-	2.899.828
Available-for-sale financial assets	86.518	606.768	48.677	516.006	4.942.711	6.905.192	5.989	13.111.861
Loans	-	14.754.134	10.974.650	21.055.123	28.120.153	19.987.183	1.147.487	96.038.730
Held-to-maturity investments	-	-	1.577.226	663.474	1.013.439	3.199.769	-	6.453.908
Other assets (1)	942.038	754.471	-	96.627	298.258	72.745	4.768.776	6.932.915
Total assets	**6.138.005**	**35.822.430**	**13.018.089**	**22.867.641**	**34.873.193**	**30.239.702**	**5.922.252**	**148.881.312**
Liabilities								
Bank deposits	682.782	462.601	481.035	52.751	65	-	-	1.679.234
Other deposits	13.020.038	52.579.405	13.566.373	5.304.513	158.064	-	-	84.628.393
Funds borrowed from other financial institutions	-	237.837	619.265	9.358.724	4.548.021	1.664.061	-	16.427.908
Funds from money market	-	895.883	1.536.041	673.882	287.140	-	-	3.392.946
Marketable securities issued	-	42.903	696.111	1.434.256	2.621.612	1.051.878	-	5.846.760
Miscellaneous payables	1.387.291	5.469.048	-	-	-	-	-	6.856.339
Other liabilities (2)	259.350	359.186	329.585	886.297	3.711.343	4.909.327	19.594.644	30.049.732
Total liabilities	**15.349.461**	**60.046.863**	**17.228.410**	**17.710.423**	**11.326.245**	**7.625.266**	**19.594.644**	**148.881.312**
Net liquidity gap	**(9.211.456)**	**(24.224.433)**	**(4.210.321)**	**5.157.218**	**23.546.948**	**22.614.436**	**(13.672.392)**	**-**
Prior Period								
Total assets	6.030.719	27.048.810	8.662.255	18.946.861	29.312.329	24.944.257	7.234.976	122.180.207
Total liabilities	11.975.313	50.569.935	15.045.260	10.630.512	9.386.631	4.456.827	20.115.729	122.180.207
Net liquidity gap	**(5.944.594)**	**(23.521.125)**	**(6.383.005)**	**8.316.349**	**19.925.698**	**20.487.430**	**(12.880.753)**	**-**

(1) Assets that are necessary for continuance of banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments in associates, subsidiaries, assets held for sale, stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.

(2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period(1)	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	67.034.202	14.244.426	5.546.669	176.563	-	87.001.860
Funds borrowed from other financial institutions	247.608	668.011	9.579.216	4.548.021	1.664.061	16.706.917
Funds from money market	898.606	1.544.836	678.563	298.811	-	3.420.816
Subordinated loans	-	75.410	287.226	3.277.800	5.465.517	9.105.953
Marketable securities issued	64.493	732.402	1.553.624	3.201.510	1.115.907	6.667.936
Total	**68.244.909**	**17.265.085**	**17.645.298**	**11.502.705**	**8.245.485**	**122.903.482**

(1) Maturities of non-cash loans are described in Note 3(iv) of Section V.

Prior Period(1)	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	53.078.322	13.053.568	2.195.961	283.356	-	68.611.207
Funds borrowed from other financial institutions	318.270	601.393	7.293.881	3.744.368	1.294.712	13.252.624
Funds from money market	3.234.257	1.511.106	-	-	-	4.745.363
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	118.057	887.746	1.468.552	24.734	2.669.667
Total	**56.801.427**	**15.326.362**	**10.638.257**	**9.016.964**	**4.937.687**	**96.720.697**

(1) Maturities of non-cash loans are described in Note 3(iv) of Section V.

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

The Bank does not use on-balance and off-balance sheet netting for the calculation of credit risk mitigation factors.

The Bank applies credit risk mitigation according to the comprehensive method in compliance with the article 34 of the "Regulation on Credit Risk Mitigation Techniques". Only cash and cash equivalent collaterals are taken into account for the purpose of credit risk migration.

Credit derivatives are not taken into consideration for credit risk mitigation techniques.

Cash and cash equivalent collaterals considered for the mitigating the credit risk, are taken into account at their nominal values. Standard margin is applied where currencies of exposure and the collateral are different.

Mortgage collaterals considered for mitigating the credit risk, are taken into account with the expertise value (which are also reviewed by the expert group of the Bank) determined by CMB licensed appraisal companies' experts. Based on these values of the collaterals, total amount of credit risk is determined in accordance with the maximum Loan-to-Value ratio set by BRSA. For the guarantees that are taken to mitigate the credit risk, credit worthiness of the guarantor is measured.

The Bank carries out its activities in accordance with the BRSA Communiqué for the valuation of the loans granted for financing of a real estate.

Cheques and notes in connection with a real business transaction are taken into consideration to mitigate the credit risk.

In order to use bank guarantee as collateral for a credit risk, it is required to have a counterparty limit on behalf of the guarantor bank and not to have mismatch of the maturity and the amount of the guarantee and the credit risk.

In the process of credit allocation, cash blockage guarantees, pledges, mortgages, guarantees and warranties are considered as risk-reducing collaterals.

The Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international and local regulations and internal policies. With regards to the limitation of risks, also internal limits are employed besides regulatory limits. Possible changes that may occur in the economic environment are taken into account for determining these limits.

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Information related to financial position of the Bank (continued)

Information about guarantees according to risk classifications:

Current Period	Amount[1]	Financial guarantees [2]	Other / Physical guarantees[2]	Guarantees and credit derivatives[2]
Conditional and unconditional receivables from central governments or central banks	35.578.233	3.134.436	-	-
Conditional and unconditional receivables from regional or local governments	715	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.037	-	-	-
Conditional and unconditional receivables from multilateral development banks	170.744	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	31.943.184	79.654	-	-
Conditional and unconditional receivables from corporates	163.950.957	2.464.905	-	77.605
Conditional and unconditional retail receivables	123.818.652	220.319	-	23.057
Conditional and unconditional receivables secured by mortgages	11.175.245	-	-	-
Past due receivables	1.156.916	-	-	-
Receivables defined in high risk category by the Regulator	10.467.959	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses	-	-	-	-
and corporates	-	-	-	-
Other Receivables	6.396.098	-	-	-
Total	**384.671.740**	**5.899.314**	**-**	**100.662**

(1) Figures represent the total amount of credit risks prior to the risk mitigating calculations as per the "Regulation on Credit Risk Mitigation Techniques".
(2) Figures represent the total amount of collaterals which are taken into consideration for the risk mitigating calculations. Other risk reducing items are not included in this table such as; mortgages, pledges, guarantees and warranties.

XI. Strategies and policies of the risk management system:

Risk management strategy of the Bank includes measurement and monitoring of the risks with the methods that are defined in accordance with the international standards and local regulations. Also it includes having a sustainable growth in the framework of optimized capital use in accordance with the principle of keeping a balanced risk and return approach.

Risk Management Department including the sub-departments of "Credit Risk Control and Operational Risk Management", "Market Risk Management" and "Credit Risk Management", reports to the Board of Directors through the Audit Committee.

Credit risk rating models are mainly used to measure and monitor the credit risk. The rating model is used in day to day activities of the Bank such as, for the evaluation of new credit applications, determination of credit approval authority levels and monitoring the performance of the existing customer portfolio. Performance of the rating model is monitored by a validation team on a regular basis.

Reports related to the loan portfolio of the Bank are distributed to the relevant departments within the Bank, on a regular basis. Expected loss calculations for the Bank's loan portfolio are performed and used for determining the objectives and policies of the Bank.

Market Risk Analysis unit is responsible for measuring, monitoring and distributing the results of the market risk to the relevant departments within the Bank, as well as reviewing the valuation calculations of financial instruments, which are subject to market risk, in accordance with accounting standards.

The Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international regulations, local regulations and internal policies. In addition to the regulatory limits, there are also internal limits set to measure and monitor the risk. Possible changes that may occur in the economic environment are taken into account for determining these limits.

XII. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarizes the carrying values and fair values of some financial assets and liabilities of the Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	**121.505.973**	**101.768.232**	**122.626.280**	**103.234.734**
Due from money market	2.899.828	2.730.052	2.899.828	2.730.052
Banks	3.001.646	2.720.953	3.001.990	2.721.827
Available-for-sale financial assets	13.111.861	14.861.463	13.111.861	14.861.463
Held-to-maturity investments	6.453.908	5.686.448	6.456.637	6.046.615
Loans	96.038.730	75.769.316	97.155.964	76.874.777
Financial liabilities	**121.919.615**	**93.363.931**	**122.090.695**	**94.496.823**
Bank deposits	1.679.234	695.809	1.679.072	695.941
Other deposits	84.628.393	67.348.131	84.699.905	67.425.419
Funds borrowed from other financial institutions	16.427.908	12.420.451	16.418.559	12.474.469
Subordinated loans	6.480.981	5.195.642	6.556.485	6.166.951
Marketable securities issued	5.846.760	2.326.381	5.880.335	2.356.526
Miscellaneous payables	6.856.339	5.377.517	6.856.339	5.377.517

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

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Information related to financial position of the Bank (continued)

TFRS 7, "Financial Instruments: Disclosures", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Bank's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**35.519**	**1.629.723**	**-**	**1.665.242**
Government debt securities	35.519	-	-	35.519
Share certificates	-	-	-	-
Trading derivative financial assets	-	1.628.528	-	1.628.528
Other marketable securities	-	1.195	-	1.195
Available-for-sale financial assets	**11.323.623**	**1.782.249**	**-**	**13.105.872**
Government debt securities	11.237.105	-	-	11.237.105
Other marketable securities(1)	86.518	1.782.249	-	1.868.767
Subsidiaries(2)	**-**	**-**	**2.363.467**	**2.363.467**
Hedging derivative financial assets	**-**	**467.627**	**-**	**467.627**
Total assets	**11.359.142**	**3.879.599**	**2.363.467**	**17.602.208**
Trading derivative financial liabilities	-	843.556	-	843.556
Hedging derivative financial liabilities	-	386.395	-	386.395
Total liabilities	**-**	**1.229.951**	**-**	**1.229.951**

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**452.293**	**388.108**	**-**	**840.401**
Government debt securities	452.293	-	-	452.293
Share certificates	-	-	-	-
Trading derivative financial assets	-	380.227	-	380.227
Other marketable securities	-	7.881	-	7.881
Available-for-sale financial assets	**13.220.253**	**1.635.899**	**-**	**14.861.463**
Government debt securities	13.139.313	-	-	13.139.313
Other marketable securities(1)	80.940	1.635.899	-	1.722.150
Subsidiaries(2)	**1.231.950**	**-**	**2.585.929**	**3.817.879**
Hedging derivative financial assets	**-**	**94.166**	**-**	**94.166**
Total assets	**14.904.496**	**2.118.173**	**2.585.929**	**19.613.909**
Trading derivative financial liabilities	-	371.254	-	371.254
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	**-**	**1.275.941**	**-**	**1.275.941**

(1) Non-listed share certificates amounting of TL 5.989 are accounted in accordance with TAS 39, at acquisition costs, are not included. (December 31, 2012 – TL 5.311)

(2) The Bank has sold its 7.548.164.112 shares in YKS, disclosed in Level 1, with a notional amount of full TL 75.481.641,12 representing 74,01% of its shares for full TL 1.410.079.178 to Allianz SE. ("Allianz").

Information on movement of subsidiaries indicated on Level 3 column:

	Current Period	Prior Period
Opening Balance	**2.585.929**	**2.616.319**
Movements during the period	**(222.462)**	**(30.390)**
Purchases	156	22.236
Free shares obtained profit from current year's share	15.107	19.463
Sales	-	-
Transfers(1)	39.558	-
Revaluation recognized in equity (decrease) / increase	(277.283)	(72.089)
Balance at the end of the period	**2.363.467**	**2.585.929**

(1) Since Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş is delisted from İstanbul Stock Exchange, it is transferred to level 3, from level 1.

Subsidiaries of the Bank are measured at fair value. Total carrying value of subsidiaries is determined through an organized markets. There is no subsidiaries which are traded in organized markets as of December 31, 2013 (December 31, 2012 - 1.231.950 TL). Since Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. is delisted from Borsa İstanbul Stock Exchange and is under liquidation, it is measured with the final call price. Fair value of the rest of the subsidiaries is determined by using "Gordon Growth Model" and "Multiple Comparison" models. For the Gordon Growth Model, a multiple is determined by using return on equity ratio of each subsidiaries based on their business plans with growth rate and discount factors. This multiple is used to calculate the fair value of the subsidiary by multiplying with its existing total equity figure. Total carrying value of subsidiaries for which the modeling approach is used amounts to TL 2.323.909 (31 December 2012: TL 2.585.929).

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Information related to financial position of the Bank (continued)

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of December 31, 2013:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

Cross currency interest rate swaps are used as hedging instrument in FVH and interest rate swaps are used as hedging instrument in CFH.

Contractual amounts and the fair values as at December 31, 2013 of these hedging instruments are presented in the table below:

			Current Period			Prior Period
	Notional[1]	Asset	Liability	Notional[1]	Asset	Liability
Hedging instrument						
Interest rate swap	17.508.859	160.252	386.395	18.479.953	170	814.454
Cross currency interest rate swap	1.104.763	307.375	-	1.772.858	93.996	90.233
Total	**18.613.622**	**467.627**	**386.395**	**20.252.811**	**94.166**	**904.687**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 19.015.071 (December 31, 2012 – TL 20.528.904) the total notional of derivative financial assets amounting to TL 37.628.693 (December 31, 2012 – TL 40.781.715) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

The fair valuation methodology of the derivatives presented in the above table is disclosed in the accounting principles section of these financial statements in Section III. Part IV.

Fair value hedge accounting:

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funding by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below:

Current Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item[1]	Net fair value of the hedging instrument[2]		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)[3]
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(5.113)	307.375	-	(153.748)

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
(3) The ineffective portion of the mentioned hedging transaction is TL 10.397.

Prior Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item[1]	Net fair value of the hedging instrument[2]		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)[3]
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency funding and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
(3) The ineffective portion of the mentioned hedging transaction is TL 5.689.

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in accordance with the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Information related to financial position of the Bank (continued)

Cash flow hedge accounting:

The Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL deposits, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	160.252	386.395	(115.117)	445.696

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 434.

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. When the hedged forecasted transactions are no longer expected to occur, the net cumulative gain or loss is reclassified from other comprehensive income to profit and loss.

XIV. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. The Bank has no fiduciary transactions.

XV. Explanations on operating segments:

The Bank carries out its banking operations through three main business units: (1) Retail Banking (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

The Bank's Retail Banking activities include card payment systems, SME (small medium size enterprises) banking and individual banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, SME loans, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Bank. The Bank also offers debit card and a prepaid card named World Hediye Card.

Corporate and Commercial Banking segment is organized into three subgroups: Corporate Banking for large-scale companies, Commercial Banking for medium-sized enterprises and Multinational Companies Banking for multinational companies. Corporate and Commercial Banking, has a product range of working capital finance, trade finance, project finance, domestic and international non-cash loans such as letters of credit and letters of guarantee, cash management and internet banking.

Through its Private Banking and Wealth Management activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, capital guaranteed funds, mutual funds, Type A Type B funds, derivative products such as forwards, futures and options in domestic futures exchange (VOB) and international markets, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products and 7/24 safe deposit boxes and e-banking services. Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

The Bank's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments.

The below table is prepared in accordance with the Management Information System (MIS) data of the Bank.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

Major balance sheet and income statement items based on operating segments:

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue continuing	3.041.777	1.705.313	159.474	2.331.393	7.237.957
Operating expenses continuing	(2.522.807)	(470.916)	(72.996)	(1.747.698)	(4.814.417)
Net operating income continuing	**518.970**	**1.234.397**	**86.478**	**583.695**	**2.423.540**
Dividend income[1]	-	-	-	132.787	132.787
Profit before tax	**518.970**	**1.234.397**	**86.478**	**716.482**	**2.556.327**
Tax provision expense[1]	-	-	-	(525.787)	(525.787)
Net period income from continuing operations	**518.970**	**1.234.397**	**86.478**	**190.695**	**2.030.540**
Net period income from discontinued operations	**-**	**-**	**-**	**1.172.435**	**1.172.435**
Net profit	**518.970**	**1.234.397**	**86.478**	**1.363.130**	**3.202.975**
Segment asset[2]	47.229.794	41.802.945	177.420	57.237.856	146.448.015
Investments in associates, subsidiaries and joint ventures	-	-	-	2.433.297	2.433.297
Total assets	**47.229.794**	**41.802.945**	**177.420**	**59.671.153**	**148.881.312**
Segment liabilities[2]	34.135.357	35.600.735	18.846.849	42.989.422	131.572.363
Shareholders' equity	-	-	-	17.308.949	17.308.949
Total liabilities	**34.135.357**	**35.600.735**	**18.846.849**	**60.298.371**	**148.881.312**

Prior Period	Retail Banking	Corporate and commercial banking	Private banking and wealth management	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue continuing	3.003.309	1.565.201	123.909	1.859.786	6.552.205
Operating expenses continuing	(2.283.382)	(424.478)	(67.650)	(1.510.830)	(4.286.340)
Net operating income continuing	**719.927**	**1.140.723**	**56.259**	**348.956**	**2.265.865**
Dividend income[1]	-	-	-	183.377	183.377
Profit before tax	**719.927**	**1.140.723**	**56.259**	**532.333**	**2.449.242**
Tax provision expense[1]	-	-	-	(535.770)	(535.770)
Net period income from continuing operations	**719.927**	**1.140.723**	**56.259**	**(3.437)**	**1.913.472**
Net period income from discontinued operations	**-**	**-**	**-**	**-**	**-**
Net profit	**719.927**	**1.140.723**	**56.259**	**(3.437)**	**1.913.472**
Segment assets[2]	38.170.950	31.191.828	169.225	48.760.495	118.292.498
Investments in associates, subsidiaries and joint ventures	-	-	-	3.887.709	3.887.709
Total assets	**38.170.950**	**31.191.828**	**169.225**	**52.648.204**	**122.180.207**
Segment liabilities[2]	30.189.733	25.936.583	17.125.662	32.066.187	105.318.165
Shareholders' equity	-	-	-	16.862.042	16.862.042
Total liabilities	**30.189.733**	**25.936.583**	**17.125.662**	**48.928.229**	**122.180.207**

(1) Dividend income and tax provision have not been distributed based on operating segments and presented under "Treasury, Asset-Liability Management and Other".

(2) Segment asset and liability balances are extracted from Management Information Systems (MIS).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Five
Explanations and notes related to unconsolidated financial statements

I. Explanations and notes related to assets

a. Information related to cash and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash and the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.287.179	461.674	1.206.771	308.515
The CBRT(1)	43.293	16.984.910	414.040	9.147.081
Other	-	126	-	155
Total	**1.330.472**	**17.446.710**	**1.620.811**	**9.455.751**

(1) The balance of gold amounting to TL 2.923.543 is accounted for under the Central Bank foreign currency account.(December 31, 2012 – TL 1.398.753).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount (1)	43.293	2.023.825	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement(2)	-	14.961.085	-	7.830.548
Total	**43.293**	**16.984.910**	**414.040**	**9.147.081**

(1) The TL reserve requirement has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA letter as of January 3, 2008.
(2) The Bank keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits".

b. Information on financial assets at fair value through profit and loss:

1. The Bank does not have financial assets at fair value through profit and loss subject to repo transactions and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2012 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	180.238	-	52.215	-
Swap transactions(1)	1.183.707	83.328	226.076	70.326
Futures transactions	-	-	-	-
Options	160.289	20.966	9.296	22.314
Other	-	-	-	-
Total	**1.524.234**	**104.294**	**287.587**	**92.640**

(1) The effects of Credit Default Swaps are included.

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	464.738	204.829	297.634	372.828
Foreign(1)	41.634	2.290.445	101	2.050.390
Head quarters and branches abroad	-	-	-	-
Total	**506.372**	**2.495.274**	**297.735**	**2.423.218**

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 294.275 (December 31, 2012 – TL 401.708).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.079.454	1.426.541	187.412	100.349
USA, Canada	986.439	465.140	-	-
OECD countries (1)	44.497	45.492	-	-
Off-shore banking regions	206	109	-	-
Other	34.071	12.860	-	-
Total	**2.144.667**	**1.950.142**	**187.412**	**100.349**

(1) Includes OECD countries except EU countries, USA and Canada.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

d. Information on available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

Carrying values of available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked

Available-for-sale financial assets given as collateral/blocked amounts to TL 709.201 (December 31, 2012 - TL 1.118.165) and available-for-sale financial assets subject to repo transactions amounts to TL 2.320.047 (December 31, 2012 – TL 2.570.408).

e. Information on available-for-sale financial assets:

	Current Period	Prior Period
Debt securities	13.393.691	14.928.018
Quoted on stock exchange	11.699.818	13.303.177
Not quoted [1]	1.693.873	1.624.841
Share certificates	51.299	50.611
Quoted on stock exchange	-	-
Not quoted	51.299	50.611
Impairment provision (-)[2]	(425.276)	(198.106)
Other [3]	92.147	80.940
Total	**13.111.861**	**14.861.463**

(1) Includes credit linked notes amounting to TL 989.937. (December 31, 2012 - TL 895.659).
(2) The figure includes the negative differences between the cost and the market price of the securities and the impairment provisions, if any.
(3) Other available-for-sale financial assets include mutual funds amounting to TL 92.147 (December 31, 2012 - TL 80.940).

f. Explanations on loans:

1. Information on all types of loans or advance balances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	**-**	**-**	**-**	**-**
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**20.756**	**450.294**	**5.390**	**403.915**
Loans granted to employees	**109.391**	**470**	**104.256**	**68**
Total	**130.147**	**450.764**	**109.646**	**403.983**

2. Information on the first and second group loans and other receivables and loans and other receivables that have been restructured or rescheduled:

	Standard loans and other receivables			Loans and other receivables under close monitoring		
Cash Loans	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	**92.484.334**	**1.455.719**	**-**	**2.406.909**	**545.949**	**14.434**
Loans given to enterprises	37.750.364	441.843	-	455.835	173.500	4.310
Export loans	4.151.507	196.088	-	78.987	56.025	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.034.155	-	-	-	-	-
Consumer loans	17.394.879	475.478	-	883.991	101.655	5.781
Credit cards	18.441.976	95.871	-	292.270	17.721	3.887
Other	12.711.453	246.439	-	695.826	197.048	456
Specialized loans	**-**	**-**	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**	**-**	**-**
Total	**92.484.334**	**1.455.719**	**-**	**2.406.909**	**545.949**	**14.434**

Number of modifications made to extend payment plan[(1)(2)(3)]	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	1.378.735	412.939
Extended by 3,4 or 5 times	28.129	117.487
Extended by more than 5 times	48.855	15.523
Total	**1.455.719**	**545.949**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

Extended period of time(1)(2)(3)	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	138.562	79.759
6 - 12 Months	190.158	51.659
1 - 2 Years	434.572	113.441
2 - 5 Years	421.105	178.709
5 Years and over	271.322	122.381
Total	**1.455.719**	**545.949**

(1) There is no loan which is subject to the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated on April 09, 2011.
(2) There are seven loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 1 to 5 years. One of them was restructured three times, one was twice and rest of the five are restructured once.
(3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012.

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	**Agreement conditions modified**	**Loans and other receivables**	**Agreement conditions modified**
Short-term loans and other receivables	**38.421.538**	**324.870**	**573.492**	**71.409**
Non-specialised loans	38.421.538	324.870	573.492	71.409
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	**52.607.077**	**1.130.849**	**1.273.034**	**488.974**
Non-specialised loans	52.607.077	1.130.849	1.273.034	488.974
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

4.(i) Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	56.647.479	17.394.879	18.441.976	92.484.334
Watch list	1.230.648	883.991	292.270	2.406.909
Loans under legal follow-up	2.291.198	830.435	435.970	3.557.603
Specific provisions (-)	(1.571.108)	(551.481)	(287.527)	(2.410.116)
Total	**58.598.217**	**18.557.824**	**18.882.689**	**96.038.730**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	44.002.168	14.087.248	14.132.862	72.222.278
Watch list	1.185.474	1.099.770	286.990	2.572.234
Loans under legal follow-up	1.537.533	560.067	428.305	2.525.905
Specific provisions (-)	(1.000.877)	(286.258)	(263.966)	(1.551.101)
Total	**45.724.298**	**15.460.827**	**14.584.191**	**75.769.316**

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	353.521	407.371	-	760.892
Loans under legal follow-up(1)	346.377	37.883	-	384.260
Total	**699.898**	**445.254**	**-**	**1.145.152**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	368.963	541.077	-	910.040
Loans under legal follow-up(1)	288.968	37.102	-	326.070
Total	**657.931**	**578.179**	**-**	**1.236.110**

(1) Fair values of collaterals received for non-performing loans are calculated by using hair-cuts over their nominal values in accordance with the "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside".

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

5. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and long-term	Total
Consumer loans-TL	**164.206**	**17.565.640**	**17.729.846**
Real estate loans	3.478	8.887.493	8.890.971
Automotive loans	8.222	1.110.200	1.118.422
Consumer loans	1.438	56.715	58.153
Other	151.068	7.511.232	7.662.300
Consumer loans-FC indexed	**-**	**99.590**	**99.590**
Real estate loans	-	98.831	98.831
Automotive loans	-	-	-
Consumer loans	-	759	759
Other	-	-	-
Individual credit cards-TL	**14.368.053**	**824.366**	**15.192.419**
With installments	9.189.994	821.186	10.011.180
Without installments	5.178.059	3.180	5.181.239
Personnel loans-TL	**4.775**	**48.363**	**53.138**
Real estate loans	-	664	664
Automotive loans	44	933	977
Consumer loans	-	-	-
Other	4.731	46.766	51.497
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	**54.721**	**428**	**55.149**
With installments	29.133	428	29.561
Without installments	25.588	-	25.588
Credit deposit account-TL (real person)[(1)]	**396.296**	**-**	**396.296**
Total	**14.988.051**	**18.538.387**	**33.526.438**

(1) TL 1.104 of the credit deposit account belongs to the loans used by personnel.

6. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	**748.299**	**6.077.287**	**6.825.586**
Business loans	1.441	478.606	480.047
Automotive loans	34.962	1.902.764	1.937.726
Consumer loans	-	46	46
Other	711.896	3.695.871	4.407.767
Commercial installments loans-FC indexed	**25.998**	**306.384**	**332.382**
Business loans	-	21.496	21.496
Automotive loans	900	73.968	74.868
Consumer loans	-	-	-
Other	25.098	210.920	236.018
Corporate credit cards-TL	**3.473.999**	**12.679**	**3.486.678**
With installment	2.813.639	12.645	2.826.284
Without installment	660.360	34	660.394
Credit deposit account-TL (legal person)	**698.545**	**-**	**698.545**
Total	**4.946.841**	**6.396.350**	**11.343.191**

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	997.751	1.153.905
Private	93.893.492	73.640.607
Total	**94.891.243**	**74.794.512**

8. Distribution of domestic and foreign loans: Distribution has been disclosed based on the location where the customers operate.

	Current Period	Prior Period
Domestic loans	93.454.949	73.717.769
Foreign loans	1.436.294	1.076.743
Total	**94.891.243**	**74.794.512**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	109.348	203.903
Indirect loans granted to associates and subsidiaries	-	-
Total	**109.348**	**203.903**

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	111.903	95.603
Loans and other receivables with doubtful collectibility	422.430	359.150
Uncollectible loans and other receivables	1.875.783	1.096.348
Total	**2.410.116**	**1.551.101**

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**1.000.877**	**286.258**	**263.966**	**1.551.101**
Allowance for impairment	769.160	571.716	308.649	1.649.525
Amount recovered during the period	(198.929)	(306.493)	(82.616)	(588.038)
Loans written off during the period as uncollectible (1)	-	-	(202.472)	(202.472)
December 31	**1.571.108**	**551.481**	**287.527**	**2.410.116**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**932.632**	**152.877**	**259.464**	**1.344.973**
Allowance for impairment	573.018	477.222	244.472	1.294.712
Amount recovered during the period	(175.604)	(277.535)	(75.639)	(528.778)
Loans written off during the period as uncollectible (1)	(329.169)	(66.306)	(164.331)	(559.806)
December 31	**1.000.877**	**286.258**	**263.966**	**1.551.101**

(1) Also includes the effects of the sales of non-performing loan portfolios.

11. Information on non-performing loans (net):

(i). Information on non-performing loans restructured or rescheduled, and other receivables:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period	**4.701**	**40.937**	**216.811**
(Gross amounts before specific reserves)			
Restructured loans and other receivables	4.701	40.937	216.811
Rescheduled loans and other receivables	-	-	-
Prior Period	**21.912**	**40.169**	**102.289**
(Gross amounts before specific reserves)			
Restructured loans and other receivables	21.912	40.169	102.289
Rescheduled loans and other receivables	-	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

(ii). Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Prior Period	**554.524**	**733.508**	**1.237.873**
Additions (+)	2.119.005	153.138	171.873
Transfers from other categories of non-performing loans (+)	-	1.545.714	1.257.495
Transfer to other categories of non-performing loans (-)	(1.545.714)	(1.257.495)	-
Collections (-)	(528.576)	(263.651)	(417.619)
Write-offs(-)	-	-	(202.472)
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	(202.472)
Other	-	-	-
Current Period	**599.239**	**911.214**	**2.047.150**
Specific provision (-)	(111.903)	(422.430)	(1.875.783)
Net balance on balance sheet	**487.336**	**488.784**	**171.367**

The Bank sold part of its non-performing loans (from credit cards portfolio) amounting to TL 214.815 on December 06, 2013 to LBT Varlık Yönetimi A.Ş., Finansal Varlık Yönetimi A.Ş. and Anadolu Varlık Yönetimi A.Ş. for TL 39.650, in accordance with the Board of Directors' decision dated December 18, 2013. Total amount of provision for the sold portfolio was TL 202.472.

(iii). Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
Period end balance	117.601	7.276	376.599
Specific provision (-)	(23.517)	(6.273)	(261.633)
Net balance on-balance sheet	**94.084**	**1.003**	**114.966**
Prior Period			
Period end balance	1.340	1.063	320.986
Specific provision (-)	(184)	(1.019)	(215.405)
Net balance on-balance sheet	**1.156**	**44**	**105.581**

(iv). Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (net)	**487.336**	**488.784**	**171.367**
Loans granted to real persons and corporate entities (gross)	599.239	911.214	1.938.572
Specific provision amount (-)	(111.903)	(422.430)	(1.767.205)
Loans granted to real persons and corporate entities (net)	487.336	488.784	171.367
Banks (gross)	-	-	24.582
Specific provision amount (-)	-	-	(24.582)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)(1)	-	-	-
Prior Period (net)	**458.921**	**374.358**	**141.525**
Loans granted to real persons and corporate entities (gross)	554.524	733.508	1.129.289
Specific provision amount (-)	(95.603)	(359.150)	(987.764)
Loans granted to real persons and corporate entities (net)	458.921	374.358	141.525
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)(1)	-	-	-

(1) The figure represents the total loans and receivables of Agrosan Kimya Sanayi Ticaret A.Ş., Tümteks Tekstil Sanayi Ticaret A.Ş and balances from Boyasan Tekstil Sanayi ve Ticaret A.Ş., in accordance with the Article 6 Paragraph 9 of regulation for provisions taken into account classification of loans and receivables.

12. Explanation on liquidation policy for uncollectible loans and receivables;

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected through legal follow-up, voluntary payments and liquidation of collaterals.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

13. Explanation on "Write-off" policies:

The Bank's general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

g. Information on held-to-maturity investments:

1. Characteristics and carrying values of held-to-maturity investments subject to repurchase agreements given as collateral / blocked:

Held-to-maturity investments given as collateral / blocked amounts to TL 1.365.524 (December 31, 2012 - TL 1.299.927). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 1.968.378 (December 31, 2012 - TL 2.986.312).

2. Information on government debt securities held-to-maturity:

	Current Period	Prior Period
Government bond	6.453.908	5.686.448
Treasury bill	-	-
Other debt securities	-	-
Total	**6.453.908**	**5.686.448**

3. Information on investment securities held-to-maturity:

	Current Period	Prior Period
Debt securities	6.584.551	5.725.926
Quoted on stock exchange	6.584.551	5.725.926
Not quoted	-	-
Impairment provision (-)[1]	(130.643)	(39.478)
Total	**6.453.908**	**5.686.448**

(1) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

4. Movement of held-to-maturity investments within the period:

	Current Period	Prior Period
Beginning balance	**5.686.448**	**12.537.425**
Foreign currency differences on monetary assets[1]	613.541	(569.191)
Purchases during the year	262.570	342
Disposals through sales and redemptions[3]	(17.486)	(6.282.128)
Impairment provision (-)[2]	(91.165)	-
Period end balance	**6.453.908**	**5.686.448**

(1) Also includes the changes in the interest income accruals.
(2) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.
(3) As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the prior period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378.400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes. As of the date of these financial statements, sales have been realized from the portfolio classified.

ğ. Information on investments in associates (net):

1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage(%)
1.	Banque de Commerce et de Placements S.A.[1]	Cenevre/İsviçre	30,67	69,33
2.	Kredi Kayıt Bürosu[1]	İstanbul/Türkiye	18,18	18,18
3.	Bankalararası Kart Merkezi A.Ş.[1]	İstanbul/Türkiye	9,98	9,98

2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1	4.818.921	773.091	5.840	70.519	15.484	26.162	45.530	-
2	91.353	78.926	48.824	1.368	-	28.149	24.043	-
3	33.001	23.773	19.197	347	-	4.171	4.238	-

(1) Financial statement information disclosed above shows September 30, 2013 results.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Explanations and notes related to unconsolidated financial statements (continued)

3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	**47.907**	**47.907**
Movements during the period	**-**	**-**
Purchases	-	-
Transfers	-	-
Free shares obtained profit from current year's share	-	-
Profit from current year's income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
Balance at the end of the period	**47.907**	**47.907**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

4. Information on sectors and the carrying amounts of unconsolidated financial investments in associates:

	Current Period	Prior Period
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	**43.404**	**43.404**

5. The Bank has no investments in associates quoted on a stock exchange.

h. Information on shareholders' equity of the significant subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1. Information on equity of the subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital					
Paid-in capital	98.918	60.714	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Marketable Securities Valuation Differences	13.614	-	-	-	(4.349)
Legal reserves	69.400	8.034	79.305	20.469	-
Extraordinary reserves	13.878	-	484.964	-	331.465
Other reserves	119	12	40	-	279.810
Profit/loss	199.121	193.352	412.296	23.408	41.778
Current period net profit	269.067	147.894	139.445	23.408	41.778
Prior period profit	(69.946)	45.458	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	711	64	3.426	340	94
Total core capital	**394.339**	**262.048**	**1.363.107**	**49.244**	**761.052**
Supplementary capital	**-**	**9.024**	**19.847**	**-**	**164**
Capital	**394.339**	**271.072**	**1.382.954**	**49.244**	**761.216**
Deductions from the capital	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**394.339**	**271.072**	**1.382.954**	**49.244**	**761.216**

The above information is based on the consolidated financial statements of the Bank as of December 31, 2013.

There is no internal capital adequacy assessment process (ICAAP) for the subsidiaries.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding BV.	Amsterdam/Hollanda	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,98	100,00
3	Yapı Kredi Faktoring A.Ş.	İstanbul/Türkiye	99,95	100,00
4	Yapı Kredi Moscow	Moskova/Rusya Federasyonu	99,84	100,00
5	Yapı Kredi Finansal Kiralama A.O.	İstanbul/Türkiye	99,99	99,99
6	Yapı Kredi Portföy Yönetimi A.Ş.	İstanbul/Türkiye	12,65	99,99
7	Yapı Kredi Nederland	Amsterdam/Hollanda	67,24	100,00
8	Yapı Kredi Azerbaycan	Bakü/Azerbaycan	99,80	100,00
9	Enternasyonal Turizm Yatırım A.Ş	İstanbul/Türkiye	99,96	99,99
10	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	İstanbul/Türkiye	99,99	100,00
11	Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	95,36	95,36

The Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 4.460.251 (including for a share call price of full 5,02 per share) in accordance with the ongoing delisting process, and Bank's share has increased to 99,99% as a result of this process.

3. Main financial figures of the subsidiaries in order of the above table: (1)

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value(2)	Required equity
1	133.135	133.021	-	-	-	(211)	(130)	318.560	-
2	3.306.679	492.977	5.232	111.568	2.652	269.067	75.722	468.271	-
3	2.191.475	262.112	649	110.031	-	147.894	24.861	375.529	-
4	519.527	159.029	11.401	24.379	2.823	20.311	11.045	98.375	-
5	4.634.023	1.149.429	33.540	284.635	-	139.445	130.074	917.951	-
6	57.130	49.584	1.085	3.969	227	23.408	23.734	178.327	-
7	4.720.949	761.147	2.029	184.134	12.505	41.778	47.617	319.649	-
8	855.018	167.487	45.744	61.417	463	3.219	7.664	84.962	-
9	17.806	13.701	928	4	-	1.412	1.405	-	-
10	38.404	25.562	3.848	1.213	-	932	1.311	-	-
11	47.678	45.981	21	4.229	(1.779)	1.154	6.676	41.481	-

(1) Consolidated financial statements are used for the financial information above.
(2) Determined based on the amounts determined through valuation models.

Financial statement information disclosed above shows December 31, 2013 results.

4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**3.817.879**	**3.349.666**
Movements in period	**(1.454.412)**	**468.213**
Purchases(1)	71.129	22.236
Free shares obtained profit from current years share(2)(3)	15.107	35.738
Dividends from current year income	-	-
Sales	-	-
Transfers(4)	(1.410.080)	-
Revaluation increase/decrease	(130.568)	410.239
Impairment provision	-	-
Balance at the end of the period	**2.363.467**	**3.817.879**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

(1) Yapı Kredi Finansal Kiralama A.O. has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99,99% purchasing the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares. The Bank has decided to cancel the signed agreement to sell its shares on Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these unconsolidated financial statements, total shareholding of the Bank increased to 95,36%.
(2) During the General Assembly meeting of Yapı Kredi Faktoring on December 2, 2013 it was decided to increase the share capital of Yapı Kredi Faktoring for TL 15.114 by using internal sources (inflation accounting differences).
(3) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012 it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.
(4) The Bank has sold its 7.548.164.112 shares with a notional amount of full TL 75.481.641,12 representing 74,01% of its shares in Yapı Kredi Sigorta ("YKS") for full TL 1.410.079.178 to Allianz.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

5. Sectoral information on financial subsidiaries and the related carrying amounts:

Financial subsidiaries	Current Period	Prior Period
Banks	397.955	421.937
Insurance companies	-	1.223.132
Factoring companies	375.349	345.301
Leasing companies	917.855	1.020.417
Finance companies	-	-
Other financial subsidiaries	672.308	807.092
Total financial subsidiaries	**2.363.467**	**3.817.879**

6. Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges	-	1.231.950
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	**-**	**1.231.950**

l. Information on joint ventures (net):

Joint ventures in unconsolidated financial statements are accounted and monitored at cost according to "Financial Instruments: Recognition and Measurement of Accounting Standard for Turkey" ("TAS 39").

Joint ventures	Bank's share	Group's share	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	79.111	43.321	31.970	45.381	(64.588)
Total	**30,45**	**30,45**	**79.111**	**43.321**	**31.970**	**45.381**	**(64.588)**

The above figures are extracted from the financial statements on at December 31, 2013.

i. Information on lease receivables (net):

None (December 31, 2012 - None).

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge(1)	307.375	-	93.996	-
Cash flow hedge(1)	155.444	4.808	170	-
Foreign net investment hedge	-	-	-	-
Total	**462.819**	**4.808**	**94.166**	**-**

(1) Explained in the note XIII of Section IV.

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	1.963.142	423.958	1.804	856.711	3.245.615
Accumulated depreciation (-)	(1.343.839)	(308.425)	(1.636)	(607.041)	(2.260.941)
Net book value	**619.303**	**115.533**	**168**	**249.670**	**984.674**
Current Period					
Net book value at beginning of the period	**619.303**	**115.533**	**168**	**249.670**	**984.674**
Additions	-	1.835	1.328	126.221	129.384
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(2.933)	(1.409)	(1)	(19.481)	(23.824)
Reversal of impairment, net	131	-	-	-	131
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.440)	(36.057)	(80)	(80.433)	(156.010)
Net book value at end of the period	**577.061**	**79.902**	**1.415**	**275.977**	**934.355**
Cost at the end of the period	1.953.627	394.188	2.965	864.324	3.215.104
Accumulated depreciation at the period end (-)	(1.376.566)	(314.286)	(1.550)	(588.347)	(2.280.749)
December 31, 2013	**577.061**	**79.902**	**1.415**	**275.977**	**934.355**

As of December 31, 2013, the Bank had total provision for impairment amounting to TL 327.673 (December 31, 2012 – TL 327.804) for the property and equipment.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	**1.329.944**	**1.261.854**
Additions during the period	122.097	138.784
Unused and disposed items (-)	(183)	(6.190)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(75.766)	(64.504)
Balance at the end of the period	**1.376.092**	**1.329.944**

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

		Current Period		Prior Period
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	216.717	43.344	213.610	42.722
Provision for the actuarial deficit of the pension fund	767.131	153.426	827.177	165.435
Derivative financial liabilities	1.242.819	248.564	1.285.779	257.156
Securities portfolio valuation differences	18.499	3.700	642.366	128.474
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.117	24.423
Other	348.236	69.647	277.230	55.446
Total deferred tax asset	**2.715.519**	**543.104**	**3.368.279**	**673.656**
Derivative financial assets	(2.209.279)	(441.856)	(727.109)	(145.422)
Valuation difference of securities portfolio	(205.653)	(41.131)	(1.883.250)	(376.650)
Property, equipment and intangibles, net	(224.219)	(34.381)	(242.554)	(38.048)
Subsidiaries valuation differences	-	-	(1.062.069)	(53.103)
Other	(40.558)	(8.111)	(39.490)	(7.898)
Total deferred tax liability	**(2.679.709)**	**(525.479)**	**(3.954.472)**	**(621.121)**
Deferred tax asset, net	**35.810**	**17.625**	**(586.193)**	**52.535**

Deferred tax income amounting to TL 374.402 was recognized in profit and loss statement, whereas deferred tax expense amounting to TL 339.492 was recognized directly in equity accounts for the period ended December 31, 2013.

o. Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	**132.195**	**100.396**
Additions	66.521	68.043
Transfers(1)	1.410.080	-
Disposals (-), net(1)	(1.453.446)	(33.226)
Impairment provision reversal	934	983
Impairment provision (-)	(302)	(235)
Depreciation (-)	(4.586)	(3.766)
Net book value at the end of the period	**151.396**	**132.195**
Cost at the end of the period	163.378	141.484
Accumulated depreciation at the end of the period (-)	(11.982)	(9.289)
Net book value at the end of the period	**151.396**	**132.195**

(1) As of July 12, 2013, the transfer of YKS's shares is completed.

As of December 31, 2013, the Bank booked impairment provision on assets held for resale with an amount of TL 8.411 (December 31, 2012 - TL 9.043).

ö. Information on other assets:

As of December 31, 2013, other assets do not exceed 10% of the total assets.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

II. Explanations and notes related to liabilities

a. Information on deposits:

1. Information on maturity structure of deposits/collected funds:

1 (i). Current Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	2.767.886	900.117	18.909.197	779.262	177.904	218.014	23.752.380
Foreign currency deposits	4.705.202	4.035.687	26.375.113	3.011.008	842.762	1.544.563	40.514.335
Residents in Turkey	4.541.996	3.998.272	26.024.540	1.532.506	688.242	841.504	37.627.060
Residents abroad	163.206	37.415	350.573	1.478.502	154.520	703.059	2.887.275
Public sector deposits	715.021	206.687	151	1.778	2.387.769	30	3.311.436
Commercial deposits	4.009.631	3.277.531	5.470.728	353.024	159.709	84.801	13.355.424
Other institutions deposits	75.070	198.765	1.132.227	255.756	851.554	3.759	2.517.131
Precious metals vault	747.228	1.579	114.459	43.762	96.790	173.869	1.177.687
Bank deposits	682.782	1.352	912.763	32.740	37.795	11.802	1.679.234
The CBRT	-	-	-	-	-	-	-
Domestic banks	364.778	-	848.726	32.740	37.795	11.802	1.295.841
Foreign banks	151.542	1.352	64.037	-	-	-	216.931
Participation banks	166.462	-	-	-	-	-	166.462
Other	-	-	-	-	-	-	-
Total	**13.702.820**	**8.621.718**	**52.914.638**	**4.477.330**	**4.554.283**	**2.036.838**	**86.307.627**

1 (ii). Prior Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	1.989.153	1.449.252	18.956.316	1.122.181	119.581	406.577	24.043.060
Foreign currency deposits	4.129.993	3.872.345	13.542.703	1.870.383	239.044	1.425.775	25.080.243
Residents in Turkey	3.921.261	3.830.154	12.192.951	1.036.990	229.304	854.304	22.064.964
Residents abroad	208.732	42.191	1.349.752	833.393	9.740	571.471	3.015.279
Public sector deposits	598.082	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.141.122	2.234.583	6.487.144	2.067.758	200.984	191.268	14.322.859
Other institutions deposits	31.789	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	313.856	58.414	200.158	65.190	51.355	6.836	695.809
The CBRT	-	-	-	-	-	-	-
Domestic banks	1.774	55.008	155.268	65.190	51.170	6.836	335.246
Foreign banks	208.135	3.406	44.890	-	185	-	256.616
Participation banks	103.947	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-
Total	**11.060.205**	**7.770.512**	**40.147.799**	**6.199.186**	**690.924**	**2.175.314**	**68.043.940**

2. Information on saving deposits insurance:

2 (i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Saving deposits(1)	12.632.644	9.004.712	11.119.884	15.038.237
Foreign currency savings deposit(1)	3.392.658	2.215.005	14.092.624	8.917.028
Other deposits in the form of savings(1) deposits	638.262	527.019	423.714	663.011
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) As per the decision published in the Official Gazette no. 28560 dated February 15, 2013 the deposit insurance limit has been increased from TL 50 thousand to TL 100 thousand.

2 (ii). Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.329	6.128
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	64.101	43.584
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

b. Information on trading derivative financial liabilities:

		Current Period		Prior Period
	TL	FC	TL	FC
Forward transactions	55.016	-	94.242	-
Swap transactions[1]	565.484	64.603	173.880	59.555
Futures transactions	-	-	-	-
Options	134.744	23.709	18.547	25.030
Other	-	-	-	-
Total	**755.244**	**88.312**	**286.669**	**84.585**

(1) The effects of credit default swaps are included.

c. Information on borrowings:

1. Information on borrowings:

		Current Period		Prior Period
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	259.957	338.810	218.279	259.396
From foreign banks, institutions and funds	827.534	15.001.607	420.117	11.522.659
Total	**1.087.491**	**15.340.417**	**638.396**	**11.782.055**

2. Information on maturity structure of borrowings:

		Current Period		Prior Period
	TL	FC	TL	FC
Short-term	665.168	8.816.013	216.477	6.564.928
Medium and long-term	422.323	6.524.404	421.919	5.217.127
Total	**1.087.491**	**15.340.417**	**638.396**	**11.782.055**

3. Information on securitization borrowings:

		Current Period		Prior Period
	TL	FC	TL	FC
From foreign banks	-	2.576.083	-	1.638.858
From foreign institutions	-	-	-	-
From foreign funds	-	-	-	-
Total	**-**	**2.576.083**	**-**	**1.638.858**

ç. Information on marketable securities issued:

		Current Period		Prior Period
	TL	FC	TL	FC
Bills	1.165.920	827.050	737.778	-
Bonds	493.857	3.359.933	703.236	885.367
Collateralized securities	462.691	-	462.720	-
Total	**1.659.777**	**4.186.983**	**1.441.014**	**885.367**

d. Information on other liabilities:

As of December 31, 2013, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

		Current Period		Prior Period
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	792	765	7.664	7.387
More than 4 years	4	-	-	-
Total	**796**	**765**	**7.664**	**7.387**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on operational leasing agreements:

The Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets".

f. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge [1]	-	-	90.233	-
Cash flow hedge [1]	30.573	355.822	321.768	492.686
Foreign net investment hedge	-	-	-	-
Total	**30.573**	**355.822**	**412.001**	**492.686**

(1) Explained in Note XIII of Section IV.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	1.163.206	944.130
of which, Provision for Loans and Receivables with Extended Maturity	60.329	149.855
Provisions for second group loans and receivables	102.193	119.251
of which, Provision for Loans and Receivables with Extended Maturity	26.777	15.593
Provisions for non cash loans	65.611	72.986
Others	139.661	168.465
Total	**1.470.671**	**1.304.832**

2. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions were used in the calculation of total liabilities:

	Current Period	Prior Period
Discount rate (%)	4,78	3,86
Possibility of being eligible for retirement (%)	94,59	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.438,22 effective from January 1, 2014 (January 1, 2013: full TL 3.129,25) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	119.086	99.080
Changes during the period	24.787	49.330
Paid during the period	(35.209)	(29.324)
Balance at the end of the period	**108.664**	**119.086**

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 108.054 as of December 31, 2013 (December 31, 2012 - TL 94.524).

3. Information on provisions related with the foreign currency difference of foreign currency indexed loans:

As of December 31, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 691 (December 31, 2012 - TL 65.231). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

(i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	767.131	827.177
Provisions on unindemnified non cash loans	73.790	125.749
Provisions on credit cards and promotion campaigns related to banking services	28.741	36.708
Provision on export commitment tax and funds liability	41.007	38.106
Other	184.508	123.736
Total	**1.095.177**	**1.151.476**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

(İİ) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	190.112	229.247
Total	**190.112**	**229.247**

5. Pension fund provision:

The Bank provided provision amounting to TL 767.131 (December 31, 2012 – TL 827.177) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	Current Period	Prior Period
Income statement (Other operations charge/benefit)	60.046	(51.891)

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	1.635.549	1.538.766
- Pension benefits transferable to SSI	1.543.740	1.564.411
- Post employment medical benefits transferable to SSI	91.809	(25.645)
Fair value of plan assets	(868.418)	(711.589)
Provision for the actuarial deficit of the pension fund	**767.131**	**827.177**

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 13 years for men and 18 years for women who retire at the age of 66 and 64, respectively.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Government bonds and treasury bills	178.678	21	173.291	24
Premises and equipment	304.423	35	229.547	32
Bank placements	339.980	39	265.346	37
Short term receivables	30.219	3	19.000	3
Other	15.118	2	24.405	4
Total	**868.418**	**100**	**711.589**	**100**

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	-	221.167
Taxation of Marketable Securities	71.659	80.738
Property Tax	2.000	1.705
Banking Insurance Transaction Tax ("BITT")	61.204	56.025
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.690	6.188
Other	24.374	22.130
Total	**165.927**	**387.953**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	9.751	8.946
Bank pension fund premiums – employer	10.146	9.327
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	695	638
Unemployment insurance – employer	1.392	1.278
Other	-	-
Total	**21.984**	**20.189**

(iii) Information on deferred tax liability:

None (December 31, 2012 - None).

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.480.981	-	5.195.642
From other foreign institutions	-	-	-	-
Total	**-**	**6.480.981**	**-**	**5.195.642**

At March 31, 2006, the Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years and EURIBOR+3% for the remaining 5 years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor.

In addition, the Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years and EURIBOR+2,78% for the remaining 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. The Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements.

With the written approvals of the BRSA dated May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation is considered in the supplementary capital calculation at the rate of 40% since the remaining maturity of these loans is less than 3 years. Subordinated loans obtained from Citibank, N.A. London Branch is considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of this loan is less than 4 years.

Subordinated borrowing through bond issuance amounting to USD 1 billion with an interest rate of 5,50% and maturity of 10 years was finalized on December 6, 2012 and considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

The Bank had early repaid its borrowing for USD 585 million on January 9, 2013 which was received from Unicredit Bank Austria AG on February 22, 2012 with an interest rate of 3 months Libor + 8,30% and received another subordinated borrowing from the same counterparty for USD 585 million with 10 years of maturity (payable after 5 years) and 5,5% of fixed interest rate. The Bank incurred an early payment fee for TL 57 million with respect to early closing of this subordinated loan. As per the approval of BRSA dated December 31, 2012 this loan is accepted as subordinated loan.

The Bank had early repaid its borrowing for EUR 350 million on 21, 2013 which was received from Goldman Sachs International Bank and received another subordinated borrowing from the Bank Austria for USD 470 million with 10 years of maturity (payable after 5 years) and with an interest rate 6,35% for the first 5 years and midswap+%4,68 for the remaining 5 years. This loan considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

ı. Information on shareholders' equity:

1. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	4.347.051	4.347.051
Preferred stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

3. Information on the share capital increases during the period and the sources:

None (December 31, 2012 - None).

4. Information on transfers from capital reserves to capital during the current period: None.

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.

6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	**472.536**	**112.091**	**1.769.966**	**137.911**
Valuation difference	472.536	112.091	1.769.966	137.911
Foreign currency difference (1)	-	-	-	-
From fixed assets held for sale	**-**	**-**	**-**	**-**
Valuation difference	-	-	-	-
Foreign currency difference (1)	-	-	-	-
Available for sale securities	**(254.461)**	**155.800**	**269.438**	**1.239.639**
Valuation differences(2)	(254.461)	(71.649)	269.438	1.241.631
Foreign currency differences(1)	-	227.449	-	(1.992)
Total	**218.075**	**267.891**	**2.039.404**	**1.377.550**

(1) Includes current period foreign currency differences.
(2) Includes tax effect related to foreign currency valuation differences.

III. Explanations and notes related to off-balance sheet accounts

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	21.610.762	17.856.081
Loan granting commitments	6.394.154	5.322.612
Commitments for cheques	5.385.711	5.258.480
Other irrevocable commitments	11.657.414	8.507.182
Total	**45.048.041**	**36.944.355**

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside general provision for its non-cash loans amounting to TL 65.611 (December 31, 2012 - TL 72.986) and specific provision amounting to TL 334.113 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet amounting to TL 73.790 (December 31, 2012 – TL125.749).

2(i). Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	118.686	121.325
Letter of credits	6.459.350	5.610.615
Other guarantees and collaterals	3.611.450	2.119.199
Total	**10.189.486**	**7.851.139**

2(ii). Guarantees, surety ships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	1.275.206	1.572.512
Definite letter of guarantees	18.748.924	14.471.452
Advance letter of guarantees	4.442.137	2.677.145
Letter of guarantees given to customs	1.367.093	1.032.686
Other letter of guarantees	1.569.589	757.863
Total	**27.402.949**	**20.511.658**

3(i) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	1.320.733	583.744
With original maturity of 1 year or less than 1 year	111.652	72.182
With original maturity of more than 1 year	1.209.081	511.562
Other non-cash loans	36.271.702	27.779.053
Total	**37.592.435**	**28.362.797**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

3 (ii) Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**149.219**	**1,15**	**286.469**	**1,16**	**167.706**	**1,48**	**336.850**	**1,99**
Farming and raising livestock	120.504	0,93	250.704	1,02	133.845	1,18	315.460	1,86
Forestry	23.781	0,18	15.860	0,06	29.706	0,26	16.222	0,10
Fishing	4.934	0,04	19.905	0,08	4.155	0,04	5.168	0,03
Manufacturing	**5.435.621**	**42,14**	**10.933.667**	**44,27**	**4.363.236**	**38,35**	**8.000.390**	**47,09**
Mining	784.397	6,08	820.152	3,32	528.278	4,64	1.014.730	5,97
Production	4.052.815	31,42	8.603.830	34,84	3.313.134	29,12	5.814.798	34,23
Electric, gas and water	598.409	4,64	1.509.685	6,11	521.824	4,59	1.170.862	6,89
Construction	**3.395.001**	**26,32**	**6.323.447**	**25,61**	**3.264.824**	**28,70**	**3.896.086**	**22,94**
Services	**2.791.833**	**21,64**	**4.826.320**	**19,54**	**2.475.221**	**21,77**	**2.535.623**	**14,93**
Wholesale and retail trade	1.171.783	9,08	2.159.162	8,74	1.095.298	9,63	936.939	5,52
Hotel, food and beverage services	120.130	0,93	124.214	0,50	122.334	1,08	92.529	0,54
Transportation and telecommunication	332.783	2,58	568.268	2,30	470.803	4,14	351.926	2,07
Financial institutions	722.895	5,60	1.020.411	4,13	412.537	3,63	476.751	2,81
Real estate and leasing services	144.743	1,12	375.658	1,52	99.138	0,87	377.955	2,23
Self-employment services	-	-	-	-	-	-	-	-
Education services	18.745	0,15	4.124	0,02	14.901	0,13	1.495	0,01
Health and social services	280.754	2,18	574.483	2,33	260.210	2,29	298.028	1,75
Other	**1.127.284**	**8,75**	**2.323.574**	**9,42**	**1.105.134**	**9,70**	**2.217.727**	**13,05**
Total	**12.898.958**	**100,00**	**24.693.477**	**100,00**	**11.376.121**	**100,00**	**16.986.676**	**100,00**

3 (iii) Information on non-cash loans classified in Group I. and Group II:

Current Period	Group I		Group II[1]	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	12.663.136	14.532.069	155.264	52.480
Bank acceptances	-	118.517	-	169
Letters of credit	1.208	6.458.142	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	79.350	3.532.100	-	-
Total	**12.743.694**	**24.640.828**	**155.264**	**52.649**

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	11.136.586	9.177.883	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.596.185	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	**11.240.754**	**16.920.767**	**135.367**	**65.909**

3 (iv) Maturity distribution of non cash loans:

Current Period [1]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	4.097.109	2.056.800	305.441	-	6.459.350
Letter of guarantee	14.954.003	3.527.576	7.989.503	931.867	27.402.949
Bank acceptances	118.686	-	-	-	118.686
Other	328.556	1.731.701	1.156.224	394.969	3.611.450
Total	**19.498.354**	**7.316.077**	**9.451.168**	**1.326.836**	**37.592.435**

Prior Period [1]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	3.369.154	2.030.817	210.644	-	5.610.615
Letter of guarantee	9.619.433	3.264.847	6.574.378	1.053.000	20.511.658
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	**13.361.776**	**6.110.526**	**7.669.482**	**1.221.013**	**28.362.797**

(1) The distribution is based on the original maturities.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

b. (i) Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	87.681.532	44.462.342
FC trading forward transactions	9.471.525	8.222.463
Trading swap transactions	65.651.969	26.555.506
Futures transactions	-	-
Trading option transactions	12.558.038	9.684.373
Interest related derivative transactions (II)	15.172.422	7.596.343
Forward interest rate agreements	-	-
Interest rate swaps	10.311.770	3.214.120
Interest rate options	4.860.652	4.382.223
Interest rate futures	-	-
Other trading derivative transactions (III)	2.468.788	1.688.150
A. Total trading derivative transactions (I+II+III)	**105.322.742**	**53.746.835**
Types of hedging derivative transactions		
Transactions for fair value hedge	2.610.975	3.821.809
Cash flow hedges	35.017.718	36.959.906
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	**37.628.693**	**40.781.715**
Total derivative transactions (A+B)	**142.951.435**	**94.528.550**

(ii) Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period (1)	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	511.098	67.632	298.526	(578.027)	-	299.229
– Inflow	18.229.743	10.491.679	14.832.944	2.975.896	-	46.530.262
– Outflow	(17.718.645)	(10.424.047)	(14.534.418)	(3.553.923)	-	(46.231.033)
Interest rate derivatives	3.660	1.102	(1.692)	212.848	20.476	236.394
– Inflow	71.149	4.739	1.357.960	4.902.707	896.372	7.232.927
– Outflow	(67.489)	(3.637)	(1.359.652)	(4.689.859)	(875.896)	(6.996.533)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(24.452)	113.106	144.742	109.545	90.267	433.208
– Inflow	20.158	1.448.718	2.538.347	13.644.678	424.882	18.076.783
– Outflow	(44.610)	(1.335.612)	(2.393.605)	(13.535.133)	(334.615)	(17.643.575)
Total cash inflow	**18.321.050**	**11.945.136**	**18.729.251**	**21.523.281**	**1.321.254**	**71.839.972**
Total cash outflow	**(17.830.744)**	**(11.763.296)**	**(18.287.675)**	**(21.778.915)**	**(1.210.511)**	**(70.871.141)**

Prior Period (1)	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(40.622)	(7.223)	94.711	(512.591)	(157.000)	(622.725)
– Inflow	12.105.375	3.900.791	6.677.707	1.990.915	-	24.674.788
– Outflow	(12.145.997)	(3.908.014)	(6.582.996)	(2.503.506)	(157.000)	(25.297.513)
Interest rate derivatives	259	(2.256)	39.907	53.997	30.600	122.507
– Inflow	23.713	259.367	1.547.445	2.709.313	454.205	4.994.043
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.655.316)	(423.605)	(4.871.536)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(41.305)	9.547	(213.752)	(1.463.759)	(158.052)	(1.867.321)
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	**12.150.799**	**4.333.934**	**12.320.402**	**19.893.658**	**1.640.546**	**50.339.339**
Total cash outflow	**(12.232.467)**	**(4.333.866)**	**(12.399.536)**	**(21.816.011)**	**(1.924.998)**	**(52.706.878)**

(1) In table above no amortization of the notional amount has been taken into consideration.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

c. Information on credit derivatives and risk exposures:

Derivative portfolio includes credit default swaps for TL 1.210.160 (31 December 2012 – TL 1.257.334) for the period ended 31 December 2013. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure.

ç. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 50.927 (December 31, 2012 - TL 34.091) for litigation and has accounted for it in the accompanying financial statements under the "Other Provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

d. Information on services in the name and account of others:

The Bank's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans (1)	3.250.477	142.719	3.579.677	165.254
Medium/long-term loans (1)	2.901.328	1.155.801	2.736.626	995.781
Interest on loans under follow-up	104.305	2.408	111.893	50
Premiums received from resource utilization support fund	-	-	-	-
Total	**6.256.110**	**1.300.928**	**6.428.196**	**1.161.085**

(1) Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	24.144	651	21.065	1.124
From foreign banks	3.479	6.813	2.713	8.615
Headquarters and branches abroad	-	-	-	-
Total	**27.623**	**7.464**	**23.778**	**9.739**

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	6.137	2.695	18.389	2.042
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	726.964	365.871	600.494	42.946
From held-to-maturity investments	263.875	153.618	332.346	608.545
Total	**996.976**	**522.184**	**951.229**	**653.533**

4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	13.304	15.004

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	66.748	634.323	67.883	486.068
The CBRT	-	-	-	-
Domestic banks	13.162	9.342	17.979	7.762
Foreign banks	53.586	624.981	49.904	478.306
Headquarters and branches abroad	-	-	-	-
Other institutions	-	364	-	-
Total (1)	**66.748**	**634.687**	**67.883**	**486.068**

(1) Includes fees and commissions related to borrowings.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	58.058	57.590

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	121.402	115.031	131.641	55.067
Total	**121.402**	**115.031**	**131.641**	**55.067**

4. Maturity structure of the interest expense on deposits:

		Time deposit							
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulating deposit	Total	Prior Period
TL									
Bank deposits	298	826	10.189	1.600	603	169	-	13.685	8.551
Saving deposits	1	51.547	1.403.471	80.916	21.886	21.135	-	1.578.956	2.066.024
Public sector deposits	-	11	639	115	28	2	-	795	510
Commercial deposits	22	186.702	569.737	56.659	38.615	9.527	-	861.262	979.099
Other deposits	-	5.881	124.179	12.739	208.848	148	-	351.795	153.190
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**321**	**244.967**	**2.108.215**	**152.029**	**269.980**	**30.981**	**-**	**2.806.493**	**3.207.374**
FC									
Foreign currency deposits	104	124.485	490.799	23.648	15.127	36.843	-	691.006	766.283
Bank deposits	83	482	762	208	1	-	-	1.536	1.528
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	631	1.646	179	171	36	-	2.663	2.796
Total	**187**	**125.598**	**493.207**	**24.035**	**15.299**	**36.879**	**-**	**695.205**	**770.607**
Grand total	**508**	**370.565**	**2.601.422**	**176.064**	**285.279**	**67.860**	**-**	**3.501.698**	**3.977.981**

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	3.235	103
Subsidiaries and associates	129.552	183.274
Total	**132.787**	**183.377**

ç. Information on trading gain/loss (net):

	Current Period	Prior Period
Gain	**29.900.931**	**47.373.392**
Gain from capital market transactions	627.410	317.241
Derivative financial transaction gains	10.459.089	19.858.334
Foreign exchange gains	18.814.432	27.197.817
Loss (-)	**(29.785.883)**	**(47.412.393)**
Loss from capital market transactions	(58.289)	(11.284)
Derivative financial transaction losses	(8.775.548)	(20.807.005)
Foreign exchange loss	(20.952.046)	(26.594.104)
Net gain/loss	**115.048**	**(39.001)**

d. Information on gain/loss from derivative financial transactions:

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 2.299.926 loss (December 31, 2012 – TL 418.701 loss).

e. Information on other operating income:

Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of fixed assets.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1.097.268	787.602
III. Group loans and receivables	23.158	37.862
IV. Group loans and receivables	65.545	170.057
V. Group loans and receivables	1.008.565	579.683
General provision expenses	224.817	332.482
Provision expense for possible risks	50.705	93.528
Marketable securities impairment expenses(1)	31.124	2.302
Financial assets at fair value through profit or loss	1.436	1.693
Available-for-sale financial assets	29.688	609
Impairment of investments in associates, subsidiaries and held-to-maturity securities	32.081	72.886
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments(1)	32.081	72.886
Other	39.410	4.615
Total	**1.475.405**	**1.293.415**

(1) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.330.147	1.236.495
Reserve for employee termination benefits	7.090	20.006
Provision expense for pension fund	-	51.891
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	156.010	152.855
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	75.766	64.504
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	302	235
Depreciation expenses of assets held for resale	4.586	3.766
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.140.522	939.046
Operational lease expenses	171.965	149.504
Repair and maintenance expenses	58.544	51.440
Advertising expenses	96.920	78.040
Other expense	813.093	660.062
Loss on sales of assets	299	138
Other	624.290	523.989
Total	**3.339.012**	**2.992.925**

ğ. Information on profit/loss before taxes from continuing operations and discontinued operations:

The profit before tax includes TL 4.664.232 (31 December 2012 – TL 4.492.009) of net interest income, TL 2.006.317 (31 December 2012 – TL 1.761.005) of net fees and commissions and TL 3.339.012 (31 December 2012 – TL 2.992.925) of other operations.

As of December 31, 2013, the Bank has TL 1.227.271 (December 31, 2012 – none) profit before tax from discontinued operations.

h. Provision for taxes on income from continuing operations and discontinued operations:

As of December 31, 2013, the Bank has TL 151.385 (December 31, 2012 – 739.096) tax expense from continued operations, TL 54.836 from discontinued operations (December 31, 2012 – TL None) and deferred tax expense from continued operations amounting to TL 374.402 (December 31, 2012 – TL 203.326 revenue).

Total provision for taxes on income for the current period and the previous period:

	Current Period	Prior Period
Profit before tax	3.783.598	2.449.242
Tax calculated at rate of 20%	756.720	489.848
Nondeductible expenses, discounts and other, net	(176.097)	45.922
Total	**580.623**	**535.770**

ı. Information on net income/loss for the period:

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.

2. Information on any change in the accounting estimates concerning the current period or future periods: None.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

i. Other items in income statement:

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions.

V. Explanations and notes related to statement of changes in shareholders' equity

a. Information on dividends:

Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

b. Information on increase/decrease amounts resulting from merger:

None.

c. Information on available for sale financial assets:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

ç. Hedging transactions:

The Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2013 is TL 115.117 loss. (December 31, 2012 - TL 560.813 loss).

d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to statement of cash flows

a. Information on cash and cash equivalents:

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change in the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3 (i). Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	**4.836.744**	**7.208.779**
Cash and effectives	1.515.441	1.013.783
Demand deposits in banks	3.321.303	6.194.996
Cash equivalents	**3.472.362**	**2.571.645**
Interbank money market	2.725.227	2.136.834
Time deposits in banks	747.135	434.811
Total cash and cash equivalents	**8.309.106**	**9.780.424**

3 (ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**5.109.449**	**4.836.744**
Cash and effectives	1.748.979	1.515.441
Demand deposits in banks	3.360.470	3.321.303
Cash equivalents	**4.162.764**	**3.472.362**
Money market	2.893.436	2.725.227
Time deposits in banks	1.269.328	747.135
Total cash and cash equivalents	**9.272.213**	**8.309.106**

b. Information on cash and cash equivalents those are not available for use due to legal limitations and other reasons:

Reserves amounting to TL 17.027.952 (December 31, 2012 – TL 9.560.872) in CBRT represent the reserve requirements of the Bank. There is also TL 187.412 blocked amount in foreign banks account (December 31, 2012 – TL 100.349).

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in "Other Account" amounting to TL 4.219.569 as of December 31, 2013 (December 31, 2012 – TL 1.123.952 increase), which is classified under "Operating profit before changes in operating assets and liabilities", includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.892.854 as of December 31, 2013 (December 31, 2012 – TL 4.740.126 increase), which is classified under "Changes in operating assets and liabilities", mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 621.837 as of December 31, 2013 (December 31, 2012 – TL 163.969 decrease).

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to unconsolidated financial statements (continued)

VII. Explanations and notes related to the Bank's risk group

a. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Current Period:

Bank's risk group (1), (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	203.903	151.354	15.430	403.915	706.576	936.967
Balance at the end of the period	109.348	497.720	52.615	450.294	806.128	1.048.902
Interest and commission income received	**13.304**	**2.227**	**9.531**	**2.835**	**63.416**	**13.048**

(1) Defined in subsection 2 of the 49th article of the Banking Act No.5411.
(2) The information in table above includes loans and due from banks as well as marketable securities.

Prior Period:

Bank's risk group (1), (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	701.047	291.713	8.292	230.061	673.086	722.958
Balance at the end of the period	203.903	151.354	15.430	403.915	706.576	936.967
Interest and commission income received(3)	**15.004**	**1.504**	**3.365**	**2.215**	**64.940**	**14.901**

(1) Defined in subsection 2 of the 49th article of the Banking Act No.5411.
(2) The information in table above includes marketable securities and due from banks as well as loans.

2. Information on deposits of the Bank's risk group:

Bank's risk group (1), (2)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the period	770.943	1.239.623	5.838.878	5.160.138	8.016.750	4.414.388
End of the period	2.443.971	770.943	11.261.140	5.838.878	6.391.249	8.016.750
Interest expense on deposits(3)	**58.058**	**57.590**	**389.370**	**277.539**	**279.868**	**233.982**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.

3. Information on forward and option agreements and other derivative instruments with the Bank's risk group:

Bank's risk group(1)	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss (2)						
Beginning of the period(3)	1.403.949	2.044.472	300.627	216.174	273.177	97.206
End of the period (3)	5.973.118	1.403.949	460.395	300.627	659.635	273.177
Total profit / (loss)	**80.224**	**12.377**	**5.174**	**2.952**	**25**	**7.999**
Transactions for hedging purposes (2)						
Beginning of the period (3)	-	-	-	-	-	-
End of the period (3)	-	-	-	-	-	-
Total profit / (loss)	-	-	-	-	-	-

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39.
(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

b. Information regarding benefits provided to the Bank's top management:

Salaries and benefits paid to the Bank's top management amount to TL 36.657 as of December 31, 2013 (December 31, 2012 – TL 27.892).

Explanations and notes related to unconsolidated financial statements (continued)

VIII. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch	948	15.679			
			Country of incorporation		
Foreign Rep. Office	-	-	-		
				Total asset	Statutory share capital
Foreign Branch	1	4	Bahrain	6.066.223	-
Off-Shore Banking Region Branch	-	-	-	-	-

IX. Explanations and notes related to subsequent events:

None.

Section Six

Other Explanations and Notes

I. Other explanations on the Bank's operations

None

Section Seven

Explanations on independent audit report

I. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended December 31, 2013 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's report dated February 10, 2014 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

(Convenience translation of publicly announced consolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at December 31, 2013 together with independent auditor's report

Building a better working world

Güney Bağımsız Denetim ve
SMMM AŞ
Büyükdere Cad.
Beytem Plaza No: 20
K: 9-10, 34381 - Şişli
İstanbul - Turkey

Tel: +90 212 315 30 00
Fax: +90 212 230 82 91
ey.com

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

Independent audit report

To the Board of Directors of Yapı ve Kredi Bankası A.Ş.:

We have audited the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") as at December 31, 2013 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended and summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Bank's Board of Directors for the financial statements:

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error and selecting and applying appropriate accounting policies.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the "Regulation on Authorization and Activities of Institutions to Conduct Independent Audit in Banks" published in the Official Gazette dated November 1, 2006 and numbered 26333 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No: 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, February 10, 2014

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

The consolidated financial report of Yapı ve Kredi Bankası A.Ş. as of December 31, 2013

Convenience translation of publicly announced consolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

E-Mail: financialreports@yapikredi.com.tr

The consolidated financial report for the year end which is prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as regulated by the Banking Regulation and Supervision Agency, includes the following sections.

- Section one - General information about the parent bank
- Section two - Consolidated financial statements of the parent bank
- Section three - Explanations on accounting policies applied in the related period
- Section four - Information related to financial position of the group
- Section five - Explanations and notes related to consolidated financial statements
- Section six - Other explanations
- Section seven - Independent auditor's report

Investments in subsidiaries, associates and joint ventures, whose financial statements have been consolidated in this consolidated financial statements are as follows.

Subsidiaries	**Associates**	**Joint Ventures**
1. Yapı Kredi Finansal Kiralama A.O.	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.
2. Yapı Kredi Faktoring A.Ş.	2. Allianz Yaşam ve Emeklilik A.Ş.	
3. Yapı Kredi Yatırım Menkul Değerler A.Ş.		
4. Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.		
5. Yapı Kredi Portföy Yönetimi A.Ş.		
6. Yapı Kredi Holding B.V.		
7. Yapı Kredi Bank Nederland N.V.		
8. Yapı Kredi Bank Moscow		
9. Stiching Custody Services YKB		
10. Yapı Kredi Bank Azerbaijan CJSC		
11. Yapı Kredi Invest LLC		

Although, Yapı Kredi Diversified Payment Rights Finance Company (the Special Purpose Entity) is not a subsidiary of the Bank, it has been included in the consolidation since the Bank has a 100% control.

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

Mustafa V. KOÇ
Chairman of the Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial Reporting and Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsun Akkal BOZOK
Member of Audit Committee

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

Contact information of the personnel in charge for addressing questions about this financial report:
Name-Surname / Title : Barış Savur / International Reporting and Consolidation Manager
Telephone Number : (0212) 339 63 22
Fax Number : (0212) 339 61 05

Section one

General information

Section two

Consolidated financial statements

Section three

Accounting policies

Section four

Financial Position and Risk Management

Section five

Explanations and notes related to consolidated financial statements

Section six

Other explanations

Section seven

Independent auditor's report

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section One
General Information

I. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status, if any:

Yapı ve Kredi Bankası A.Ş. ("the Bank", "Yapı Kredi" or "the Parent Bank"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

II. Explanation about the Parent Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling Group of the Bank:

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of December 31, 2013, 18,20% of the shares of the Bank are publicly traded (December 31, 2012 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UCG over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from BIST and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries is still under the control of group were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

After the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS owns 81,80% of the shares of the Bank.

III. Explanations regarding the board of directors, members of the audit committee, Chief Executive Officer and executive vice presidents, and their areas of responsibility and shares if any:

As of December 31, 2013, the Parent Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Mustafa V. KOÇ	Chairman
Gianni F.G. PAPA	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Executive Director and Deputy Chief Executive Officer
Adil Giray ÖZTOPRAK	Member
Ahmet Fadıl ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Füsun Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA	Member
Osman Turgay DURAK	Member

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Adil Giray ÖZTOPRAK	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Füsun Akkal BOZOK	Member

General Manager and Deputy General Manager:

Name	Responsibility
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Deputy General Manager

General information (continued)

Assistant General Managers:

Name	Responsibility
Akif Cahit ERDOĞAN	Information Technologies and Operation Management
Cemal Aybars SANAL	Legal Activities Management
Feza TAN	Corporate and Commercial Banking Management
Marco IANNACCONE	Financial Planning and Administration Management
Mehmet Erkan ÖZDEMİR	Compliance and Internal Control / Consumer Relations Coordination Officer
Mehmet Gökmen UÇAR	Retail Credits Management
Mehmet Murat ERMERT	Corporate Communication Management
Mert ÖNCÜ	Treasury Management
Mert YAZICIOĞLU	Private Banking and Asset Management
Nurgün EYÜBOĞLU	Corporate and Commercial Credit Management
Stefano PERAZZINI	Internal Audit / Chief Audit Executive
Süleyman Cihangir KAVUNCU	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Zeynep Nazan SOMER ÖZELGİN	Retail Banking Management

The shares of the above individuals in the Parent Bank are insignificant.

IV. Information on the individual and corporate shareholders having control shares of the Parent Bank:

Name/Commercial title	Share amounts (nominal)	Share percentage	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.555.712.396,07	81,80%	3.555.712.396,07	-

Koç Finansal Hizmetler A.Ş. is a joint venture of Koç Group, UniCredit Group and Temel Ticaret ve Yatırım A.Ş.

V. Summary information on the Parent Bank's activities and service types:

The Parent Bank's activities summarized from the article 3 of the articles of association are as follows:

The Parent Bank's purpose and subject matter in accordance with the Banking Law, regulations and existing laws include:

- The execution of all banking activities,
- The execution of all economic and financial activities which are allowed by the regulation,
- The execution of the representation, attorney and agency activities related to the subjects written above,
- The purchase and sale of share certificates, bonds and all the capital market instruments, in accordance with Capital Market Law and regulations.

In case of necessity for performing activities which are useful and required but that are not specified in the articles of association, a Board of Directors' proposal is to be presented to the General Assembly. With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

As of December 31, 2013, the Parent Bank has 948 branches operating in Turkey and 1 branch in overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas).

As of December 31, 2013, the Parent Bank has 15.683 employees (December 31, 2012 - 14.733 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2013 the Group has 16.680 employees (December 31, 2012 - 17.459 employees).

The accompanying consolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank, and Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı, an entity under common control, are consolidated through "Equity Method" in the accompanying consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş., on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group. These entities are taken into account as a deduction item in shareholders' equity for the purpose of calculation of capital adequacy ratio.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., and Enternasyonel Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled and there is no significant influence by the Bank.

All other subsidiaries are fully consolidated.

VII. The existing or potential, actual or legal obstacles on the immediate transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

None.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section two

Consolidated financial statements

I. Consolidated balance sheet (Statement of Financial Position)

			Current Period (31/12/2013)			Prior Period (31/12/2012)		
	Assets	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Cash and balances with Central Bank**	**I-a**	**1.330.475**	**17.660.274**	**18.990.749**	**1.620.812**	**9.867.136**	**11.487.948**
II.	**Financial assets at fair value through profit or (loss) (net)**	**I-b**	**1.529.329**	**193.835**	**1.723.164**	**752.700**	**250.295**	**1.002.995**
2.1	Trading financial assets		1.529.329	193.835	1.723.164	752.700	250.295	1.002.995
2.1.1	Government debt securities		30.448	24.519	54.967	383.439	110.557	493.996
2.1.2	Share certificates		20.719	-	20.719	34.715	-	34.715
2.1.3	Derivative financial assets held for trading	I-c	1.427.991	168.121	1.596.112	288.626	131.857	420.483
2.1.4	Other marketable securities		50.171	1.195	51.366	45.920	7.881	53.801
2.2	Financial assets designated at fair value through profit /(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**Banks**	**I-ç**	**516.091**	**3.493.035**	**4.009.126**	**2.100.567**	**3.241.930**	**5.342.497**
IV.	**Money markets**		**2.879.994**	**48.453**	**2.928.447**	**2.662.002**	**111.234**	**2.773.236**
4.1	Interbank money market placements		-	-	-	330.046	-	330.046
4.2	Receivables from Istanbul Stock Exchange Money Market		1.701.131	48.453	1.749.584	1.399.562	111.234	1.510.796
4.3	Receivables from reverse repurchase agreements		1.178.863	-	1.178.863	932.394	-	932.394
V.	**Financial assets available-for-sale (net)**	**I-e**	**9.293.502**	**3.915.860**	**13.209.362**	**8.050.175**	**7.600.273**	**15.650.448**
5.1	Share certificates		37.381	392	37.773	18.315	312	18.627
5.2	Government debt securities		7.859.125	3.419.501	11.278.626	6.457.686	7.252.759	13.710.445
5.3	Other marketable securities		1.396.996	495.967	1.892.963	1.574.174	347.202	1.921.376
VI.	**Loans and receivables**	**I-f**	**66.274.045**	**34.349.885**	**100.623.930**	**55.268.236**	**23.520.611**	**78.788.847**
6.1	Loans and receivables		65.336.611	34.099.247	99.435.858	54.400.213	23.412.445	77.812.658
6.1.1	Loans to bank's risk group		586.364	414.459	1.000.823	406.497	700.003	1.106.500
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		64.750.247	33.684.788	98.435.035	53.993.716	22.712.442	76.706.158
6.2	Loans under follow-up		3.056.127	576.946	3.633.073	2.202.516	371.587	2.574.103
6.3	Specific provisions (-)		(2.118.693)	(326.308)	(2.445.001)	(1.334.493)	(263.421)	(1.597.914)
VII.	**Factoring receivables**		**1.165.611**	**976.724**	**2.142.335**	**879.902**	**760.165**	**1.640.067**
VIII.	**Held-to-maturity investments (net)**	**I-g**	**3.577.663**	**3.311.940**	**6.889.603**	**3.318.507**	**2.509.187**	**5.827.694**
8.1	Government debt securities		3.562.986	2.964.382	6.527.368	3.315.536	2.450.123	5.765.659
8.2	Other marketable securities		14.677	347.558	362.235	2.971	59.064	62.035
IX.	**Investments in associates (net)**	**I-ğ**	**198.002**	**253.462**	**451.464**	**4.503**	**193.934**	**198.437**
9.1	Consolidated based on equity method		193.499	253.462	446.961	-	193.934	193.934
9.2	Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1	Investments in financial associates		-	-	-	-	-	-
9.2.2	Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X.	**Subsidiaries (net)**	**I-h**	**2.300**	**-**	**2.300**	**2.300**	**-**	**2.300**
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	**Joint ventures (net)**	**I-ı**	**10.376**	**-**	**10.376**	**18.459**	**-**	**18.459**
11.1	Accounted based on equity method		10.376	-	10.376	18.459	-	18.459
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial joint ventures		-	-	-	-	-	-
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	**Lease receivables**	**I-i**	**1.024.174**	**2.953.198**	**3.977.372**	**735.697**	**2.360.796**	**3.096.493**
12.1	Financial lease receivables		1.257.705	3.359.983	4.617.688	882.245	2.713.673	3.595.918
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(233.531)	(406.785)	(640.316)	(146.548)	(352.877)	(499.425)
XIII.	**Derivative financial assets held for hedging**	**I-j**	**462.819**	**4.808**	**467.627**	**94.166**	**-**	**94.166**
13.1	Fair value hedge		307.375	-	307.375	93.996	-	93.996
13.2	Cash flow hedge		155.444	4.808	160.252	170	-	170
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	**Property and equipment (net)**	**I-k**	**970.323**	**46.218**	**1.016.541**	**1.021.111**	**34.352**	**1.055.463**
XV.	**Intangible assets (net)**	**I-l**	**1.380.633**	**12.957**	**1.393.590**	**1.353.964**	**7.427**	**1.361.391**
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		401.140	12.957	414.097	374.471	7.427	381.898
XVI.	**Investment property (net)**	**I-m**	**-**	**-**	**-**	**-**	**-**	**-**
XVII.	**Tax asset**		**86.010**	**8.235**	**94.245**	**164.140**	**4.091**	**168.231**
17.1	Current tax asset		7.407	3.746	11.153	-	753	753
17.2	Deferred tax asset	I-n	78.603	4.489	83.092	164.140	3.338	167.478
XVIII.	**Assets held for resale and related to discontinued operations (net)**	**I-o**	**158.298**	**1.097**	**159.395**	**139.078**	**575**	**139.653**
18.1	Held for sale purposes		158.298	1.097	159.395	139.078	575	139.653
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	**Other assets**	**I-ö**	**1.337.874**	**882.344**	**2.220.218**	**1.640.539**	**1.208.897**	**2.849.436**
	Total assets		**92.197.519**	**68.112.325**	**160.309.844**	**79.826.858**	**51.670.903**	**131.497.761**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

I. Consolidated balance sheet (Statement of Financial Position)

					Current Period (31/12/2013)			Prior Period (31/12/2012)
	Liabilities	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Deposits**	**II-a**	**44.470.043**	**44.011.738**	**88.481.781**	**41.016.265**	**30.127.126**	**71.143.391**
1.1	Deposits of the Bank's risk group		3.963.042	7.089.348	11.052.390	4.179.284	4.916.255	9.095.539
1.2	Other		40.507.001	36.922.390	77.429.391	36.836.981	25.210.871	62.047.852
II.	**Derivative financial liabilities held for trading**	**II-b**	**775.535**	**88.098**	**863.633**	**286.978**	**97.503**	**384.481**
III.	**Funds borrowed**	**II-c**	**2.049.478**	**17.242.089**	**19.291.567**	**1.340.562**	**12.953.769**	**14.294.331**
IV.	**Money markets**		**2.461.502**	**3.143.784**	**5.605.286**	**3.365.822**	**3.107.853**	**6.473.675**
4.1	Funds from interbank money market		-	-	-	-	-	-
4.2	Funds from Istanbul stock exchange money market		2.211.064	-	2.211.064	1.654.814	-	1.654.814
4.3	Funds provided under repurchase agreements		250.438	3.143.784	3.394.222	1.711.008	3.107.853	4.818.861
V.	**Marketable securities issued (net)**	**II-ç**	**1.659.777**	**6.763.066**	**8.422.843**	**1.419.407**	**2.527.098**	**3.946.505**
5.1	Bills		1.165.920	827.050	1.992.970	716.171	-	716.171
5.2	Asset backed securities		-	2.576.083	2.576.083	-	1.641.731	1.641.731
5.3	Bonds		493.857	3.359.933	3.853.790	703.236	885.367	1.588.603
VI.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**Miscellaneous payables**		**5.690.683**	**1.577.616**	**7.268.299**	**5.007.655**	**767.827**	**5.775.482**
VIII.	**Other liabilities**	**II-d**	**1.158.174**	**762.297**	**1.920.471**	**1.650.397**	**1.056.655**	**2.707.052**
IX.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**Lease payables (net)**	**II-e**	**-**	**-**	**-**	**-**	**-**	**-**
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		-	-	-	-	-	-
XI.	**Derivative financial liabilities held for hedging**	**II-f**	**30.573**	**355.822**	**386.395**	**412.001**	**492.686**	**904.687**
11.1	Fair value hedge		-	-	-	90.233	-	90.233
11.2	Cash flow hedge		30.573	355.822	386.395	321.768	492.686	814.454
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	**Provisions**	**II-g**	**2.507.561**	**572.442**	**3.080.003**	**3.413.375**	**780.821**	**4.194.196**
12.1	General loan loss provision		1.010.544	510.329	1.520.873	941.376	398.305	1.339.681
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		224.456	13.579	238.035	235.694	10.701	246.395
12.4	Insurance technical provisions (net)		-	-	-	883.156	296.060	1.179.216
12.5	Other provisions		1.272.561	48.534	1.321.095	1.353.149	75.755	1.428.904
XIII.	**Tax liability**	**II-ğ**	**221.065**	**2.010**	**223.075**	**436.602**	**2.179**	**438.781**
13.1	Current tax liability		221.065	689	221.754	436.602	2.179	438.781
13.2	Deferred tax liability		-	1.321	1.321	-	-	-
XIV.	**Liabilities for property and equipment held for sale and related to discontinued operations (net)**		**-**	**-**	**-**	**-**	**-**	**-**
14.1	Held for sale		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	**Subordinated loans**	**II-h**	**-**	**6.480.981**	**6.480.981**	**-**	**5.195.642**	**5.195.642**
XVI.	**Shareholders' equity**	**II-ı**	**18.756.080**	**(470.570)**	**18.285.510**	**15.388.361**	**651.177**	**16.039.538**
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		845.508	(472.863)	372.645	1.016.289	651.177	1.667.466
16.2.1	Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	II-ı	(241.315)	123.197	(118.118)	273.173	1.214.250	1.487.423
16.2.4	Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus shares from investments in associates, subsidiaries and joint ventures		4.503	-	4.503	-	-	-
16.2.8	Hedging funds (effective portion)		239.825	(596.060)	(356.235)	(94.470)	(563.073)	(657.543)
16.2.9	Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		298.614	-	298.614	293.705	-	293.705
16.3	Profit reserves		8.974.058	2.293	8.976.351	7.118.712	-	7.118.712
16.3.1	Legal reserves		463.786	-	463.786	359.847	-	359.847
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		8.051.473	-	8.051.473	6.546.849	-	6.546.849
16.3.4	Other profit reserves		458.799	2.293	461.092	212.016	-	212.016
16.4	Income or (loss)		4.586.936	-	4.586.936	2.841.517	-	2.841.517
16.4.1	Prior years' income or (loss)		927.984	-	927.984	753.844	-	753.844
16.4.2	Current year income or (loss)		3.658.952	-	3.658.952	2.087.673	-	2.087.673
16.5	Minority interest	II-i	2.527	-	2.527	64.792	-	64.792
	Total liabilities and shareholders' equity		**79.780.471**	**80.529.373**	**160.309.844**	**73.737.425**	**57.760.336**	**131.497.761**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Consolidated off-balance sheet commitments

					Current period (31/12/2013)			Prior Period (31/12/2012)
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	**Off-balance sheet commitments (I+II+III)**		**101.237.404**	**124.763.142**	**226.000.546**	**113.308.694**	**116.216.598**	**229.525.292**
I.	**Guarantees and warranties**	**III-a-2, 3**	**12.898.958**	**25.188.958**	**38.087.916**	**11.376.121**	**17.268.280**	**28.644.401**
1.1	Letters of guarantee		12.818.400	14.828.899	27.647.299	11.271.953	9.347.999	20.619.952
1.1.1	Guarantees subject to state tender law		482.038	657.448	1.139.486	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations		1.521.868	13.927.101	15.448.969	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee		10.814.494	244.350	11.058.844	9.573.268	108.294	9.681.562
1.2	Bank acceptances		-	118.686	118.686	-	121.325	121.325
1.2.1	Import letter of acceptance		-	118.686	118.686	-	121.325	121.325
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		1.208	6.709.273	6.710.481	13.789	5.770.136	5.783.925
1.3.1	Documentary letters of credit		1.208	6.698.180	6.699.388	13.789	5.756.593	5.770.382
1.3.2	Other letters of credit		-	11.093	11.093	-	13.543	13.543
1.4	Prefinancing given as guarantee		-	-	-	143	2.377	2.520
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		79.350	2.016.957	2.096.307	90.236	1.057.479	1.147.715
1.9	Other warranties		-	1.515.143	1.515.143	-	968.964	968.964
II.	**Commitments**	**III-a-1**	**37.495.938**	**7.785.077**	**45.281.015**	**75.280.393**	**28.504.711**	**103.785.104**
2.1	Irrevocable commitments		37.495.938	7.552.103	45.048.041	29.934.837	7.109.874	37.044.711
2.1.1	Asset purchase and sale commitments		1.816.025	6.966.286	8.782.311	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments		-	9	9	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		5.884.104	510.050	6.394.154	4.992.286	385.966	5.378.252
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		5.385.711	-	5.385.711	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments		41.007	-	41.007	38.106	-	38.106
2.1.9	Commitments for credit card limits		21.610.762	-	21.610.762	17.856.081	44.716	17.900.797
2.1.10	Commitments for credit cards and banking services promotions		7.365	-	7.365	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		2.750.964	75.758	2.826.722	1.754.294	18.130	1.772.424
2.2	Revocable commitments		-	232.974	232.974	45.345.556	21.394.837	66.740.393
2.2.1	Revocable loan granting commitments		-	167.212	167.212	45.345.556	21.394.837	66.740.393
2.2.2	Other revocable commitments		-	65.762	65.762	-	-	-
III.	**Derivative financial instruments**	**III-b-c**	**50.842.508**	**91.789.107**	**142.631.615**	**26.652.180**	**70.443.607**	**97.095.787**
3.1	Derivative financial instruments for hedging purposes		12.176.363	25.452.330	37.628.693	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge		1.104.763	1.506.212	2.610.975	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge		11.071.600	23.946.118	35.017.718	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		38.666.145	66.336.777	105.002.922	12.527.722	43.786.350	56.314.072
3.2.1	Forward foreign currency buy/sell transactions		3.876.427	5.587.189	9.463.616	2.554.504	5.708.082	8.262.586
3.2.1.1	Forward foreign currency transactions-buy		1.106.191	4.008.168	5.114.359	955.972	3.141.413	4.097.385
3.2.1.2	Forward foreign currency transactions-sell		2.770.236	1.579.021	4.349.257	1.598.532	2.566.669	4.165.201
3.2.2	Swap transactions related to foreign currency and interest rates		27.448.282	48.100.440	75.548.722	5.757.882	26.467.192	32.225.074
3.2.2.1	Foreign currency swap-buy		11.841.762	20.657.942	32.499.704	2.630.863	11.682.759	14.313.622
3.2.2.2	Foreign currency swap-sell		15.606.520	16.876.174	32.482.694	3.127.019	11.088.661	14.215.680
3.2.2.3	Interest rate swap-buy		-	5.283.162	5.283.162	-	1.847.886	1.847.886
3.2.2.4	Interest rate swap-sell		-	5.283.162	5.283.162	-	1.847.886	1.847.886
3.2.3	Foreign currency, interest rate and securities options		6.483.436	12.273.834	18.757.270	3.508.336	10.956.972	14.465.308
3.2.3.1	Foreign currency options-buy		2.028.284	4.303.805	6.332.089	1.263.301	3.558.308	4.821.609
3.2.3.2	Foreign currency options-sell		3.064.188	3.250.977	6.315.165	1.701.389	3.233.041	4.934.430
3.2.3.3	Interest rate options-buy		70.800	2.359.526	2.430.326	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell		70.800	2.359.526	2.430.326	145.800	2.047.816	2.193.616
3.2.3.5	Securities options-buy		820.104	-	820.104	215.704	-	215.704
3.2.3.6	Securities options-sell		429.260	-	429.260	111.342	-	111.342
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		858.000	375.314	1.233.314	707.000	654.104	1.361.104
B.	**Custody and pledges received (IV+V+VI)**		**138.707.195**	**34.562.522**	**173.269.717**	**120.933.383**	**25.498.477**	**146.431.860**
IV.	**Items held in custody**		**61.314.014**	**5.884.148**	**67.198.162**	**57.125.421**	**4.264.804**	**61.390.225**
4.1	Customer fund and portfolio balances		-	12	12	2.273	117	2.390
4.2	Investment securities held in custody		48.922.433	5.160.024	54.082.457	45.448.129	3.646.706	49.094.835
4.3	Checks received for collection		9.765.253	139.746	9.904.999	9.375.958	91.571	9.467.529
4.4	Commercial notes received for collection		2.618.553	553.829	3.172.382	2.288.833	502.434	2.791.267
4.5	Other assets received for collection		-	30.537	30.537	-	23.976	23.976
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		7.775	-	7.775	10.228	-	10.228
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**76.079.903**	**27.193.253**	**103.273.156**	**62.639.447**	**20.650.913**	**83.290.360**
5.1	Marketable securities		204.521	237	204.758	220.994	193	221.187
5.2	Guarantee notes		681.445	439.491	1.120.936	703.951	376.676	1.080.627
5.3	Commodity		22.983	7.336	30.319	28.559	18.416	46.975
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		52.696.177	19.792.832	72.489.009	41.434.412	15.279.209	56.713.621
5.6	Other pledged items		22.474.777	6.949.452	29.424.229	20.251.531	4.973.254	25.224.785
5.7	Pledged items-depository		-	3.905	3.905	-	3.165	3.165
VI.	**Accepted independent guarantees and warranties**		**1.313.278**	**1.485.121**	**2.798.399**	**1.168.515**	**582.760**	**1.751.275**
	Total off-balance sheet commitments (A+B)		**239.944.599**	**159.325.664**	**399.270.263**	**234.242.077**	**141.715.075**	**375.957.152**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. Consolidated income statement

	Income and expense items	Note (Section Five)	Current Period 01/01-31/12/2013	Restated Prior Period 01/01-31/12/2012
I.	**Interest income**	**IV-a**	**9.952.563**	**10.076.193**
1.1	Interest on loans	IV-a-1	7.776.582	7.791.862
1.2	Interest received from reserve deposits		118	186
1.3	Interest received from banks	IV-a-2	106.288	118.855
1.4	Interest received from money market transactions		123.056	145.982
1.5	Interest received from marketable securities portfolio	IV-a-3	1.539.839	1.623.839
1.5.1	Trading financial assets		11.146	23.979
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		1.104.052	649.913
1.5.4	Held to maturity investments		424.641	949.947
1.6	Financial lease income		284.050	237.891
1.7	Other interest income		122.630	157.578
II.	**Interest expense**	**IV-b**	**(4.886.128)**	**(5.197.298)**
2.1	Interest on deposits	IV-b-4	(3.557.677)	(4.063.058)
2.2	Interest on funds borrowed	IV-b-1	(778.265)	(625.356)
2.3	Interest expense on money market transactions		(263.274)	(278.109)
2.4	Interest on securities issued	IV-b-3	(270.222)	(220.804)
2.5	Other interest expenses		(16.690)	(9.971)
III.	**Net interest income (I + II)**		**5.066.435**	**4.878.895**
IV.	**Net fees and commissions income**		**2.136.188**	**1.864.760**
4.1	Fees and commissions received		2.548.931	2.288.051
4.1.1	Non-cash loans		282.175	249.197
4.1.2	Other	IV-j	2.266.756	2.038.854
4.2	Fees and commissions paid		(412.743)	(423.291)
4.2.1	Non-cash loans		(10.184)	(7.562)
4.2.2	Other		(402.559)	(415.729)
V.	**Dividend income**	**IV-c**	**15.243**	**1.661**
VI.	**Trading gain/(loss) (net)**	**IV-ç**	**387.726**	**30.244**
6.1	Trading gains/(losses) on securities		571.819	318.899
6.2	Derivative financial transactions gains/(losses)	IV-d	1.612.067	(766.936)
6.3	Foreign exchange gains/(losses)		(1.796.160)	478.281
VII.	**Other operating income**	**IV-e**	**445.166**	**354.425**
VIII.	**Total operating income / loss (III+IV+V+VI+VII)**		**8.050.758**	**7.129.985**
IX.	**Provision for impairment of loans and other receivables (-)**	**IV-f**	**(1.552.121)**	**(1.400.142)**
X.	**Other operating expenses (-)**	**IV-g**	**(3.543.346)**	**(3.158.639)**
XI.	**Net operating income/(loss) (VIII-IX-X)**		**2.955.291**	**2.571.204**
XII.	**Excess amount recorded as income after merger**		**-**	**-**
XIII.	**Income/(loss) from investments accounted based on equity method**		**7.688**	**17.791**
XIV.	**Income/(loss) on net monetary position**		**-**	**-**
XV.	**Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)**	**IV-ğ**	**2.962.979**	**2.588.995**
XVI.	**Tax provision for continuing operations (±)**	**IV-h**	**(629.802)**	**(598.179)**
16.1	Current tax provision		(223.229)	(745.772)
16.2	Deferred tax provision		(406.573)	147.593
XVII.	**Net profit/loss from continuing operations (XV±XVI)**		**2.333.177**	**1.990.816**
XVIII.	**Income from discontinued operations**		**1.581.831**	**502.617**
18.1	Income from non-current assets held for resale		237.009	502.617
18.2	Profit from sales of associates, subsidiaries and joint ventures		1.344.822	-
18.3	Other income from discontinued operations		-	-
XIX.	**Expenses from discontinued operations (-)**		**(174.034)**	**(368.917)**
19.1	Expenses for non-current assets held for resale		(174.034)	(368.917)
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	**Profit /losses before taxes from discontinued operations (XVIII-XIX)**	**IV-ğ**	**1.407.797**	**133.700**
XXI.	**Tax provision for discontinued operations (±)**	**IV-h**	**(81.785)**	**(26.756)**
21.1	Current tax provision		(81.785)	(26.134)
21.2	Deferred tax provision		-	(622)
XXII.	**Net profit/loss from discontinued operations (XX±XXI)**		**1.326.012**	**106.944**
XXIII.	**Net profit/loss (XVII+XXII)**	**IV-ı**	**3.659.189**	**2.097.760**
23.1	Group's profit/loss		3.658.952	2.087.673
23.2	Minority interest profit/losses (-)	IV-i	237	10.087
	Earnings/(loss) per share (in TL full)		0,0084	0,0048

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

IV. Consolidated statement of income and expense items accounted under shareholders' equity

	Income and expense items accounted under shareholders' equity	Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	**Transfers to marketable securities valuation differences from financial assets available for sale**	**(2.289.674)**	**2.000.536**
II.	**Property and equipment revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Currency translation differences for foreign currency transactions**	**411.320**	**(10.938)**
V.	**Profit/loss on cash flow hedges (effective part of the fair value changes)**	**661.738**	**(336.707)**
VI.	**Profit/loss on foreign net investment hedges(effective part of the fair value changes)**	**(180.485)**	**20.055**
VII.	**Effects of changes in accounting policy and adjustment of errors**	**-**	**-**
VIII.	**Other income and expense items accounted under shareholders' equity according to TAS**	**25.201**	**269**
IX.	**Deferred tax on valuation differences**	**320.866**	**(341.371)**
X.	**Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)**	**(1.051.034)**	**1.331.844**
XI.	**Current year profit/loss**	**3.659.189**	**2.097.760**
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	449.939	17.791
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(247.017)	(209.965)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	3.456.267	2.289.934
XII.	**Total income/loss accounted for the period (X+XI)**	**2.608.155**	**3.429.604**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of December 31, 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

	Prior Period December 31, 2012	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)[1]	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
I.	**Period opening balance**		**4.347.051**	**-**	**543.881**	**-**	**266.973**	**-**	**4.930.128**	**392.631**	**2.284.704**	**338.858**	**(114.866)**	**-**	**-**	**(421.304)**	**-**	**12.568.056**	**67.178**	**12.635.234**
II.	**Changes in accounting policies according to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**4.347.051**	**-**	**543.881**	**-**	**266.973**	**-**	**4.930.128**	**392.631**	**2.284.704**	**338.858**	**(114.866)**	**-**	**-**	**(421.304)**	**-**	**12.568.056**	**67.178**	**12.635.234**
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**Increase/decrease due to the merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	**1.599.013**	-	-	-	-	**1.599.013**	**595**	**1.599.608**
VI.	**Hedging transactions funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	**(253.322)**	-	**(253.322)**	-	**(253.322)**
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(269.366)	-	(269.366)	-	(269.366)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	16.044	-	16.044	-	16.044
VII.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Foreign exchange differences**		-	-	-	-	-	-	-	**(35.070)**	-	-	**3.276**	-	-	**17.083**	-	**(14.711)**	-	**(14.711)**
XI.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Effect of the changes in equity of investment in associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	**Paid in-capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	**Other**		-	-	-	-	-	-	-	**269**	-	-	-	-	-	-	-	**269**	-	**269**
XIX.	**Current year income or loss**		-	-	-	-	-	-	-	-	**2.087.673**	-	-	-	-	-	-	**2.087.673**	**10.087**	**2.097.760**
XX.	**Profit distribution**		-	-	-	-	**92.874**	-	**1.616.721**	**147.891**	**(2.284.704)**	**427.218**	-	-	-	-	-	-	**(3.066)**	**(3.066)**
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.066)	(3.066)
20.2	Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	**Transactions with minority**		-	-	-	-	-	-	-	-	-	**(12.232)**	-	-	-	-	-	**(12.232)**	**(10.002)**	**(22.234)**
	Period end balance (III+IV+V+…..+VIII+XIX+XX+ XXI)		**4.347.051**	**-**	**543.881**	**-**	**359.847**	**-**	**6.546.849**	**505.721**	**2.087.673**	**753.844**	**1.487.423**	**-**	**-**	**(657.543)**	**-**	**15.974.746**	**64.792**	**16.039.538**

(1) Total legal reserves and extraordinary reserves of the consolidated entities except the Parent Bank's legal reserves and extraordinary reserves have been presented under prior period net income/ (loss).

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

	Current Period December 31, 2013	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) (1)	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
I.	**Prior period-end balance**		4.347.051	-	543.881	-	359.847	-	6.546.849	505.721	2.087.673	753.844	1.487.423	-	-	(657.543)	-	15.974.746	64.792	16.039.538
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	**Increase/decrease due to the merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	(1.832.122)	-	-	-	-	(1.832.122)	(380)	(1.832.502)
IV.	**Hedging transactions funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	385.003	-	385.003	-	385.003
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391	-	529.391
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(144.388)	-	(144.388)	-	(144.388)
V.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	4.503	-	-	4.503	-	4.503
VIII.	**Foreign exchange differences**		-	-	-	-	-	-	-	232.495	-	-	226.581	-	-	(83.695)	-	375.381	-	375.381
IX.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28.092)	(28.092)
X.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Effect of the changes in equity of investment in associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Paid in-capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-	-	16.581	-	-	-	-	-	-	-	16.581	-	16.581
XVII.	**Current year income or loss**		-	-	-	-	-	-	-	-	3.658.952	-	-	-	-	-	-	3.658.952	237	3.659.189
XVIII.	**Profit distribution**		-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	174.201	-	-	-	-	-	(300.000)	(678)	(300.678)
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	(300.000)	(678)	(300.678)
18.2	Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	474.201	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	**Transactions with minority**		-	-	-	-	-	-	-	-	-	(61)	-	-	-	-	-	(61)	(33.352)	(33.413)
	Period end balance (I+II+III+……+XVII+XVIII+XIX)		4.347.051	-	543.881	-	463.786	-	8.051.473	759.706	3.658.952	927.984	(118.118)	-	4.503	(356.235)	-	18.282.983	2.527	18.285.510

(1) Total legal reserves and extraordinary reserves of the consolidated entities except the Parent Bank's legal reserves and extraordinary reserves have been presented under prior period net income/ (loss).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

VI. Consolidated statement of cash flows

		Note (Section Five)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A.	**Cash flows from banking operations**			
1.1	Operating profit before changes in operating assets and liabilities		3.224.212	6.818.339
1.1.1	Interest received		10.959.486	8.263.036
1.1.2	Interest paid		(4.869.308)	(4.998.689)
1.1.3	Dividend received		11.002	1.661
1.1.4	Fees and commissions received		2.548.931	2.340.801
1.1.5	Other income		1.466.475	311.327
1.1.6	Collections from previously written-off loans and other receivables		1.226.236	1.588.590
1.1.7	Payments to personnel and service suppliers		(2.812.384)	(2.774.753)
1.1.8	Taxes paid		(522.041)	(768.750)
1.1.9	Other	VI-c	(4.784.185)	2.855.116
1.2	Changes in operating assets and liabilities		(7.195.796)	(8.390.416)
1.2.1	Net (increase)/decrease in trading securities		438.112	(287.388)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		(6.676.502)	(4.542.544)
1.2.4	Net (increase)/decrease in loans		(23.798.054)	(11.473.714)
1.2.5	Net (increase)/decrease in other assets		599.076	(415.895)
1.2.6	Net increase /(decrease) in bank deposits		923.320	(89.492)
1.2.7	Net increase /(decrease) in other deposits		16.354.669	5.051.392
1.2.8	Net increase /(decrease) in funds borrowed		4.126.020	(1.396.580)
1.2.9	Net increase /(decrease) in payables		-	-
1.2.10	Net increase /(decrease) in other liabilities	VI-c	837.563	4.763.805
I.	**Net cash flows from banking operations**		**(3.971.584)**	**(1.572.077)**
B.	**Cash flows from investing activities**			
II.	**Net cash flows from investing activities**		**(392.363)**	**444.301**
2.1	Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(259.237)	(22.236)
2.2	Cash obtained from disposal of investments in associates subsidiaries and joint ventures		1.358.266	-
2.3	Purchases of property and equipment		(305.050)	(316.509)
2.4	Disposals of property and equipment		61.846	46.126
2.5	Purchase of investments available-for-sale		(11.273.077)	(3.768.824)
2.6	Sale of investments available-for -sale		10.402.960	3.609.598
2.7	Purchase of investment securities		(504.486)	(50.325)
2.8	Sale of investment securities		126.415	946.471
2.9	Other		-	-
C.	**Cash flows from financing activities**			
III.	**Net cash flows from financing activities**		**3.175.953**	**729.130**
3.1	Cash obtained from funds borrowed and securities issued		11.659.816	7.791.928
3.2	Cash used for repayment of funds borrowed and securities issued		(8.183.185)	(7.059.732)
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(300.678)	(3.066)
3.5	Payments for finance leases		-	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rates on cash and cash equivalents**	**VI-c**	**836.133**	**(233.440)**
V.	**Net increase / (decrase) in cash and cash equivalents (I+II+III+IV)**		**(351.861)**	**(632.086)**
VI.	**Cash and cash equivalents at beginning of the period**	**VI-a**	**10.832.289**	**11.464.375**
VII.	**Cash and cash equivalents at end of the period**	**VI-a**	**10.480.428**	**10.832.289**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2013 and 2012

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL“))

VII. Profit appropriation statement (1), (2)

		Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	**Distribution of current year income**		
1.1	Current year income	3.783.598	2.449.242
1.2	Taxes and duties payable (-)	(580.623)	(535.770)
1.2.1	Corporate tax (income tax)	(206.221)	(739.096)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(374.402)	203.326
A.	**Net income for the year (1.1-1.2)**	**3.202.975**	**1.913.472**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	103.939
1.5	Other statutory reserves (-)	-	-
B.	**Net income available for distribution [(A+(1.3+1.4+1.5)]**	**3.202.975**	**1.809.533**
1.6	First dividend to shareholders (-)	-	300.000
1.6.1	To owners of ordinary shares	-	300.000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividends to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Second legal reserves (-)	-	-
1.11	Statutory reserves (-)	-	-
1.12	Extraordinary reserves	-	1.504.624
1.13	Other reserves	-	-
1.14	Special funds	-	4.909
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	Dividends to personnel (-)	-	-
2.5	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares	0,0074	0,0044
3.2	To owners of ordinary shares (%)	-	-
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	0,0007
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(1) Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2013 has not been prepared by the Board of Directors, only net profit related to the year 2013, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 873.950 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.
(2) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

Section Three
Accounting policies

I. Explanations on basis of presentation:

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC") and Turkish Tax Legislation.

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis (restated for the changes in the general purchasing power of TL until December 31, 2004), except for financial assets at fair value through profit or loss, financial assets available for sale, trading derivative financial liabilities and hedging derivative financial assets/liabilities. Besides, the carrying values of assets carried at amortised cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain accounting estimates by the Group management to exercise its judgment on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 2012. TAS/TFRS changes (TFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment), TAS 1 Presentation of Financial Statements (Amended) - Presentation of Items of Other Comprehensive Income, TAS 19 Employee Benefits (Amended), TAS 27 Separate Financial Statements (Amended), TAS 28 Investments in Associates and Joint Ventures (Amended), TFRS 10 Consolidated Financial Statements, TFRS 11 Joint Arrangements, TFRS 12 Disclosure of Interests in Other Entities, TFRS 13 Fair Value Measurement) do not have an significant effect on the Group's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below. The changes introduced by TFRS 10 as adopted by the Group are evaluated and it was concluded that the changes have no impact on consolidation of investments and associates of the Group.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under evaluation by the Group. The standard which the Group did not early adopt will primarily have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of adopting TFRS 9. However, as the impact of adoption depends on the assets held by the Group at the date of adoption itself, it is not practical or possible to quantify the effect at this stage. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Group's accounting policies, financial position and performance.

Additional paragraph for convenience translation into English:

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

II. Explanations on strategy of using financial instruments and foreign currency transactions:

The general strategy of the Group in using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. The Group can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is followed within the determined levels by the Board of Directors by considering the limits specified by the Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Hedging funds" in equity.

III. Information on consolidation principles:

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and the "Turkish Accounting Standard for Consolidated Financial Statements" ("TFRS 10").

1. Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank's returns.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders

Yapı Kredi Sigorta A.Ş. ("YKS") and Yapı Kredi Emeklilik A.Ş. ("YKE") owned by YKS, which were in the consolidation scope of the Group as of December 31, 2012, are sold to Allianz SE on July 12, 2013; resulting in loss of control over these subsidiaries however, with reinvesting to YKE (the new name "Allianz Yaşam ve Emeklilik A.Ş." ("Allianz")) with 20% share, the Group gained a significant influence on YKE.

Until the date of the sale both YKS and YKE are consolidated and their operating results and the profit from the sale are presented under the discontinued operations in the accompanying consolidated financial statements.

The share in Allianz is accounted with its fair value at the date the control is lost.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) December 31, 2013	Direct and indirect rates (%) December 31, 2013
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	95,36	95,36
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company [1]	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Parent Bank.

2. Consolidation principles of associates:

The associates are entities in which the Parent Bank participates in their capital and has significant influence on them, although the Parent Bank has no capital or management control, is established in domestic and abroad. The related associates are consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % December 31, 2013	Direct and indirect rates % December 31, 2013
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	İstanbul/Türkiye	Insurance	20,00	20,00

3. Consolidation principles of joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is real estate investment trust ("REIT") and operates according to special legislation with permission and license and is established in Turkey. The related joint venture is consolidated with equity method in accordance with materiality principle.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % December 31, 2013	Direct and indirect rates % December 31, 2013
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	REIT	30,45	30,45

4. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

b. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements" ("TAS 27") in the consolidated financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

IV. Explanations on forward and options contracts and derivative instruments:

The Group's derivative transactions mostly include foreign currency money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

At the transaction date, the Group documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Group regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

Accounting policies (continued)

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transactions is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or the recognition of the hedged item.

The Parent Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate swaps. The effective portion of the fair value changes of the hedging instruments are recorded in "Hedging funds" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss".

"Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Parameters used for the valuation of the option portfolio of the Parent Bank are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to TAS 39; in case, (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another.

As of December 31, 2013, the Parent Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or asset pool. Depending on whether the reference assets are included in the balance sheet of the issuer or the owner of the assets, these transactions can be accounted by the party assuming the credit risk as insurance or as an embedded derivative. As per the Bank's management evaluation, the embedded derivatives included in the credit linked notes are separated from the host contracts in accordance with TAS 39 and recorded and evaluated as credit default swaps. The bond itself (host contract) is valued in accordance with the valuation principles of the category it is classified.

Credit default swaps are contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract.Credit default swaps are valued daily by the valuation model of the Parent Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

Market risks of these products are monitored using the Parent Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, those currency exchange transactions realized at value date in the initial phase of currency swaps are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

A Credit Valuation Adjustment (CVA) is applied to the Bank's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank's over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with international financial reporting standards, TAS 39, comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counter party.

V. Explanations on interest income and expense:

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method periodically. The Group ceases accruing interest income on non-performing loans and, any interest income accruals from such receivables are reversed and no income is accounted until collection is made according to the related regulation.

VI. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

VII. Explanations on financial assets:

The Group classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Group management, taking into consideration the purpose of holding the investment. Regular purchases and sales of financial assets are recorded based on settlement date. Settlement date of a financial asset is the date that the asset is received or delivered by the Group. Settlement date accounting requires; (a) accounting for the financial asset when the asset is received and (b) accounting of disposal of the financial asset and recording the related profit and loss when the asset is delivered. The fair value changes of an asset to be acquired between the trade date and settlement date is accounted in accordance with the basis of valuation of assets.

a. Financial assets at fair value through profit or loss:

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

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

Accounting policies (continued)

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets other than loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity and that are not initially classified as financial assets at fair value through profit/loss or available for sale. Held-to-maturity financial assets are initially recognized at total of acquisition and transaction cost. Held-to-maturity securities are carried at "Amortized cost" using the "Effective interest method" after their initial recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39, sales or reclassification to available for sale portfolio of insignificant amount of financial assets, sale or reclassification to available for sale portfolio of financial assets which are close to maturity less than three months, or sale or reclassification to available for sale portfolio of assets as a result of significant increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes will not result in tainting.

c. Loans and receivables:

Loans and receivables are financial assets raised through lending without having the intention to trade in the short term. Loans and receivables are non derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on active market. Loans and receivables are recognized initially at cost including transaction costs (which reflect fair values) and subsequently carried at the amortized cost using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

Retail, commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the Uniform Chart of Accounts ('UCA'). Foreign currency indexed loans are initially measured at local currency accounts with the foreign exchange rate prevailing at date of the initial recognition and re-valued with the relevant foreign currency rates prevailing at the date of the financial statements. Increase or decrease in the value of the principal amount of the loan due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates prevailing at the repayment dates and the valuation differences is accounted for in foreign exchange gain/loss accounts.

The Parent Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and the Parent Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "Other operating income". Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial assets at fair value through profit or loss".

Available-for-sale financial assets are subsequently re-measured at fair value. When fair values based on market prices cannot be obtained reliably, the available-for-sale financial assets are carried at fair values determined by using alternative models. Available for sale equity securities which are not quoted on a market and the fair values of which can not be determined reliably, are carried at cost less any impairment. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the shareholders' equity as "Marketable securities valuation differences", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from available for sale assets are recorded in interest income and dividend income as appropriate.

Interest income on available for sale financial assets are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of an available for sale financial assets before the maturity, the difference between the profit, which is the difference between the cost and sales price of the financial assets, and the interest income accrual are accounted under "Trading gains/(losses) on securities" according to the Uniform Chart of Accounts ("UCA").

VIII. Explanations on impairment of financial assets:

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided based on the financial assets classification.

Impairment for held to maturity financial assets carried at amortized cost is calculated as the difference between the expected future cash flows discounted at the effective interest rate method and the carrying value.The impairment amount transferred from shareholders' equity to profit or loss for available for sale securities is calculated as the difference between the purchase cost (after deduction of principal repayments and redemption) and the fair value less any impairment that was previously recorded in profit or loss. This amount is recorded in expense accounts in accordance with the UCA.

The principles for the accounting of provisions for loans and receivables are explained in Note VII. of this section.

IX. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repos") are classified as "At fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds provided under repurchase agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Group has no securities lending transactions.

XI. Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets:

According to the TFRS 5, a tangible asset (or a group of assets to be disposed) classified as "Asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "Asset held for resale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

Additionally, assets that were acquired due to non-performing receivables are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated November 1, 2006, No. 26333 and classified as assets held for resale.

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

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

In line with "Turkish Financial Reporting Standard for Business Combinations" ("TFRS 3"), the goodwill is not subject to amortisation but is tested annually or more frequently for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36").

b. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortisation and the provision for impairment.

The Group evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Group estimates a recoverable amount in accordance with the Turkish Accounting Standard (TAS 36) "Impairment of Assets".The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortised over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset. The rates used are presented below:

Credit card brand value, deposit base and customer portfolio	10%
Other intangible assets	20%

XIII. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement in accordance with the Turkish Accounting Standard (TAS 16) "Tangible Assets". Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The rates used are stated below:

Buildings	2%
Movables, movables acquired under financial leasing	20%

The depreciation charge for items remaining in property and equipment for less than a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

In accordance with the Turkish Accounting Standard (TAS 36) "Impairment of Assets", where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for impairment is charged to the income statement.

Property and equipment have not been re-valued in order to be presented at fair value in the financial statements.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales proceeds.

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

XIV. Explanations on leasing transactions:

The Group performs financial and operational leasing in the capacity of the lessee and lessor.

a. Accounting of leasing operations according to lessee:

Financial lease

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from financial leasing contracts are accounted under "financial lease payables".

Expenses arising from interest and exchange rate changes related to financial leasing liabilities are charged to the income statement. Lease payments are deducted from financial leasing payables.

Operational lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operational lease. Payments that are made under operational leases are accounted in income statements on a straight line basis during the lease period.

b. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in the consolidated financial statements. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

Allowances for impairment of lease receivables

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Group has set this provision in accordance with the Communiqué of BRSA named "The Procedures Regarding the Provisions to Be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies" ("Provisions Communiqué") which was published in the Official Gazette dated December 24, 2013, numbered 28861. According to the Communiqué, specific provisions are set in following proportions: minimum 20% for collateralized lease receivables for which related collections are delayed between 150 and 240 days, minimum 50% for collateralized lease receivables for which related collections are delayed between 240 and 360 day and 100% for collateralized lease receivables for which related collections are delayed more than 1 year.

Accounting policies (continued)

In accordance with the related Communiqué of Provision, the Group also recognizes specific provision even if the overdue days are less than the days stated above or receivables are not over due at all, by taking into account all the existing data regarding the creditor and based on the principals of reliability and prudence.

In the Communiqué of Provisions, it is stated that although it is not mandatory, a general provision which is not related to a specific transaction can be recognised for the losses arising from the principal or interest of lease receivables that are not over due or overdue less than 150 days but the amount of loss is not certain. In accordance with the Communiqué of Provisions, the Group sets a general provision for the lease receivables that have not been considered as doubtful yet.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

XV. Explanations on provisions and contingent assets and liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognised for loans and other receivables, are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognised in the period of occurrence in accordance with the "Matching principle". A provision is recognised when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made, or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to 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 disclosed where an inflow of economic benefits is probable. 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.

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for employee rights" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised IAS 19 standard.

b. Pension rights

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23th paragraph 1 of the Banking Act published in the Official Gazette No 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

The article of the Law related to the transfer was cancelled (pursuant to the application by the President on November 2, 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated March 22, 2007) published in the Official Gazette No. 26479 dated March 31, 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. It was decided to extend the transfer date by one year in accordance with the decision of the Council of Ministers dated May 3, 2013.

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Parent Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

c. Defined contribution plans:

The Bank is required to pay certain contributions to the Social Security Institution on behalf of their employees. Other than these payments, the Group does not have any further obligation in this respect. Such premiums are charged to personnel expenses when incurred.

d. Short term benefits of employee:

Within the scope of TAS 19, the Group measures the expected costs of accumulated paid leaves as expected payments it will make due to unused leave rights as at the end of the reporting date.

XVII. Explanations on taxation:

a. Current tax:

The Corporate Tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. This tax rate is applied to accounting income modified for certain exemptions and deductions, and additions for certain non-tax deductable expenses and allowances for tax purposes.No further tax is payable unless the profit is distributed.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Under the Turkish Corporate Tax Law, effective from April 24, 2003, investment allowances had provided a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand new fixed assets having economic useful life and exceeding TL 10 and directly related with the production of goods and services and investment allowance that arose prior to April 24, 2003 had been taxed at 19,8% (withholding tax) unless they had been converted to new type at companies' will. Effective from January 1, 2006, Turkish government had ceased to offer investment incentives for capital investments and companies having unused qualifying capital investment amounts as of June 30, 2006 would be able to deduct such amounts from corporate income until the end of December 31, 2008. However, On October 15, 2009, the Ministry of Finance announced that the Turkish Constitutional Court ("TCC") resolved to annul the provision numbered 69 of the Income Tax Law regulating that investment incentives carried forward can only be deducted from the corporate profits of 2006, 2007 and 2008, thus allowing such deduction for unlimited time. The resolution is published in the official gazette dated January 8, 2010. As per the Law numbered 6009 effective from August 1, 2010, taxpayers are permitted to deduct the investment incentive amount to a limit that does not exceed 25% of the related revenues (within the context of December 31, 2005 legislation including the provision on tax rate stated in the second paragraph of temporary Article 61 of income tax legislation) from their income subject to tax.

As per the decision of the Constitutional Court (decision no: E.2010/93, K. 2012/9 dated February 9, 2012) the effect of the sentence "In so far, the amount to be used as investment incentive exception in the determination of the tax base cannot exceed 25% of the related gain" added to 1st article of the 69th clause of the Law No. 193 was suspended until the date of the publication of the cancellation decision in the Official Gazette to preclude any unpreventable consequences or damages that could rise from the application of the sentence, and to prevent the cancellation decision prove abortive as the sentence was cancelled on February 9, 2012 (decision no: E.2010/93, K.2012/20).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period 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.

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of December 31, 2013 are as follows:

Netherlands	25,00%
Russia	20,00%
Azerbaijan	20,00%

b. Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and in accordance with BRSA's explanations and circulars and the tax legislation, the Group calculates deferred tax on deductible temporary differences except for general loan loss provisions, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS 12. The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

Additionally, in accordance with the related legislation of BRSA, deferred tax effect, if income, is not eligible for dividend distribution and share capital increase.

c. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007/26704, explains the application related issues on this topic effective from January 1, 2007, also taking into account the regulations in Article 41 of the Income Tax Law.

"Arm's length principle", which is the basis for the transfer pricing rule, is the pricing system to be followed for purchase or sale activities between related parties for any product or service transactions as if the transaction is realized with any other third party. According to this communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As discussed in the relevant section of this communiqué, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings:

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" including costs of transactions using the "effective interest method".

The Parent Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued.

Also, the Parent Bank obtains funds by issuing bonds and bills.

XIX. Explanations on issuance of share certificates:

When shares are issued above their nominal value, the excess over the nominal value is accounted under shareholders' equity as "Share premium".

No dividend payments of the Parent Bank were announced after the balance sheet date.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

XX. Explanations on avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "off-balance sheet commitments".

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until balance sheet date, the Group received government grant from TÜBİTAK amounting to TL 1.203 (December 31, 2012 - TL 1.096).

XXII. Profit reserves and profit distribution:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Legal reserves consist of first and second reserves as foreseen in the TCC. The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. Earnings per share:

Earnings per share disclosed in the income statement are calculated by dividing net profit/loss for the year to the weighted average number of shares outstanding during the period concerned.

	Current Period	Prior Period
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	2.333.177	1.990.816
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	**0,0054**	**0,0046**

	Current Period	Prior Period
Net Income/(loss) from discontinued operations to be appropriated to ordinary shareholders	1.326.012	106.944
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from discontinued operations (full TL)	**0,0030**	**0,0002**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

As of December 31, 2013, no bonus shares were issued during 2013. (December 31, 2012 - no bonus shares were issued).

XXIV. Related parties:

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Note VIII. of Section Five.

XXV. Explanations on operating segments:

Information about operating segments which are determined in line with "Turkish Financial Reporting Standard about Operating Segments" ("TFRS 8") together with organizational and internal reporting structure of the Bank, are disclosed in Note XV of Section Four.

XXVI. Explanations on other matters:

The Parent Bank has decided to cancel the signed agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Parent Bank also decided to liquidate the company and within the content to enable to start the liquidation process decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these financial statements, total shareholding of the Parent Bank increased to 95,36%. With the permission of Capital Markets Board ("CMB"), Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. has completed the registration process of liquidation on December 27, 2013 and from that day on received a new tittle as "Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı A.Ş.".

The Group has sold its 9.581.514.570 shares with a notional amount of full TL 95.815.145,70 representing 93,94% of its shares in YKS for full TL 1.738.931.000 to Allianz.

Yapı Kredi Finansal Kiralama A.O has bought 115.574.715 shares with a notional amount of full TL 11.557.471,5 representing %19,93 of shares of Allianz for full TL 188.107.812 on July 12, 2013.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Accounting policies (continued)

According to the TFRS 5, above mentioned subsidiaries' activities classified as discontinued operations and the consolidated income statement as of December 31, 2012 are restated in order to present comparative presentation and are summarized in the table below.

December 31, 2012	Published	Adjustment	Restated
Interest income	10.117.090	(40.897)	10.076.193
Interest expense	(5.169.506)	(27.792)	(5.197.298)
Net interest income(I + II)	4.947.584	(68.689)	4.878.895
Net fees and commissions income	1.791.167	73.593	1.864.760
Trading gain/(loss) (net)	33.315	(3.071)	30.244
Other operating income	609.336	(254.911)	354.425
Total operating income / loss(III+IV+V+VI+VII)	7.383.063	(253.078)	7.129.985
Provision for impairment of loans and other receivables(-)	(1.400.192)	50	(1.400.142)
Other operating expenses (-)	(3.277.968)	119.329	(3.158.639)
Net operating income/(loss) (VIII+IX+X)	2.704.903	(133.700)	2.571.204
Profit/(loss) before taxes from continuing operations (XI+...+XIV)	2.722.694	(133.700)	2.588.995
Tax provision for continuing operations (±)	(624.934)	26.756	(598.179)
Net profit/loss from continuing operations (XV±XVI)	2.097.760	(106.944)	1.990.816
Income from discontinued operations	-	502.617	502.617
Expenses from discontinued operations (-)	-	(368.917)	(368.917)
Profit /losses before taxes from discontinued operations (XVIII-XIX)	-	133.700	133.700
Tax provision for discontinued operations (±)	-	(26.756)	(26.756)
Net profit/loss from discontinued operations	-	106.944	106.944

XXVII. Legal mergers under common control:

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combinations involving entities under common control, by examining the practices included in the generally accepted global accounting standards the Group decided to apply an accounting policy in parallel with the "pooling of interests" method in view of its judgement that the economic substance of the relevant transaction will be most reliably and accurately reflected in this manner. In the accounting of business combinations which occur under common control, assets and liabilities, subject to business combinations, are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year in which the business combinations occurred. Financial statements belonging to previous periods also are adjusted in the same way in order to ensure the comparability. As a result of those transactions, any goodwill or negative goodwill is not calculated. The difference between the investment amount and the share in capital in the acquired company is directly accounted under equity as "the effect of legal mergers under common control".

POA has issued a policy decision in July, 2013 regarding "Accounting for business combinations Subject to Joint Control Group" which is effective for annual periods beginning on December 31, 2012. Based on this decision, i) rights in business combinations under common control combinations should be accounted for by the method of pooling of interest, ii) due to that goodwill should be included in the financial statements, iii) while pooling of interest method is applied, at the beginning of the reporting period where the common control occurs, corrections should be made in the financial statements as if the combination has been completed and this common control should be represented comparatively. The accounting policy applied by the group is consistent with the decision of principle.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

a. The consolidated capital adequacy ratio of the Group is 15,32% (December 31,2012 – 15,19%) and the Parent Bank is 16,00% (December 31,2012 – 16,30%).

b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio, "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 ("Regulation") and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 26333 as of November 1, 2006".

For the calculation of amounts subject to credit risk, the Bank classifies the loans in the related risk weight taking into consideration the risk classes, ratings and the risk mitigating factors. "Comprehensive collateral method" is used in considering the risk mitigating factors for the banking and trading book.

For the calculation of capital adequacy ratio; financial information, which is prepared in accordance with the current regulations, is used. Within the scope of this Regulation, trading books and banking books are defined and they become subject to credit risk and market risk calculations. In addition, market risk and operational risk calculations are included in the calculation of the capital adequacy ratio, in accordance with the existing regulation.

Amounts taken into consideration as deduction items are subject to credit risk calculations. Assets subject to amortization or impairment are taken into consideration after relevant nettings over their net book values for the calculation of risk-weighted assets.

In the calculation of the value at credit risk for non-cash loans and commitments, the receivables from counterparties in such transactions are weighted after netting with specific provisions that are classified under liabilities and calculated based on the Provisioning Regulation. The net amounts are then multiplied by the rates stated in the Article 5 of the Regulation and included in the relevant exposure category defined in the Regulation.

In accordance with Article 5 of the Regulation, counterparty credit risk is calculated for repo transactions, securities and commodities. The "Fair Value Valuation Method" mentioned in the communiqué is used for the counterparty credit risk calculation.

In the calculation of the value at credit risk for the derivative financial instruments which are in banking books, the receivables from counterparties are multiplied by the rates stated in the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in Regulation.

c. Information related to capital adequacy ratio:

	Risk Weights								
	Parent Bank								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	**29.251.835**	**7.315.757**	**19.909.664**	**32.989.097**	**68.429.271**	**3.349.618**	**6.926.484**	**827.921**	**168.999.647**
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	27.345.073	-	4.549.670	-	-	-	-	-	31.894.743
Conditional and unconditional receivables from regional or local governments	-	139	-	-	-	-	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	894	-	-	-	894
Conditional and unconditional receivables from multilateral development banks	3.211	-	-	-	-	-	-	-	3.211
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	7.311.885	4.443.778	-	465.911	-	-	-	12.221.574
Conditional and unconditional receivables from corporates	-	-	-	-	54.421.563	-	-	-	54.421.563
Conditional and unconditional retail receivables	-	-	-	32.989.097	8.608.957	-	-	-	41.598.054
Conditional and unconditional receivables secured by mortgages	-	-	10.914.915	-	-	-	-	-	10.914.915
Past due receivables	-	-	-	-	438.373	718.543	-	-	1.156.916
Receivables defined as high risk category by the Regulator	-	-	1.301	-	4.759	2.631.075	6.926.484	827.921	10.391.540
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	1.903.551	3.733	-	-	4.488.814	-	-	-	6.396.098
Credit Risk Weighted Amounts	**-**	**1.463.151**	**9.954.832**	**24.741.823**	**68.429.271**	**5.024.427**	**13.852.968**	**2.069.803**	**125.536.275**

	Risk Weights								
	Consolidated								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	**29.750.165**	**7.372.153**	**20.396.563**	**34.338.963**	**76.793.949**	**3.776.678**	**6.926.484**	**827.921**	**180.182.876**
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	27.625.933	12.074	4.706.726	-	46.580	-	-	-	32.391.313
Conditional and unconditional receivables from regional or local governments	-	139	1.744	-	-	-	-	-	1.883
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	894	-	-	-	894
Conditional and unconditional receivables from multilateral development banks	3.211	-	-	-	-	-	-	-	3.211
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	7.353.863	4.707.635	-	680.483	-	-	-	12.741.981
Conditional and unconditional receivables from corporates	-	2.344	42.772	-	64.847.184	121.457	-	-	65.013.757
Conditional and unconditional retail receivables	-	-	-	34.338.963	8.608.957	-	-	-	42.947.920
Conditional and unconditional receivables secured by mortgages	-	-	10.936.385	-	-	-	-	-	10.936.385
Past due receivables	-	-	-	-	481.000	1.024.146	-	-	1.505.146
Receivables defined as high risk category by the Regulator	-	-	1.301		4.759	2.631.075	6.926.484	827.921	10.391.540
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.121.021	3.733	-	-	2.124.092	-	-	-	4.248.846
Credit Risk Weighted Amounts	**-**	**1.474.431**	**10.198.282**	**25.754.222**	**76.793.949**	**5.665.017**	**13.852.968**	**2.069.803**	**135.808.672**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank Current Period	Consolidated Current Period	The Parent Bank Prior Period	Consolidated Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10.042.902	10.864.694	8.639.259	9.246.931
Capital requirement for market risk (MRCR)	197.468	310.892	134.553	220.278
Capital requirement for operational risk (ORCR)	802.350	910.617	746.900	854.231
Shareholders' equity	**22.084.113**	**23.141.967**	**19.397.778**	**19.600.066**
Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12.5*100	**16,00**	**15,32**	**16,30**	**15,19**

e. Information about shareholders' equity items:

	Current Period	Prior Period
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Adjustment to paid in capital	-	-
Share premium	543.881	543.881
Share repeal	-	-
Legal reserves	8.976.351	7.118.712
Adjustment to legal reserves	-	-
Profit	4.586.936	2.841.517
Net Current period profit	3.658.952	2.087.673
Prior period profit	927.984	753.844
Provisions for possible losses up to 25% of core capital	209.470	246.317
Profit on sale of associates, subsidiaries and buildings (1)	298.614	293.705
Primary subordinated loans	-	-
Minority shares	2.527	64.792
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	101.133	96.067
Intangible assets (-)	1.393.590	1.361.391
Deferred- assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Goodwill (Net)	-	-
Total core capital	**17.470.107**	**13.998.517**

(1) The figure includes income on sale of equity shares and real estates for TL 302.468 and other reserves for TL (3.854).

	Current Period	Prior Period
Supplementary capital	**1.520.873**	**1.339.681**
General provisions	-	-
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	4.503	-
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary subordinated loans (2)	5.078.223	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	(172.325)	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	-	-
Total supplementary capital	**6.431.274**	**6.013.921**
Capital	**23.901.381**	**20.012.438**
Deductions from the capital	**759.414**	**412.372**
Partnership share on non-consolidated banks and financial institutions.	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	162.443	-
Banks and financial institutions to which equity method is applied, however, assets and liabilities are not consolidated	457.337	212.393
Loans extended being noncompliant with articles 50 and 51of the Law	3.221	3.190
Net book value of properties owned, exceeding 50% bank's equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.638	6.844
Securitisations positions that is deducted-preferably-from the shareholders' equity	-	-
Other	129.775	189.945
Total shareholders' equity	**23.141.967**	**19.600.066**

(2) In accordance with the Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

f. Approaches for assessment of adequacy of internal capital requirements for current and future activities

Internal capital adequacy assessment process (ICAAP) is carried out by continuous assessment of the risks to which the bank is or might be exposed and it is aimed to identify and maintain sufficient capital to cover these risks. Within this scope relevant policies and procedures were prepared, systems and methods were developed. The Bank documented its approaches on the process of assessing the internal capital requirements in YKB ICAAP Policy and YKB Risk Appetite Framework documents which were approved by its Board of Directors.

The target capital adequacy ratio set within the scope of this process is a significant determining factor of the Bank's risk appetite. In accordance with this approach, risk types for which economic capital is calculated were defined and necessary procedures were started to perform calculations. This assessment includes the credit risk, market risk, operational risk, financial investment risk, real estate risk, liquidity risk, reputational risk, strategic risk, counterparty credit risk, concentration risk and interest rate risk. The bank has delivered its first ICAAP report as of year-end 2012 which were approved by its Board of Directors, to BRSA in June 2013. A dedicated team responsible for all ICAAP process is established under the Risk Management Department within the bank. A team responsible for the calculation of economical capital and assessment of ICAAP is established under the Risk Management Department within the bank.

II. Explanations on consolidated credit risk:

a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty can not fulfill its obligations stated in agreements where the Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

The Parent Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations. Loans and other receivables are monitored in terms of the credit worthiness of borrowers in accordance with the relevant legislation. In addition, the account status documents for new loans is controlled, and updated where if necessary.

Different rating systems are used for Small and Medium Sized Entities (SME) and Corporate/Commercial customers during the underwriting process of the Parent Bank. The Bank uses scorecard system for its retail and credit card customers for the underwriting and limit management processes. Scorecard system was internally developed and being validated and updated regularly. Scorecard uses information received from Credit Bureaue and quantitative information which already kept in Bank's database.

Credit granting authorization levels are also determined in accordance with the rating of the customer in SME segment. By using this methodology; it is aimed to establish risk based optimization of credit processes through assigning the lower rated customer to higher authority levels whereas assigning higher rated customer to lower authority levels.

Probability of default of a customer is calculated through this internally developed rating system. The rating concentration of Corporate/Commercial customers is as follows:

	Current Period	Prior Period
Above average (1-4)	41,3%	43,7%
Average (5+ -6)	51,7%	49,4%
Below average (7+ -9)	7,0%	6,9%

The Parent Bank takes the following criteria into consideration for the accounting of impaired and past due loans:

The loan is overdue more than 90 days.

The borrower is not able to pay at least one of the loans he received from the Bank (cross default)

Having a negative intelligence and bad-record for the borrower in the market.

Deterioration of the creditworthiness of the borrower.

The Parent Bank sets aside specific and general provisions with respect to "value adjustments" procedures in accordance with the Provisioning Regulation.

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk classifications:	Current Period Risk Amount(1)	Average Risk Amount
Conditional and unconditional receivables from central governments or central banks	35.392.165	35.250.131
Conditional and unconditional receivables from regional or local governments	1.883	1.685
Conditional and unconditional receivables from administrative units and non-commercial enterprises	894	714
Conditional and unconditional receivables from multilateral development banks	3.211	2.593
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.735.851	12.955.530
Conditional and unconditional receivables from corporates	67.042.831	64.338.469
Conditional and unconditional retail receivables	43.134.226	37.125.522
Conditional and unconditional receivables secured by mortgages	10.936.385	9.849.872
Past due receivables	1.505.146	1.304.792
Receivables defined as high risk category by the Regulator	10.396.109	9.019.065
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	4.248.846	4.653.602
Total	**185.397.547**	**174.501.975**

(1) Represents amounts before taking risk mitigating factors into considerations. Off balance sheet items are included after using the conversion factors stated in the Regulation.

b. The Parent Bank has control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with Counterparty Credit Risk management. Limits are also calculated and dynamically managed by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments within the Bank.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Information related to financial position of the Group (continued)

The Group may use its rights, as stated in the derivative agreements based on which the Bank realizes derivative transactions, in order to eliminate the credit risks that may arise due to being exposed to severe credit risk levels arising from fluctuations in the market.

c. In line with the Provisioning Regulation, if the cash risk of a customer is classified as nonperforming, the non-cash risk is also classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up according to the regulation on provisions considering the Bank’s credit risk policies. Accordingly, the financial position and commercial operations of related customers are monitored, their principal and interest payments are followed up with the restructured repayment schedule and the necessary precautions are taken.

d. The Group’s banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related country and the evaluation of the creditworthiness of the customers and financial institutions. No material risks have been observed in scope of these operations.

e. 1. The proportion of the Parent Bank’s top 100 and 200 cash loan balances in total cash loans is 20% and 26%.

2. The proportion of the Parent Bank’s top 100 and 200 non-cash loan balances in total non-cash loans is 47% and 58%.

3. The proportion of the Parent Bank’s cash and non-cash loan balances with the first 100 and 200 customers comprises of 21% and 28% of total cash loans and non-cash loans.

f. The Group provided a general loan loss provision amounting to TL 1.520.873 (December 31, 2012 - TL 1.339.681).

ğ. Risk profile according to the geographical concentration:

	Risk Classifications(1) (2)											
	1	2	3	4	5	6	7	8	9	10	11	Total
Current Period												
Domestic	35.023.621	299	894	-	5.586.695	62.207.225	43.065.060	10.910.834	1.429.909	10.395.996	4.100.088	172.720.621
EU countries	306.888	-	-	2.302	5.363.676	1.577.994	23.484	2.605	4.216	84	-	7.281.249
OECD countries(3)	-	-	-	-	251.856	62.117	835	-	24.640	-	-	339.448
Off-shore banking regions	-	-	-	-	259	-	21.055	-	-	-	-	21.314
USA, Canada	-	-	-	909	1.061.249	405.618	6.305	187	1.679	-	-	1.475.947
Other countries	61.656	1.584	-	-	472.116	2.789.877	17.487	22.759	44.702	29	141.955	3.552.165
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	6.803	6.803
Undistributed Assets / Liabilities(4)	-	-	-	-	-	-	-	-	-	-	-	-
Total	**35.392.165**	**1.883**	**894**	**3.211**	**12.735.851**	**67.042.831**	**43.134.226**	**10.936.385**	**1.505.146**	**10.396.109**	**4.248.846**	**185.397.547**

	Risk Classifications(1) (2)											
	1	2	3	4	5	6	7	8	9	10	11	Total
PriorPeriod												
Domestic	32.051.168	277	4.438	-	5.311.757	58.959.712	30.815.645	8.528.549	1.169.033	7.069.530	5.133.441	149.043.550
EU countries	504.173	-	-	1.335	5.409.395	886.615	4.480	18.868	1.305	-	-	6.826.171
OECD countries(3)	14.088	-	-	-	385.837	33.553	233	-	7.280	-	-	440.991
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	22.059
USA, Canada	-	-	-	1.431	557.587	152.494	6.533	141	3	-	-	718.189
Other countries	35.674	1.376	-	-	413.361	1.863.285	2.272	433	10.311	-	6.393	2.333.105
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	6.803	6.803
Undistributed Assets / Liabilities(4)	-	-	-	-	-	-	-	-	-	-	-	-
Total	**32.605.103**	**1.653**	**4.438**	**2.766**	**12.079.698**	**61.915.949**	**30.829.171**	**8.547.991**	**1.187.932**	**7.069.530**	**5.146.637**	**159.390.868**

(1) Risk classifications in the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” will be used.
(2) Includes credit risk amounts of total exposure before credit risk mitigation.
(3) OECD Countries other than EU countries, USA and Canada.
(4) Assets and liabilities are not allocated on a consistent basis.

1- Conditional and unconditional receivables from central governments or central banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative units and non-commercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from banks and brokerage houses
6- Conditional and unconditional receivables from corporates
7- Conditional and unconditional retail receivables
8- Conditional and unconditional receivables secured by mortgages
9- Past due receivables
10- Receivables defined as high risk category by the Regulator
11- Other receivables

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Bank (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications[1),(2]													
	1	2	3	4	5	6	7	8	9	10	11	TL	FC	Total
Agricultural	-	-	-	-	-	1.624.936	951.522	237.527	26.473	94.918	-	561.724	2.373.652	2.935.376
Farming and raising livestock	-	-	-	-	-	1.522.834	803.717	207.380	22.204	90.735	-	482.156	2.164.714	2.646.870
Forestry	-	-	-	-	-	43.671	109.199	22.730	1.549	1.824	-	30.026	148.947	178.973
Fishing	-	-	-	-	-	58.431	38.606	7.417	2.720	2.359	-	49.542	59.991	109.533
Manufacturing	-	162	20	-	-	36.542.194	10.984.727	2.259.217	670.257	262.776	4.188	32.834.656	17.888.885	50.723.541
Mining	-	-	-	-	-	7.279.169	1.460.337	241.586	201.718	14.592	43	6.322.856	2.874.589	9.197.445
Production	-	162	12	-	-	22.322.426	8.997.694	1.926.544	457.908	245.274	4.145	19.597.904	14.356.261	33.954.165
Electric, gas and water	-	-	8	-	-	6.940.599	526.696	91.087	10.631	2.910	-	6.913.896	658.035	7.571.931
Construction	5	101	-	-	-	7.881.110	4.311.708	1.186.609	107.794	48.017	-	7.090.305	6.445.039	13.535.344
Services	34.958.345	60	627	909	9.527.882	15.962.681	7.129.156	1.632.662	212.180	272.174	2.798.688	39.602.232	32.893.132	72.495.364
Wholesale and retail trade	-	1	3	-	73.158	4.910.077	3.454.241	621.807	43.833	106.106	-	2.824.943	6.384.283	9.209.226
Hotel, food and beverage services	-	-	18	-	-	1.677.200	945.099	492.967	20.376	40.058	-	2.131.451	1.044.267	3.175.718
Transportation and telecommunication	-	-	2	-	-	4.271.773	1.072.039	174.960	45.964	52.104	-	4.021.299	1.595.543	5.616.842
Financial institutions	34.958.345	7	8	909	9.449.673	3.096.871	316.185	41.950	28.716	10.413	2.795.935	29.042.730	21.656.282	50.699.012
Real estate and renting services	-	-	-	-	-	204.663	121.126	24.807	2.181	5.636	-	184.099	174.314	358.413
Self-employement services	-	-	-	-	-	341.996	342.009	61.117	46.023	20.036	95	235.500	575.776	811.276
Education services	-	-	416	-	-	40.999	133.528	22.249	1.543	3.601	-	16.535	185.801	202.336
Health and social services	-	52	180	-	5.051	1.419.102	744.929	192.805	23.544	34.220	2.658	1.145.675	1.276.866	2.422.541
Other	433.815	1.560	247	2.302	3.207.969	5.031.910	19.757.113	5.620.370	488.442	9.718.224	1.445.970	7.039.428	38.668.494	45.707.922
Total	**35.392.165**	**1.883**	**894**	**3.211**	**12.735.851**	**67.042.831**	**43.134.226**	**10.936.385**	**1.505.146**	**10.396.109**	**4.248.846**	**87.128.345**	**98.269.202**	**185.397.547**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.
(2) Includes credit risk amounts of total exposure before credit risk mitigation.

1- Claims on sovereigns and Central Banks
2- Claims on regional governments or local authorities
3- Claims on administrative bodies and other non-commercial undertakings
4- Claims on multilateral development banks
5- Claims on banks and intermediary institutions
6- Claims on corporates
7- Claims included in the regulatory retail portfolios
8- Claims secured by residential property
9- Past due loans
10- Higher risk categories decided by the Board
11- Other receivables

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL“))

Information related to financial position of the Group (continued)

h. Risk profile according to remaining maturities:

Risk classifications(1)	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Total
Conditional and unconditional receivables from central governments or central banks	17.387.835	1.674.262	334.618	894.482	15.074.509	35.365.706
Conditional and unconditional receivables from regional or local governments	-	-	299	1.584	-	1.883
Conditional and unconditional receivables from administrative units and non-commercial enterprises	314	-	501	-	79	894
Conditional and unconditional receivables from multilateral development banks	725	204	1.044	1.238	-	3.211
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.671.352	1.419.018	1.979.717	417.140	2.392.222	9.879.449
Conditional and unconditional receivables from corporates	6.481.625	5.926.710	14.741.329	7.547.553	32.345.614	67.042.831
Conditional and unconditional retail receivables	1.001.996	3.111.751	12.308.184	3.693.680	21.922.583	42.038.194
Conditional and unconditional receivables secured by mortgages	172.658	347.333	691.414	569.395	9.155.585	10.936.385
Past due receivables	16.319	36.936	65.480	26.491	196.596	341.822
Receivables defined as high risk category by the Regulator	226	646	18.292	1.988.424	8.388.521	10.396.109
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	
Other receivables	32.249	-	4.129	-	-	36.378
General Total	**28.765.299**	**12.516.860**	**30.145.007**	**15.139.987**	**89.475.709**	**176.042.862**

(1) Includes credit risk amounts of total exposure before credit risk mitigation

ı. An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for the exposures to central governments/central banks and for asset classes for which the counterparty resides in foreign countries.

Exposures to central governments and central banks which are not rated by Fitch Ratings are included in the calculation of capital adequacy as unrated. Receivables from residents in Turkey are classified as unrated. Risk weights of accounts which are not included in the trading accounts are classified by issuer's credit rating.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

		Risk Classifications				
				Claims on banks and intermediary institutions		
Credit Quality Grade	**Fitch Ratings**	Claims on sovereigns and Central Banks	Claims on administrative bodies and other non-commercial undertakings	Remaining maturity of claims under 3 months	Remaining maturity of claims over 3 months	Claims on corporates
1	**AAA** **AA+** **AA** **AA-**	0%	20%	20%	20%	20%
2	**A+** **A** **A-**	20%	50%	20%	50%	50%
3	**BBB+** **BBB** **BBB-**	50%	100%	20%	50%	100%
4	**BB+** **BB** **BB-**	100%	100%	50%	100%	100%
5	**B+** **B** **B-**	100%	100%	50%	100%	150%
6	**CCC+** **CCC** **CCC-** **CC** **C** **D**	150%	150%	150%	150%	150%

i. Risk balances according to risk weights:

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are presented below:

	Risk Weights	0%	20%	50%	75%	100%	150%	200%	%250	Total	Deductions from the shareholders' equity
1	Total exposure before credit risk mitigation	29.720.413	7.444.370	23.345.989	34.525.271	78.825.910	3.779.445	6.928.228	827.921	185.397.547	759.414
2	Total exposure after credit risk mitigation	29.750.165	7.372.153	20.396.563	34.338.963	76.793.949	3.776.678	6.926.484	827.921	180.182.876	759.414

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

j. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of December 31, 2013.

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of December 31, 2013.

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
Agricultural	**102.476**	**139.800**	**11.548**	**66.784**
Farming and raising livestock	92.815	126.252	10.145	60.788
Forestry	5.843	3.852	543	3.885
Fishing	3.818	9.696	860	2.111
Manufacturing	**1.264.195**	**499.732**	**227.363**	**839.189**
Mining	54.970	11.170	13.271	35.803
Production	1.200.659	476.360	213.468	797.492
Electric, gas and water	8.566	12.202	624	5.894
Construction	**293.417**	**267.002**	**48.963**	**160.120**
Services	**606.105**	**497.502**	**54.804**	**421.342**
Wholesale and retail trade	280.074	181.593	26.941	182.056
Hotel, food and beverage services	48.725	79.761	3.720	28.486
Transportation and telecommunication	125.677	162.080	10.518	100.490
Financial institutions	25.991	11.468	4.616	14.812
Real estate and renting services	67.728	13.395	1.385	54.206
Self-employment services	-	-	-	-
Education services	5.247	6.005	331	3.340
Health and social services	52.663	43.200	7.293	37.952
Other	**1.700.993**	**1.221.484**	**75.492**	**1.031.356**
Total	**3.967.186**	**2.625.520**	**418.170**	**2.518.791**

k. Information about value adjustments and changes in the loan impairment:

The Group provides specific provisions for loans which are overdue for 90 days or more by taking into account the collaterals received from customers in accordance with the Provisioning Regulation.

The Group provides general loan loss provision for loans classified as first and second group loan portfolio. This provision is calculated in accordance with the Provisioning Regulation.

		Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments(1)	Close out balance
1	Specific provisions	1.597.914	1.107.823	(47.742)	(212.994)	2.445.001
2	General provisions	1.339.681	233.042	(58.978)	7.128	1.520.873

(1) Figure represents the written off loans, foreign exchange differences and also includes non performing loan sales.

III. Explanations on consolidated market risk:

Risk management activities of the Parent Bank are carried out under the responsibility of Board of Directors in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In order to comply with the regulations, the Parent Bank set its activities related with market risk management in accordance 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 the Official Gazette no. 28337 dated June 28, 2012.

Market risk policies, which are approved by the Board of Directors of the Bank and updated annually, if needed; include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications.

The table below shows details of the market risk as of December 31, 2013 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

(1) Explanations on consolidated market risk:

a. Information on market risk:

		Current Period	Prior Period
(I)	Capital requirement against general market risk - standard method	65.237	28.424
(II)	Capital requirement against specific risks - standard method	40.521	28.588
	Capital requirement against specific risks of securitization positions– standard method	-	-
(III)	Capital requirement against currency exchange risk - standard method	120.679	139.660
(IV)	Capital requirement against commodity risks - standard method	667	3.024
(V)	Capital requirement against exchange risks - standard method	-	-
(VI)	Capital requirement against market risks of options - standard method	6.308	1.277
(VII)	Capital requirement against counterparty credit risks - standard method	77.480	19.305
(VIII)	Capital requirement against market risks of banks applying risk measurement model	-	-
(IX)	Total capital requirement against market risk (I+II+III+IV+V+VI+VII+VIII)	310.892	220.278
(X)	**Value-at-market risk ((12.5*VIII) or (12.5*IX))**	**3.886.150**	**2.753.475**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Information related to financial position of the Group (continued)

b. Average market risk table of calculated market risk at month ends:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	53.268	66.725	35.987	24.539	28.424	20.653
Share price risk	43.410	71.561	22.150	27.076	28.588	25.564
Currency risk	157.521	215.201	120.679	83.764	139.660	27.868
Commodity risk	1.354	2.565	667	2.513	3.024	2.002
Settlement risk	-	-	-	-	-	-
Option risk	2.049	6.308	318	828	1.277	379
Counterparty credit risk	46.576	77.480	16.702	23.056	26.807	19.305
Total amount subject to risk	**304.178**	**439.840**	**196.503**	**161.776**	**227.780**	**95.771**

(2) Quantitative information on counterparty risk;

The "counterparty credit risk" is calculated for repurchase transactions and derivative transactions. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amount. The total of volatility, currency, credit quality levels and holding periods for marketable securities subject to repurchase and funding through repurchases are considered during the calculation of risk amount for repurchase transactions.

In counterparty credit risk calculations, credit limits are set by internal methods and fair value methodology is used for capital allocation calculations.

The Bank uses the same policy and procedures applicable to credit collateral and provisioning for counterparty credit risk.

In accordance with the counterparty risk policies the Bank does not have the risk of the opposite tendency.

Risk and collateral amounts are calculated daily. Changes applicable to market values are also revised using daily actuals.

Fair value methodology is used for capital adequacy calculations without using a coefficient.

Total counterparty credit risk from trading activities is TL 968.500 for the year ended December 31, 2013.

	Current Period (1)	Prior Period
Interest rate contracts	182.300	56.795
Foreign exchange rate contracts	3.082.637	538.089
Commodity contracts	3.708	-
Equity shares related contracts	52.943	6.768
Other	2.080	-
Gross Positive Fair Value	998.783	291.112
Netting benefits	-	-
Net current exposure amount	-	-
Collateral received	-	-
Net derivative position	998.783	291.112

(1) Includes only the counterparty risks arising from trading book.

(3) Explanations on calculation of capital requirements through a risk measurement model which is permitted to be used by the authorities;

Market risk is measured for trading portfolio and standard method and value at risk method are used.

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2012, 2011 and 2010 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2013, the total amount subject to operational risk is TL 11.382.718 (December 31, 2012 - TL 10.677.893) and the amount of the related capital requirement is TL 910.617 (December 31, 2012 - TL 854.231).

	2 Prior Period value	1 Prior Period value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5.773.505	5.390.463	7.048.382	6.070.783	15	910.617
Amount subject to operational risk (Total*12,5)						11.382.718

V. Explanations on consolidated currency risk:

The difference between the Group's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Cross currency risk is also taken into consideration for the currency risk calculations and measurements.

The Group keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition, although the internal exchange position limit is lower when compared to the related legal limit, there has not been any limit exceeding during the period. As an instrument of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied. Value at risk method is used for the measurement of foreign exchange risk.

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note XIII.

The Parent Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are as follows:

(Exchange rates presented as full TL)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

	USD	EUR
Balance sheet evaluation rate	**TL 2,13430**	**TL 2,93650**
First day current bid rate	TL 2,16040	TL 2,98440
Second day current bid rate	TL 2,09570	TL 2,86930
Third day current bid rate	TL 2,07100	TL 2,83530
Fourth day current bid rate	TL 2,08120	TL 2,84660
Fifth day current bid rate	TL 2,08770	TL 2,85730
Arithmetic average of the last 31 days:	**TL 2,13161**	**TL 2,91969**
Balance sheet evaluation rate as of Prior Period:	**TL 1,73800**	**TL 2,29290**

Information on currency risk of the Group:

	EUR	USD	Other FC(4)	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.631.298	7.934.630	3.094.346	17.660.274
Banks	1.415.402	1.675.151	402.482	3.493.035
Financial assets at fair value through profit or loss	75.037	116.992	1.806	193.835
Money market placements	48.453	-	-	48.453
Available-for-sale financial assets	375.958	3.472.618	67.284	3.915.860
Loans (1)	12.460.359	25.585.053	1.018.480	39.063.892
Investments in associates, subsidiaries and joint ventures	-	-	253.462	253.462
Held-to-maturity investments	400.555	2.911.385	-	3.311.940
Hedging derivative financial assets	-	4.808	-	4.808
Tangible assets	1.935	-	44.283	46.218
Intangible assets	-	-	-	-
Other assets (2)	2.715.240	1.799.200	246.524	4.760.964
Total assets	**24.124.237**	**43.499.837**	**5.128.667**	**72.752.741**
Liabilities				
Bank deposits	490.020	405.759	21.431	917.210
Foreign currency deposits	15.464.682	25.451.394	2.178.452	43.094.528
Funds from money market	-	3.143.784	-	3.143.784
Funds borrowed from other financial institutions	9.443.867	7.656.733	141.489	17.242.089
Marketable securities issued	1.254.482	5.490.929	17.655	6.763.066
Miscellaneous payables	1.197.439	359.971	20.206	1.577.616
Hedging derivative financial liabilities	85.582	270.240	-	355.822
Other liabilities(3)	2.345.302	5.026.045	10.573	7.381.920
Total liabilities	**30.281.374**	**47.804.855**	**2.389.806**	**80.476.035**
Net on balance sheet position(5)	**(6.157.137)**	**(4.305.018)**	**2.738.861**	**(7.723.294)**
Net off balance sheet position	**6.679.854**	**4.310.856**	**(2.254.260)**	**8.736.450**
Financial derivative assets	9.972.379	19.485.667	1.599.119	31.057.165
Financial derivative liabilities	3.292.525	15.174.811	3.853.379	22.320.715
Net position	**522.717**	**5.838**	**484.601**	**1.013.156**
Non-cash loans	**9.460.817**	**13.877.395**	**1.850.746**	**25.188.958**
December 31, 2012				
Total assets	15.002.997	36.300.397	3.547.096	54.850.490
Total liabilities	21.591.823	32.878.321	2.230.009	56.700.153
Net on-balance sheet position	**(6.588.826)**	**3.422.076**	**1.317.087**	**(1.849.663)**
Net off-balance sheet position	**6.793.461**	**(2.450.573)**	**(1.125.486)**	**3.217.402**
Financial derivative assets	8.414.043	8.012.504	498.265	16.924.812
Financial derivative liabilities	1.620.582	10.463.077	1.623.751	13.707.410
Net position	**204.635**	**971.503**	**191.601**	**1.367.739**
Non-cash loans	**6.646.932**	**10.302.197**	**319.151**	**17.268.280**

(1) Includes FX indexed loans amounting to TL 4.714.007 (December 31, 2012 - TL 3.221.773) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 60.634 (December 31, 2012 - TL 42.186).
(3) Does not include foreign currency denominated general provisions for foreign currencies, hedged funds and marketable securities valuation differences under equity.
(4) Other FC column also includes gold balance.
(5) Forward transactions classified as commitments are also included.
(6) In accordance with the principles of the "Regulation on the calculation and implementation of foreign currency net general position/equity standard ratio by banks on consolidated and non-consolidated basis" foreign currency intangible assets amounted TL 12.957 is not considered in the calculation.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

Currency risk sensitivity analysis [1]:

The table below represents the sensitivity of the Parent Bank to 15% change of currency exchange rates (USD and EUR).

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

Change in currency exchange rates[1]	Current Period Profit/loss effect [2]	Prior Period Profit/loss effect [2]
(+) 15%	(67.460)	(27.818)
(-) 15%	67.460	27.818

(1) Disclosed above is that of the Parent Bank.
(2) Excluding tax effect.

VI. Explanations on consolidated interest rate risk:

The monitoring of interest rate sensitive assets and liabilities of the Parent Bank, including sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements, is performed by the risk management department for all interest sensitive instruments over carrying values. The results are presented monthly to the Asset and Liability Management function of the Executive Committee. By using sensitivity and scenario analyses, the possible effects by interest rate volatility are analyzed. In these analyses possible losses are calculated for the change in fair value of interest sensitive products by applying shock tests to interest rates.

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits.

The Parent Bank utilizes TL/foreign currency and TL/TL interest rate swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the TL balance sheet. Furthermore, in order to reduce the repricing mismatch in the foreign currency balance sheet, foreign currency/foreign currency interest rate swaps are utilized.

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

Curret Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	18.990.749	18.990.749
Banks	1.576.200	595.363	160.720	268.580	-	1.408.263	4.009.126
Financial assets at fair value through profit/loss	608.910	302.170	646.595	78.505	16.094	70.890	1.723.164
Money market placements	2.928.447	-	-	-	-	-	2.928.447
Available-for-sale financial assets	1.480.255	1.812.665	3.020.550	3.394.855	3.376.746	124.291	13.209.362
Loans	21.973.749	23.795.066	27.748.966	19.201.312	6.716.765	1.188.072	100.623.930
Held-to-maturity investments	428.297	1.858.200	1.379.856	213.437	3.009.813	-	6.889.603
Other assets	1.858.357	868.024	1.674.081	2.093.455	291.986	5.149.560	11.935.463
Total assets	**30.854.215**	**29.231.488**	**34.630.768**	**25.250.144**	**13.411.404**	**26.931.825**	**160.309.844**
Liabilities							
Bank deposits	593.418	668.674	436.095	134.031	-	540.702	2.372.920
Other deposits	51.418.875	13.295.777	6.169.525	964.820	333.389	13.926.475	86.108.861
Funds from money market	3.085.947	1.558.317	673.882	287.140	-	-	5.605.286
Miscellaneous payables	-	-	-	-	-	7.268.299	7.268.299
Marketable securities issued	42.903	914.694	2.459.188	3.649.025	1.357.033	-	8.422.843
Funds borrowed from other financial institutions	4.382.703	8.251.969	5.071.658	1.361.128	224.109	-	19.291.567
Other liabilities and shareholders' equity	307.644	4.132.076	3.274.692	35.018	3.001	23.487.637	31.240.068
Total liabilities	**59.831.490**	**28.821.507**	**18.085.040**	**6.431.162**	**1.917.532**	**45.223.113**	**160.309.844**
Balance sheet long position	**-**	**409.981**	**16.545.728**	**18.818.982**	**11.493.872**	**-**	**47.268.563**
Balance sheet short position	**(28.977.275)**	**-**	**-**	**-**	**-**	**(18.291.288)**	**(47.268.563)**
Off-balance sheet long position	5.300.906	10.419.510	424.881	-	-	-	16.145.297
Off-balance sheet short position	-	-	-	(14.324.820)	(1.247.341)	-	(15.572.161)
Total position	**(23.676.369)**	**10.829.491**	**16.970.609**	**4.494.162**	**10.246.531**	**(18.291.288)**	**573.136**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	11.487.948	11.487.948
Banks	2.392.151	432.471	554.909	234.203	-	1.728.763	5.342.497
Financial assets at fair value through profit/loss	143.366	129.234	226.709	131.175	297.895	74.616	1.002.995
Money market placements	2.664.118	109.118	-	-	-	-	2.773.236
Available-for-sale financial assets	1.687.065	1.608.723	2.450.574	3.206.361	6.679.098	18.627	15.650.448
Loans	17.633.269	18.762.035	20.163.124	15.503.331	4.821.813	1.905.275	78.788.847
Held-to-maturity investments	17.390	1.614.522	1.462.174	326.880	2.406.728	-	5.827.694
Other assets	1.565.677	733.369	981.945	1.489.414	123.421	5.730.270	10.624.096
Total assets	**26.103.036**	**23.389.472**	**25.839.435**	**20.891.364**	**14.328.955**	**20.945.499**	**131.497.761**
Liabilities							
Bank deposits	173.294	363.879	406.122	124.776	66.040	315.172	1.449.283
Other deposits	42.197.427	12.674.271	2.692.833	669.909	9.385	11.450.283	69.694.108
Funds from money market	4.871.821	1.601.854	-	-	-	-	6.473.675
Miscellaneous payables	31	-	-	-	-	5.775.451	5.775.482
Marketable securities issued	170.578	1.673.832	1.233.009	869.086	-	-	3.946.505
Funds borrowed from other financial institutions	1.528.821	3.746.112	6.369.533	2.032.146	617.719	-	14.294.331
Other liabilities and shareholders' equity	319.467	2.780.837	1.750.754	350.692	1.877.374	22.785.253	29.864.377
Total liabilities	**49.261.439**	**22.840.785**	**12.452.251**	**4.046.609**	**2.570.518**	**40.326.159**	**131.497.761**
Balance sheet long position	**-**	**548.687**	**13.387.184**	**16.844.755**	**11.758.437**	**-**	**42.539.063**
Balance sheet short position	**(23.158.403)**	**-**	**-**	**-**	**-**	**(19.380.660)**	**(42.539.063)**
Off-balance sheet long position	4.790.681	13.604.142	-	-	-	-	18.394.823
Off-balance sheet short position	-	-	(1.488.734)	(16.149.146)	(1.356.983)	-	(18.994.863)
Total position	**(18.367.722)**	**14.152.829**	**11.898.450**	**695.609**	**10.401.454**	**(19.380.660)**	**(600.040)**

b. Average interest rates for monetary financial instruments:

The following average interest rates of the Group are calculated by weighting the rates with their principal amounts outstanding as of the balance sheet date.

Current Period	EUR %	USD %	Yen %	TL %
Assets(1)				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,01	-	-	-
Banks	2,43	1,22	-	8,18
Financial assets at fair value through profit/loss	2,34	4,59	-	8,53
Money market placements	0,50	-	-	8,48
Available-for-sale financial assets	5,41	6,75	-	9,36
Loans	4,88	4,97	4,93	12,35
Held-to-maturity investments	4,26	5,47	-	8,93
Liabilities (1)				
Bank deposits	1,38	2,03	-	8,02
Other deposits	2,76	2,86	2,72	9,05
Funds from money market	-	0,89	-	9,01
Miscellaneous payables	-	-	-	-
Marketable securities issued	1,50	4,55	-	8,13
Funds borrowed from other financial institutions	2,05	3,38	2,99	8,90

(1) Does not include demand/non-interest transactions.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

Prior Period	EUR	USD	Yen	TL
Assets[(1)]	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	0,15	-	-	-
Banks	0,68	2,17	-	7,92
Financial assets at fair value through profit/loss	0,89	3,80	-	6,81
Money market placements	-	0,60	-	6,16
Available-for-sale financial assets	4,49	7,05	-	9,16
Loans	5,24	5,15	4,40	12,48
Held-to-maturity Investments	4,68	5,51	-	8,97
Liabilities [(1)]				
Bank deposits	3,49	0,90	-	6,23
Other deposits	2,98	2,95	0,30	8,34
Funds from money market	0,71	1,41	-	6,21
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,34	3,81	2,46	8,29

(1) Does not include demand/non-interest transactions.

c. Interest rate risk arising from banking accounts:

The sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements is performed for all interest earning assets and interest bearing liabilities.

Interest rate risk resulting from banking books comprise of repricing risk, yield curve risk, and basis risk.

Interest rate risk arising from banking book is measured in accordance with "The regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts", published in the Official Gazette No. 28034 dated August 23, 2011 and legal limit of this measurement is monitored and reported monthly. Proportional amount of capital is provided in line with the same level of Interest rate risk arising from banking accounts.

Interest rate risk is measured and monitored monthly by market risk management. Duration analysis, gap analysis, basis points value analysis, scenario analysis and simulation of net interest income are performed and reported monthly to Asset Liability Management function of the Executive Committee. Interest sensitivity is measured most appropriately using the duration distribution map for every type of product. Investment decisions are done by taking into account the interest rate measurements. The maturity and interest risk for products with uncertain maturities is effectively measured using the behavioral analysis.

Economic value differences resulting from interest rate fluctuations of the Parent Bank as of December 31, 2013 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

Currency[(1)]	Applied shock (+/- x basis points)	Gains/Losses	Gains/SE-Losses/SE
TRY	(+)500 bp	(1.811.334)	%(8,14)
TRY	(-)400 bp	1.766.615	%7,94
EUR	(+)200 bp	(76.652)	%(0,34)
EUR	(-)200 bp	90.661	%0,41
USD	(+)200 bp	196.480	%0,88
USD	(-)200 bp	(142.278)	%(0,64)
Total (for negative shock)		**1.714.998**	**%7,77**
Total (for positive shock)		**(1.691.507)**	**% (7,66)**

(1) The interest rate risk disclosed above is that of the Parent Bank.

VII. Explanation on share certificates position risk from banking book:

1. Comparison of the carrying, fair and market values of equity shares:

Group has no unconsolidated subsidiaries and joint venture quoted in Borsa Istanbul as of December 31, 2013.

2. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals:

None.

VIII. Explanations on consolidated liquidity risk:

Liquidity risk covers the inability to fund increases in assets or to meet liabilities when they are due and other risks arising from transactions undertaken in illiquid markets. These risks contain maturity mismatch risk, emergency risk and market liquidity risk.

The main objective of the Parent Bank's overall liquidity management is to ensure the continuity of the Bank's payment obligations and sustain the level of payments availability in crisis time without risking the value and the brand name of the Bank. For this reason, two different models are defined: the current situation liquidity management and emergency situation liquidity management.

The current situation liquidity risk is monitored by the reports of short and long term liquidity. Short-term liquidity position is monitored on a daily basis including the legal Liquidity Adequacy Reports as to whether the position is within legal limits. Long-term liquidity position aims to ensure the financial stability of the balance sheet and is monitored on a monthly basis. On a monthly basis, the Asset and Liability Management function within the scope of the meetings of the Executive Board evaluates the Parent Bank's liquidity position and actions are taken when necessary.

In cases when the future financial events require more liquidity than the Bank's daily liquidity needs, "Emergency Situation Liquidity Plan" is considered where duties and responsibilities are defined in detail. Liquidity stress test scenarios are used to measure the Bank's resistance to unexpected situations.

The Parent Bank issues bonds and obtains long-term bank loans to overcome the current short-term funding of the banking sector.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2013 and 2012 are disclosed below.

	First-term period (Weekly)		Second-term period (Monthly)	
Current Period	**FC**	**Total**	**FC**	**Total**
Average %	178,20	151,90	123,96	111,46
Highest %	236,28	173,32	163,48	124,31
Lowest %	128,64	133,90	102,19	101,56

	First-term period (Weekly)		Second-term period (Monthly)	
Prior Period	**FC**	**Total**	**FC**	**Total**
Average %	133,42	150,92	101,86	110,66
Highest %	164,51	173,79	124,58	120,79
Lowest %	110,12	133,42	87,53	104,79

(1)The table disclosed above is that of the Parent Bank.

Breakdown of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1) (2)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	4.029.665	14.961.084	-	-	-	-	-	18.990.749
Banks	1.408.263	1.576.204	595.357	160.734	268.568	-	-	4.009.126
Financial assets at fair value through profit or loss	50.171	497.914	249.427	549.025	280.910	74.998	20.719	1.723.164
Money market placements	-	2.928.447	-	-	-	-	-	2.928.447
Available-for-sale financial assets	86.518	608.100	61.296	520.642	4.974.043	6.920.990	37.773	13.209.362
Loans	-	15.379.843	11.299.609	21.776.855	29.905.453	21.074.098	1.188.072	100.623.930
Held-to-maturity Investments	-	5.652	1.585.455	789.062	1.226.876	3.282.558	-	6.889.603
Other assets(1)	1.906.912	1.617.348	922.823	1.675.542	2.402.896	367.273	3.042.669	11.935.463
Total assets	**7.481.529**	**37.574.592**	**14.713.967**	**25.471.860**	**39.058.746**	**31.719.917**	**4.289.233**	**160.309.844**
Liabilities								
Bank deposits	540.702	593.418	668.674	436.095	134.031	-	-	2.372.920
Other deposits	13.926.475	51.267.855	13.299.401	6.169.661	1.112.080	333.389	-	86.108.861
Funds borrowed from other financial institutions	-	1.547.081	632.124	10.547.410	4.954.997	1.609.955	-	19.291.567
Funds from money market	-	3.085.947	1.558.317	673.882	287.140	-	-	5.605.286
Marketable securities issued	-	42.903	883.533	1.996.491	4.142.883	1.357.033	-	8.422.843
Miscellaneous payables	1.506.565	5.475.320	140.546	138.864	384	46	6.574	7.268.299
Other liabilities(2)	273.547	473.615	287.967	904.727	3.721.377	4.953.467	20.625.368	31.240.068
Total liabilities	**16.247.289**	**62.486.139**	**17.470.562**	**20.867.130**	**14.352.892**	**8.253.890**	**20.631.942**	**160.309.844**
Net liquidity gap	**(8.765.760)**	**(24.911.547)**	**(2.756.595)**	**4.604.730**	**24.705.854**	**23.466.027**	**(16.342.709)**	**-**
Prior Period								
Total assets	7.530.823	29.798.398	10.068.427	21.920.922	32.417.757	25.743.070	4.018.364	131.497.761
Total liabilities	12.861.831	53.708.314	15.709.770	13.431.360	11.564.588	4.795.814	19.426.084	131.497.761
Net liquidity gap	**(5.331.008)**	**(23.909.916)**	**(5.641.343)**	**8.489.562**	**20.853.169**	**20.947.256**	**(15.407.720)**	**-**

(1) Assets that are necessary for continuance of banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments in associates, subsidiaries, assets held for sale stationary stocks, prepaid expenses and loans under follow-up, are classified in this column.
(2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period(1)	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	68.537.766	14.643.476	6.818.324	1.363.732	421.669	91.784.967
Funds borrowed from other financial institutions	1.576.953	680.871	10.768.294	4.998.264	1.655.275	19.679.657
Funds from money market	3.096.150	1.567.308	678.563	298.811	-	5.640.832
Subordinated loans	-	75.410	287.226	3.277.800	5.465.517	9.105.953
Marketable securities issued	64.493	919.819	2.115.859	4.722.781	1.421.062	9.244.014
Total	**73.275.362**	**17.886.884**	**20.668.266**	**14.661.388**	**8.963.523**	**135.455.423**

(1) Maturities of non-cash loans are described in Note 3 (iv) of Section V.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Information related to financial position of the Group (continued)

Prior Period(1)	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	54.142.891	13.250.322	3.220.517	1.122.603	83.901	71.820.234
Funds borrowed from other financial institutions	1.389.694	673.331	8.081.360	3.734.421	1.316.431	15.195.237
Funds from money market	4.883.739	1.605.242	-	-	-	6.488.981
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	219.245	1.247.226	2.540.568	112.173	4.289.790
Total	**60.586.902**	**15.790.378**	**12.809.772**	**10.918.280**	**5.130.746**	**105.236.078**

(1) Maturities of non-cash loans are described in Note 3 (iv) of Section V.

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

The Group does not use on-balance and off-balance sheet netting for the calculation of credit risk mitigation factors.

The Group applies credit risk mitigation according to the comprehensive method in compliance with the article 34 of the "Regulation on Credit Risk Mitigation Techniques". Only cash and cash equivalent collaterals are taken into account for the purpose of credit risk migration.

Credit derivatives are not taken into consideration for credit risk mitigation techniques.

Cash and cash equivalent collaterals considered for the mitigating the credit risk, are taken into account at their nominal values. Standard margin is applied where currencies of exposure and the collateral are different.

Mortgage collaterals considered for mitigating the credit risk are taken into account with the expertise value (which are also reviewed by the expert group of the Bank) determined by CMB licensed experts. Based on these values of the collaterals, total amount of credit risk is determined in accordance with the maximum Loan-to-Value ratio set by BRSA. For the guarantees that are taken to mitigate the credit risk, credit worthiness of the guarantor is measured.

The Parent Bank carries out its activities in accordance with the BRSA Communiqué for the valuation of the loans granted for financing of a real estate.

Cheques and notes in connection with a real business transaction are taken into consideration to mitigate the credit risk.

In order to use bank guarantee as collateral for a credit risk; it is required to have a counterparty limit on behalf of the guarantor bank and not to have mismatch of the maturity and the amount of the guarantee and the credit risk.

In the process of credit allocation, cash blockage guarantees, pledges, mortgages, guarantees and warranties are considered as risk-reducing collaterals.

The Group's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international and local regulations and internal policies. With regards to the limitation of risks, also internal limits are employed besides regulatory limits. Possible changes that may occur in the economic environment are taken into account for determining these limits.

Information about guarantees according to risk classifications:

Risk classifications	Amount (1)	Financial guarantees(2)	Other / Physical guarantees(2)	Guarantees and credit derivatives(2)
Conditional and unconditional receivables from central governments or central banks	36.074.804	3.134.436	-	-
Conditional and unconditional receivables from regional or local governments	2.459	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.037	-	-	-
Conditional and unconditional receivables from multilateral development banks	170.744	-	-	-
Conditional and unconditional receivables from international organizations		-	-	-
Conditional and unconditional receivables from banks and brokerage houses	32.472.986	87.516	-	-
Conditional and unconditional receivables from corporates	175.302.802	3.098.035	-	77.605
Conditional and unconditional retail receivables	125.197.377	222.959	-	22.709
Conditional and unconditional receivables secured by mortgages	11.196.714	-	-	-
Past due receivables	1.505.146	5.868	-	-
Receivables defined in high risk category by the Regulator	10.467.959	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	4.248.847	-	-	-
Total	**396.652.875**	**6.548.814**	**-**	**100.314**

(1) Figures represent the total amount of credit risks prior to the risk mitigating calculations as per the "Regulation on Credit Risk Mitigation Techniques".
(2) Figures represent the total amount of collaterals which are taken into consideration for the risk mitigating calculations. Other risk reducing items are not included in this table such as; mortgages, pledges, guarantees and warranties.

XI. Strategies and policies of the risk management system:

Risk management strategy of the Parent Bank includes measurement and monitoring of the risks with the methods that are defined in accordance with the international standards and local regulations. Also it includes having a sustainable growth in the framework of optimized capital use in accordance with the principle of keeping a balanced risk and return approach.

Risk Management Department including the sub-departments of "Credit Risk Control and Operational Risk Management", "Market Risk Management" and "Credit Risk Management", reports to the Board of Directors through the Audit Committee.

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Information related to financial position of the Group (continued)

Credit risk rating models are mainly used to measure and monitor the credit risk. The rating model is used in day to day activities of the Bank such as; for the evaluation of new credit applications, determination of credit approval authority levels and monitoring the performance of the existing customer portfolio. Performance of the rating model is monitored by a validation team on a regular basis.

Reports related to the loan portfolio of the Bank are distributed to the relevant departments within the Bank, on a regular basis. Expected loss calculations for the Bank's loan portfolio are performed and used for determining the objectives and policies of the Bank.

Market Risk Analysis unit is responsible for measuring, monitoring and distributing the results of the market risk to the relevant departments within the Bank, as well as reviewing the valuation calculations of financial instruments, which are subject to market risk, in accordance with accounting standards.

The Parent Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international regulations, local regulations and internal policies. In addition to the regulatory limits, there are also internal limits set to measure and monitor the risk. Possible changes that may occur in the economic environment are taken into account for determining these limits.

XII. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Group. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	**127.660.468**	**108.382.722**	**129.086.493**	**110.127.482**
Due from money market	2.928.447	2.773.236	2.928.447	2.773.236
Banks	4.009.126	5.342.497	4.017.743	5.366.421
Available-for-sale financial assets	13.209.362	15.650.448	13.209.362	15.650.448
Held-to-maturity investments	6.889.603	5.827.694	6.888.193	6.192.442
Loans	100.623.930	78.788.847	102.042.748	80.144.935
Financial liabilities	**129.945.471**	**100.355.351**	**130.146.903**	**101.538.028**
Bank deposits	2.372.920	1.449.283	2.378.151	1.546.848
Other deposits	86.108.861	69.694.108	86.180.373	69.694.108
Funds borrowed from other financial institutions	19.291.567	14.294.331	19.307.177	14.377.989
Subordinated loans	6.480.981	5.195.642	6.556.485	6.166.951
Marketable securities issued	8.422.843	3.946.505	8.456.418	3.976.650
Miscellaneous payables	7.268.299	5.775.482	7.268.299	5.775.482

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

TFRS 7, "Financial Instruments: Disclosures", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**125.857**	**1.597.307**	**-**	**1.723.164**
Government debt securities	54.967	-	-	54.967
Share certificates	20.719	-	-	20.719
Trading derivative financial assets	-	1.596.112	-	1.596.112
Other marketable securities	50.171	1.195	-	51.366
Available-for-sale financial assets	**11.389.340**	**1.813.832**	**-**	**13.203.172**
Government debt securities	11.278.626	-	-	11.278.626
Other marketable securities(1)	110.714	1.813.832	-	1.924.546
Hedging derivative financial assets	**-**	**467.627**	**-**	**467.627**
Total assets	**11.515.197**	**3.878.766**	**-**	**15.393.963**
Trading derivative financial liabilities	-	863.633	-	863.633
Hedging derivative financial liabilities	-	386.395	-	386.395
Total liabilities	**-**	**1.250.028**	**-**	**1.250.028**

(1) As of December 31, 2013, non-listed share certificates accounted at cost in accordance with TAS 39 amounting to TL 6.190 is not included.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**565.441**	**437.554**	**-**	**1.002.995**
Government debt securities	493.996	-	-	493.996
Share certificates	31.365	3.350	-	34.715
Trading derivative financial assets	-	420.483	-	420.483
Other marketable securities	40.080	13.721	-	53.801
Available-for-sale financial assets	**13.967.588**	**1.664.233**	**-**	**15.631.821**
Government debt securities	13.704.705	5.740	-	13.710.445
Other marketable securities(1)	262.883	1.658.493	-	1.921.376
Hedging derivative financial assets	**-**	**94.166**	**-**	**94.166**
Total assets	**14.533.029**	**2.195.953**	**-**	**16.728.982**
Trading derivative financial liabilities	-	384.481	-	384.481
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	**-**	**1.289.168**	**-**	**1.289.168**

(1) As of December 31, 2012, non-listed share certificates accounted at cost in accordance with TAS 39 amounting to TL 18.627 is not included.

In the current year, there is no transfer between Level 1 and Level 2.

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of December 31, 2013:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

Cross currency interest rate swaps are used as hedging instrument in FVH and interest rate swaps are used as hedging instrument in CFH.

Contractual amounts and the fair values as at December 31, 2013 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional(1)	**Asset**	**Liability**	**Notional(1)**	**Asset**	**Liability**
Hedging instrument						
Interest rate swap	17.508.859	160.252	386.395	18.479.953	170	814.454
Cross currency interest rate swap	1.104.763	307.375	-	1.772.858	93.996	90.233
Total	**18.613.622**	**467.627**	**386.395**	**20.252.811**	**94.166**	**904.687**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 19.015.071 (December 31, 2012 - TL 20.528.904) the total notional of derivative financial assets amounting to TL 37.628.693 (December 31, 2012 - TL 40.781.715) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

The fair valuation methodology of the derivatives presented in the above table is disclosed in detail in the accounting principles section of these financial statements in Section III. Part IV.

Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funding by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below;

Current Period						
Type of hedging instrument	**Hedged item (asset and liability)**	**Nature of hedged risks**	**Fair value difference / adjustment of the hedged item(1)**	**Net fair value of the(2)**		**Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses)(3)**
				Asset	**Liability**	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(5.113)	307.375	-	(153.748)

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
(3) The ineffective portion of the mentioned hedging transaction is TL 10.397.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

Priod Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value of the hedged item(1)	Net fair value of the (2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses)(3)
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
(3) The ineffective portion of the mentioned hedging transaction is TL 5.689.

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method.

Cash flow hedge accounting:

The Parent Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL deposits, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	160.252	386.395	(115.117)	445.696

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 434.

Priod Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. When the hedged forecasted transactions are no longer expected to occur, the net cumulative gain or loss is reclassified from other comprehensive income to profit and loss.

Net Investment Hedge

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2013 is EUR 275 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 241.119 net-off tax (December 31, 2012 - TL 96.731 foreign exchange loss), on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

XIV. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no fiduciary transactions.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL“))

Information related to financial position of the Group (continued)

XV. Explanations on consolidated operating segments:

The Group carries out its banking operations through three main business units:

(1) Retail Banking
(2) Corporate and Commercial Banking
(3) Private Banking and Wealth Management.

The Parent Bank's Retail Banking activities include card payment systems, SME (small medium size enterprises) banking and individual banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, SME loans, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Bank. The Bank also offers debit card and a prepaid card named World Hediye Card.

Corporate and Commercial Banking segment is organized into three subgroups: Corporate Banking for large-scale companies, Commercial Banking for medium-sized enterprises and Multinational Companies Banking for multinational companies. Corporate and Commercial Banking, has a product range of working capital finance, trade finance, project finance, domestic and international non-cash loans such as letters of credit and letters of guarantee, cash management and internet banking.

Through its Private Banking and Wealth Management activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, capital guaranteed funds, mutual funds, Type A Type B funds, derivative products such as forwards, futures and options in domestic futures exchange (VOB) and international markets, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products and 7/24 safe deposit boxes and e-banking services. Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

The Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Foreign operations include the Group's banking transactions in the Netherlands, Azerbaijan and Russia. Treasury, Asset – Liability Management and other operations, mainly consist of treasury managemet's results, operations of supporting business units and other unallocated transactions.

The below table is prepared in accordance with the Management Information System (MIS) data of the Bank.

Major balance sheet and income statement items based on operating segments:

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance Business	Treasury, Asset-Liability Management and Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue continuing	3.041.777	1.705.313	159.474	194.003	790.654	-	2.331.393	(187.099)	8.035.515
Operating expenses continuing	(2.522.807)	(470.916)	(72.996)	(106.292)	(180.820)	-	(1.747.698)	6.062	(5.095.467)
Net operating income continuing	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**583.695**	**(181.037)**	**2.940.048**
Dividend income (2)	-	-	-	-	-	-	15.243	-	15.243
Income/Loss from Investments accounted based on equity method							7.688	-	7.688
Profit before tax	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**606.626**	**(181.037)**	**2.962.979**
Tax expense(2)	-	-	-	-	-	-	(629.802)	-	(629.802)
Net period income from continuing operations	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**(23.176)**	**(181.037)**	**2.333.177**
Minority interest (-)	-	-	-	-	-	-	(237)	-	(237)
Net period income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**	**1.326.012**	**-**	**1.326.012**
Group income/loss	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**1.302.599**	**(181.037)**	**3.658.952**
Segment assets (3)	47.229.794	41.802.945	177.420	6.151.505	9.992.267	-	57.237.856	(2.746.083)	159.845.704
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	464.140	-	464.140
Total assets	**47.229.794**	**41.802.945**	**177.420**	**6.151.505**	**9.992.267**	**-**	**57.701.996**	**(2.746.083)**	**160.309.844**
Segment liabilities (3)	34.135.357	35.600.735	18.846.849	5.007.946	8.235.977	-	42.989.422	(2.791.952)	142.024.334
Shareholders' equity	-	-	-	-	-	-	18.285.510	-	18.285.510
Total liabilities	**34.135.357**	**35.600.735**	**18.846.849**	**5.007.946**	**8.235.977**	**-**	**61.274.932**	**(2.791.952)**	**160.309.844**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance Business	Treasury, Asset-Liability Management and Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue continuing	3.003.309	1.565.201	123.909	159.724	434.233	-	1.859.786	(17.838)	7.128.324
Operating expenses continuing	(2.283.382)	(424.478)	(67.650)	(72.831)	(173.799)	-	(1.510.830)	(25.811)	(4.558.781)
Net operating income continuing	**719.927**	**1.140.723**	**56.259**	**86.893**	**260.434**	**-**	**348.956**	**(43.649)**	**2.569.543**
Dividend income (2)	-	-	-	-	-	-	1.661	-	1.661
Income/Loss from Investments accounted based on equity method(4)	-	-	-	-	-	-	17.791	-	17.791
Profit before tax	**719.927**	**1.140.723**	**56.259**	**86.893**	**260.434**	**-**	**368.408**	**(43.649)**	**2.588.995**
Tax expense (2)	-	-	-	-	-	-	(598.179)	-	(598.179)
Net period income from continuing operations	**719.927**	**1.140.723**	**56.259**	**86.893**	**260.434**	**-**	**(229.771)**	**(43.649)**	**1.990.816**
Minority interest (-)	-	-	-	-	-		(10.087)	-	(10.087)
Net period income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**106.944**	**-**	**-**	**106.944**
Group income/loss	**719.927**	**1.140.723**	**56.259**	**86.893**	**260.434**	**106.944**	**(239.858)**	**(43.649)**	**2.087.673**
Segment assets (3)	38.170.950	31.191.828	169.225	4.955.523	7.149.217	2.019.163	48.760.496	(1.137.837)	131.278.565
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	219.196	-	219.196
Total assets	**38.170.950**	**31.191.828**	**169.225**	**4.955.523**	**7.149.217**	**2.019.163**	**48.979.692**	**(1.137.837)**	**131.497.761**
Segment liabilities (3)	30.189.733	25.936.583	17.125.662	4.095.876	5.626.880	1.578.500	32.066.188	(1.161.199)	115.458.223
Shareholders' equity	-	-	-	-	-	-	16.039.538	-	16.039.538
Total liabilities	**30.189.733**	**25.936.583**	**17.125.662**	**4.095.876**	**5.626.880**	**1.578.500**	**48.105.726**	**(1.161.199)**	**131.497.761**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

(2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".

(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Section five

Explanations and notes related to consolidated financial statements

I. Explanations and notes related to consolidated assets:

a.Information related to cash and the account of the Central Bank:

1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.287.182	519.407	1.206.771	339.996
The CBRT[1]	43.293	16.984.910	414.040	9.147.081
Other	-	155.957	1	380.059
Total	**1.330.475**	**17.660.274**	**1.620.812**	**9.867.136**

(1) The balance of gold amounting to TL 2.923.543 is accounted for under the Central Bank foreign currency account (December 31, 2012 – TL 1.398.753).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount [1]	43.293	2.023.825	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement[2]	-	14.961.085	-	7.830.548
Total	**43.293**	**16.984.910**	**414.040**	**9.147.081**

(1) The TL reserve requirement has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA letter as of January 3, 2008.
(2) The Bank keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits".

As of December 31, 2013, the Group's reserve deposits, including those at foreign banks, amount to TL 17.068.838 (December 31, 2012 - TL 9.591.973).

b. Information on financial assets at fair value through profit and loss:

The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2012 - None) and there is no financial assets at fair value through profit and loss given as collateral/ blocked (December 31, 2012 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	FC	TL	FC	FC
Forward transactions	79.156	19.853	53.199	13.903
Swap transactions[1]	1.188.546	125.987	226.076	95.622
Futures transactions	-	-	-	-
Options	160.289	22.281	9.351	22.332
Other	-	-	-	-
Total	**1.427.991**	**168.121**	**288.626**	**131.857**

(1) The effects of Credit Default Swaps are included.

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	474.953	915.461	2.100.562	857.187
Foreign[1]	41.138	2.577.574	5	2.384.743
Head quarters and branches abroad	-	-	-	-
Total	**516.091**	**3.493.035**	**2.100.567**	**3.241.930**

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 314.557 (December 31, 2012 - 451.315 TL).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.130.877	1.528.022	187.412	100.349
USA, Canada	1.063.292	488.017	-	-
OECD countries (1)	56.753	46.218	-	-
Off-shore banking regions	206	109	-	-
Other	164.065	191.713	16.107	30.320
Total	**2.415.193**	**2.254.079**	**203.519**	**130.669**

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

d. Information on available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

Carrying values of available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

Available-for-sale financial assets given as collateral/blocked amount to TL 718.291 (December 31, 2012 - TL 1.586.077) and available-for-sale financial assets subject to repo transactions amounts to TL 2.320.047 (December 31, 2012 - TL 2.639.269).

e. Information on available-for-sale financial assets:

	Current Period	Prior Period
Debt securities	13.455.271	15.703.687
Quoted on stock exchange	11.761.398	14.067.931
Not quoted(1)	1.693.873	1.635.756
Share certificates	87.220	63.927
Quoted on stock exchange	163	133
Not quoted	87.057	63.794
Impairment provision (-)(2)	(425.276)	(198.106)
Other (3)	92.147	80.940
Total	**13.209.362**	**15.650.448**

(1) Includes credit linked notes amounting to TL 989.937 (December 31, 2012 - TL 895.659).
(2) The figure includes the negative differences between the cost and the market price of the securities and the impairment provisions, if any.
(3) Other available-for-sale financial assets include mutual funds amounting to TL 92.147 (December 31, 2012 - TL 80.940).

f. Explanations on loans:

1. Information on all types of loans or advance balances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	**-**	**-**	**-**	**-**
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**20.756**	**450.294**	**5.390**	**403.915**
Loans granted to employees	**110.494**	**470**	**104.931**	**68**
Total	**131.250**	**450.764**	**110.321**	**403.983**

2. Information on the first and second group loans and other receivables and loans and other receivables that have been restructured or rescheduled:

	Standard loans and other receivables			Loans and other receivables under close monitoring		
Cash Loans	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	**97.018.251**	**1.455.719**	**-**	**2.417.607**	**553.948**	**14.434**
Loans given to enterprises	40.544.353	441.843	-	455.835	173.500	4.310
Export loans	4.151.507	196.088	-	78.987	56.025	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.875.113	-	-	-	-	-
Consumer loans	17.618.500	475.478	-	887.111	103.393	5.781
Credit cards	18.488.941	95.871	-	293.682	17.721	3.887
Other(1)	13.339.837	246.439	-	701.992	203.309	456
Specialized lending	**-**	**-**	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**	**-**	**-**
Total	**97.018.251**	**1.455.719**	**-**	**2.417.607**	**553.948**	**14.434**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Explanations and notes related to consolidated financial statements (continued)

Number of modifications made to extend payment plan[(1) (2) (3)]	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	1.378.735	420.938
Extended by 3,4 or 5 times	28.129	117.487
Extended by more than 5 times	48.855	15.523
Total	**1.455.719**	**553.948**

Extended period of time[(1) (2) (3)]	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	138.562	81.497
6 - 12 Months	190.158	51.659
1 - 2 Years	434.572	119.702
2 - 5 Years	421.105	178.709
5 Years and over	271.322	122.381
Total	**1.455.719**	**553.948**

(1) There is no loan which is subject to the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated on April 09, 2011
(2) There are seven loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 1 to 5 years. One of them was restructured three times, one was twice and rest of the five are restructed once.
(3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	**40.074.037**	**324.870**	**569.618**	**73.148**
Non-specialised loans	40.074.037	324.870	569.618	73.148
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	**55.488.495**	**1.130.849**	**1.279.607**	**495.234**
Non-specialised loans	55.488.495	1.130.849	1.279.607	495.234
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

4.(i) Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	60.910.810	17.618.500	18.488.941	3.813.930	2.091.266	102.923.447
Watch list	1.236.814	887.111	293.682	92.780	43.659	2.554.046
Loans under legal follow-up	2.356.081	839.916	437.076	240.940	80.419	3.954.432
Specific provisions (-)	(1.599.397)	(557.204)	(288.400)	(170.278)	(73.009)	(2.688.288)
Total	**62.904.308**	**18.788.323**	**18.931.299**	**3.977.372**	**2.142.335**	**106.743.637**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	46.876.167	14.209.929	14.143.219	2.853.576	1.542.319	79.625.210
Watch list	1.195.319	1.100.817	287.207	131.268	86.760	2.801.371
Loans under legal follow-up	1.580.473	565.084	428.546	251.433	62.048	2.887.584
Specific provisions (-)	(1.042.729)	(291.018)	(264.167)	(139.784)	(51.060)	(1.788.758)
Total	**48.609.230**	**15.584.812**	**14.594.805**	**3.096.493**	**1.640.067**	**83.525.407**

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	369.311	410.304	-	40.425	-	820.040
Loans under legal follow-up[(1)]	373.350	42.900	-	50.917	-	467.167
Toplam	**742.661**	**453.204**	**-**	**91.342**	**-**	**1.287.207**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	378.696	541.309	-	65.429	-	985.434
Loans under legal follow-up[1]	293.403	37.981	-	94.300	-	425.684
Toplam	**672.099**	**579.290**	**-**	**159.729**	**-**	**1.411.118**

(1) Fair values of collaterals received for non-performing loans are calculated by using hair-cuts over their nominal values in accordance with the "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside".

5. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and long-term	Total
Consumer loans-TL	**164.206**	**17.565.640**	**17.729.846**
Real estate loans	3.478	8.887.493	8.890.971
Automotive loans	8.222	1.110.200	1.118.422
Consumer loans	1.438	56.715	58.153
Other	151.068	7.511.232	7.662.300
Consumer loans-FC indexed	**-**	**99.590**	**99.590**
Real estate loans	-	98.831	98.831
Automotive loans	-	-	-
Consumer loans	-	759	759
Other	-	-	-
Consumer loans-FC	**30.776**	**195.345**	**226.121**
Real estate loans	155	18.285	18.440
Automotive loans	5.683	58.702	64.385
Consumer loans	12.164	89.012	101.176
Other	12.774	29.346	42.120
Individual credit cards-TL	**14.368.053**	**824.366**	**15.192.419**
With installments	9.189.994	821.186	10.011.180
Without installments	5.178.059	3.180	5.181.239
Individual credit cards-FC	**800**	**47.061**	**47.861**
With installments	800	47.061	47.861
Without installments	-	-	-
Personnel loans-TL	**4.775**	**48.363**	**53.138**
Real estate loans	-	664	664
Automotive loans	44	933	977
Consumer loans	-	-	-
Other	4.731	46.766	51.497
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**243**	**344**	**587**
Real estate loans	27	-	27
Automotive loans	-	-	-
Consumer loans	92	218	310
Other	124	126	250
Personnel credit cards-TL	**54.721**	**428**	**55.149**
With installments	29.133	428	29.561
Without installments	25.588		25.588
Personnel credit cards-FC	**3**	**513**	**516**
With installments	3	513	516
Without installments	-	-	-
Credit deposit account-TL (real person)[1]	**396.296**	**-**	**396.296**
Credit deposit account-FC (real person)	**33**	**-**	**33**
Total	**15.019.906**	**18.781.650**	**33.801.556**

(1) TL 1.104 of the credit deposit account belongs to the loans used by personnel.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Explanations and notes related to consolidated financial statements (continued)

6. Information on commercial installment loans and corporate credit cards:

	Current Period		
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	**748.299**	**6.077.287**	**6.825.586**
Business loans	1.441	478.606	480.047
Automotive loans	34.962	1.902.764	1.937.726
Consumer loans	-	46	46
Other	711.896	3.695.871	4.407.767
Commercial installments loans-FC indexed	**25.998**	**306.384**	**332.382**
Business loans	-	21.496	21.496
Automotive loans	900	73.968	74.868
Consumer loans	-	-	-
Other	25.098	210.920	236.018
Commercial installments loans-FC	**-**	**-**	**-**
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**3.473.999**	**12.679**	**3.486.678**
With installment	2.813.639	12.645	2.826.284
Without installment	660.360	34	660.394
Corporate credit cards-FC	**-**	**-**	**-**
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	**698.545**	**-**	**698.545**
Credit deposit account-FC (legal person)	**-**	**-**	**-**
Total	**4.946.841**	**6.396.350**	**11.343.191**

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	997.751	1.153.905
Private	98.438.107	76.658.753
Total	**99.435.858**	**77.812.658**

8. Distribution of domestic and foreign loans: Distribution has been disclosed based on the location where the customers operate.

	Current Period	Prior Period
Domestic loans	95.921.730	76.571.527
Foreign loans	3.514.128	1.241.131
Total	**99.435.858**	**77.812.658**

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	88.320	35.480
Indirect loans granted to associates and subsidiaries	-	-
Total	**88.320**	**35.480**

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	117.677	95.603
Loans and other receivables with doubtful collectibility	428.790	360.082
Uncollectible loans and other receivables	1.898.534	1.142.229
Total	**2.445.001**	**1.597.914**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**1.042.729**	**291.018**	**264.167**	**1.597.914**
Allowance for impairment	781.016	578.849	310.325	1.670.190
Amount recovered during the period	(213.101)	(313.342)	(83.666)	(610.109)
Loans written off during the period as uncollectible (1)	(20.526)	(400)	(202.472)	(223.398)
Exchange difference	9.279	1.079	46	10.404
December 31	**1.599.397**	**557.204**	**288.400**	**2.445.001**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**977.538**	**156.082**	**259.601**	**1.393.221**
Allowance for impairment	579.894	480.246	244.706	1.304.846
Amount recovered during the period	(183.090)	(278.827)	(75.801)	(537.718)
Loans written off during the period as uncollectible (1)	(329.169)	(66.306)	(164.331)	(559.806)
Exchange difference	(2.444)	(177)	(8)	(2.629)
December 31	**1.042.729**	**291.018**	**264.167**	**1.597.914**

(1) Also includes the effects of the sales of non-performing loan portfolios

11. Information on non-performing loans (net):

(i). Information on non-performing loans restructured or rescheduled by the Group, and other receivables:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	**8.048**	**52.709**	**236.784**
Restructured loans and other receivables	8.048	52.709	236.784
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	**21.912**	**40.704**	**142.421**
Restructured loans and other receivables	21.912	40.704	142.421
Rescheduled loans and other receivables	-	-	-

(ii). Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Prior Period	**554.524**	**738.879**	**1.280.700**
Additions (+)	2.154.274	167.606	175.334
Transfers from other categories of non- performing loans (+)	-	1.545.714	1.253.246
Transfer to other categories of non-performing loans (-)	(1.545.714)	(1.253.246)	-
Collections (-)	(532.975)	(269.839)	(423.422)
FX valuation differences	476	-	10.914
Write-offs (-)	-	-	(223.398)
Corporate and commercial loans	-	-	(20.526)
Consumer loans	-	-	(400)
Credit cards	-	-	(202.472)
Other	-	-	-
Current Period	**630.585**	**929.114**	**2.073.374**
Specific provision (-)	(117.677)	(428.790)	(1.898.534)
Net balance on balance sheet	**512.908**	**500.324**	**174.840**

The Parent Bank sold part of its non-performing loans (from credit cards portfolio) amounting to TL 214.815 on December 6, 2013 to LBT Varlık Yönetimi A.Ş., Finansal Varlık Yönetimi A.Ş. and Anadolu Varlık Yönetimi A.Ş. for TL 39.650, in accordance with the Board of Directors' decision dated December 18, 2013. Total amount of provision for the sold portfolio was TL 202.472

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

(iii). Information on non-performing loans granted as foreign currency loans

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
Period end balance	120.948	22.122	433.876
Specific provision (-)	(23.691)	(12.633)	(289.984)
Net balance on-balance sheet	**97.257**	**9.489**	**143.892**
Prior Period			
Period end balance	1.340	3.381	366.866
Specific provision (-)	(184)	(1.952)	(261.285)
Net balance on-balance sheet	**1.156**	**1.429**	**105.581**

(iv). Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (net)	**512.908**	**500.324**	**174.840**
Loans granted to real persons and corporate entities (gross)	630.585	929.114	1.964.796
Specific provision amount (-)	(117.677)	(428.790)	(1.789.956)
Loans granted to real persons and corporate entities (net)	512.908	500.324	174.840
Banks (gross)	-	-	24.582
Specific provision amount (-)	-	-	(24.582)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net)(1)	-	-	-
Prior Period (net)	**458.921**	**378.797**	**138.471**
Loans granted to real persons and corporate entities (gross)	554.524	738.879	1.172.116
Specific provision amount (-)	(95.603)	(360.082)	(1.033.645)
Loans granted to real persons and corporate entities (Net)	458.921	378.797	138.471
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) (1)	-	-	-

(1) The figure represents the total loans and receivables of Agrosan Kimya Sanayi Ticaret A.Ş., Tümteks Tekstil Sanayi Ticaret A.Ş and balances from Boyasan Tekstil Sanayi ve Ticaret A.Ş. in accordance with the Article 6 Paragraph 9 of regulation for provisions taken into account classification of loans and receivables.

12. Explanation on liquidation policy for uncollectible loans and receivables;

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected through legal follow-up, voluntary payments and liquidation of collaterals.

13. Explanation on "Write-off" policies:

The Bank's general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

g. Information on held-to-maturity investments:

1. Characteristics and carrying values of held-to-maturity investments subject to repurchase agreements given as collateral / blocked:

Held-to-maturity investments given as collateral/blocked amounts to TL 1.398.334 (December 31, 2012 - TL 1.299.927). Held-to-maturity investments subject to repurchase agreements amount to TL 1.968.378 (December 31, 2012 - TL 2.986.312).

2. Information on government debt securities held-to-maturity:

	Current Period	Prior Period
Government bond	6.527.368	5.765.659
Treasury bill	-	-
Other debt securities	362.235	62.035
Total	**6.889.603**	**5.827.694**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

3. Information on investment securities held-to-maturity:

	Current Period	Prior Period
Debt securities	7.020.246	5.867.172
Quoted on stock exchange	7.020.246	5.867.172
Not quoted	-	-
Impairment provision (-)(1)	(130.643)	(39.478)
Total	**6.889.603**	**5.827.694**

(1) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

4. Movement of held-to-maturity investments within the period:

	Current Period	Prior Period
Beginning balance	**5.827.694**	**12.710.622**
Foreign currency differences on monetary assets(1)	645.086	(574.402)
Purchases during the year(4)	634.403	50.325
Disposals through sales and redemptions(3)	(126.415)	(6.358.851)
Impairment provision (-)(2)	(91.165)	-
Period end balance	**6.889.603**	**5.827.694**

(1) Also includes the changes in the interest income accruals.
(2) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.
(3) As per the legislation on capital adequacy (Basel II) effective starting from July 1, 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the prior period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378.400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes. As of the date of these financial statements, sales have been realized from the portfolio classified.
(4) In the current period, Yapı Kredi NV has classified its USD 63,385 and EUR 7,250 nominal value of foreign currency denominated securities from available for sale portfolio to held to maturity portfolio in accordance with the TAS 39 relevant paragraphs.

ğ. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu(1)	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş.(1)	Istanbul/Türkiye	9,98	9,98

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	91.353	78.926	48.824	1.368	-	28.149	24.043	-
2	33.001	23.773	19.197	347	-	4.171	4.238	-

(1) Financial statement information disclosed above shows September 30, 2013 results.

2. Consolidated investments in associates:

(i). Information on consolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)(2)
1	Banque de Commerce et de Placements S.A. (1)	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş. .(1)	İstanbul/Türkiye	-	20,00

(1) Financial statement information disclosed above shows September 30, 2013 results.
(2) The other shareholders represent the consolidated Group companies.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

(ii). Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total ixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	4.818.921	773.091	5.840	70.519	15.484	26.162	45.530	-
2	890.653	230.921	24.240	18.312	7.958	48.239	-	-

(iii). Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	**193.934**	**183.940**
Movements during the period	**253.027**	**9.994**
Purchases[1]	188.108	-
Bonus shares obtained	-	-
Share of current year income	15.773	18.982
Sales	-	-
Revaluation (decrease)/increase[3]	49.146	(8.988)
Impairment provision	-	-
Balance at the end of the period	**446.961**	**193.934**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

(1) Includes repurchase of 19,93% of YKE.
(2) Includes value increase/(decrease) due to equity pick up

(iv). Information on sectors and the carrying amounts of consolidated investments in associates:

	Current Period	Prior Period
Banks	253.462	193.934
Insurance companies	193.499	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	**446.961**	**193.934**

(v). Investments in associates quoted on stock exchange: None.

h. Information on shareholders' equity of the significant subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital					
Paid-in capital	98.918	60.714	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Marketable Securities Valuation Differences	13.614	-	-	-	(4.349)
Legal reserves	69.400	8.034	79.305	20.469	-
Extraordinary reserves	13.878	-	484.964	-	331.465
Other reserves	119	12	40	-	279.810
Profit/loss	199.121	193.352	412.296	23.408	41.778
Current period net profit	269.067	147.894	139.445	23.408	41.778
Prior period profit	(69.946)	45.458	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	711	64	3.426	340	94
Total core capital	**394.339**	**262.048**	**1.363.107**	**49.244**	**761.052**
Supplementary capital	**-**	**9.024**	**19.847**	**-**	**164**
Capital	**394.339**	**271.072**	**1.382.954**	**49.244**	**761.216**
Deductions from the capital	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**394.339**	**271.072**	**1.382.954**	**49.244**	**761.216**

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of December 31, 2013.

There is no internal capital adequacy assessment process (ICAAP) for the subsidiaries.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

2. Unconsolidated subsidiaries

(i). Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99

(ii). Main financial figures of the subsidiaries in order of the above table:

	Total assets	Shareholders' equity	Total fixed assets	Interest ncome	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value
1	17.806	13.701	928	4	-	1.412	1.405	-
2	38.404	25.562	3.848	1.213	-	932	1.311	-

(1) Financial statement information disclosed above shows December 31, 2013 results.

3. Consolidated subsidiaries:

(i). Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Nederlands	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5	Yapı Kredi Leasing	Istanbul/Turkey	99,99	99,99
6	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
7	Yapı Kredi NV (1)	Amsterdam/Nederlands	67,24	100,00
8	Yapı Kredi Azerbaycan (2)	Bakü/Azerbaijan	99,80	100,00
9	Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	95,36	95,36

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation as the Bank has a control of 100%.

(1) Includes the balances for Stiching Custody Services YKB.
(2) Includes the balances for Yapı Kredi Invest LLC.

(ii). Main financial figures of the consolidated subsidiaries in the order of the below table (1) :

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value (2)	Required equity
1	133.135	133.021	-	-	-	(211)	(130)	318.560	-
2	3.306.679	492.977	5.232	111.568	2.652	269.067	75.722	468.271	-
3	2.191.475	262.112	649	110.031	-	147.894	24.861	375.529	-
4	519.527	159.029	11.401	24.379	2.823	20.311	11.045	98.375	-
5	4.634.023	1.149.429	33.540	284.635	-	139.445	130.074	917.951	-
6	57.130	49.584	1.085	3.969	227	23.408	23.734	178.327	-
7	4.720.949	761.147	2.029	184.134	12.505	41.778	47.617	319.649	-
8	855.018	167.487	45.744	61.417	463	3.219	7.664	84.962	-
9	47.678	45.981	21	4.229	(1.779)	1.154	6.676	41.481	-

(1) The above financial information is extracted from the financial statements of companies included in the preparation of consolidated financial statements are used as of December 31, 2013.
(2) Determined based on the amounts determined through valuation models.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

(iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**3.817.879**	**3.349.666**
Movements during the period	**(1.454.412)**	**468.213**
Purchases [(1)]	71.129	22.236
Free shares obtained profit from current years share[(2) (3)]	15.107	35.738
Share of current year income	-	-
Sales	-	-
Transfers[(4)]	(1.410.080)	410.239
Revaluation (decrease) / increase	(130.568)	-
Impairment provision	-	-
Balance at the end of the period	**2.363.467**	**3.817.879**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

(1) Yapı Kredi Leasing has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99,99% purchasing the shares of Yapı Kredi Leasing through calling of these shares. The Bank has decided to cancel the signed agreement to sell its shares on Tasfiye halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of Tasfiye halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. through a call in accordance with CMB decree series IV numbered 44. As of the date of these consolidated financial statements, total shareholding of the Bank increased to 95,36%.
(2) During the General Assembly meeting of Yapı Kredi Faktoring registered on December 2, 2013 it was decided to increase the share capital by TL 15.114 by using internal sources (inflation accounting differences).
(3) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012 it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.
(4) The Group has sold its 9.581.514.570 shares with a notional amount of full TL 95.815.145,70 representing 93,94% of its shares in YKS for full TL 1.738.931.000 to Allianz".

(iv). Sectoral information on financial subsidiaries and the related carrying amounts:

Financial Subsidiaries	Current Period	Prior Period
Banks	397.955	421.937
Insurance companies	-	1.223.132
Factoring companies	375.349	345.301
Leasing companies	917.855	1.020.417
Finance companies	-	-
Other financial subsidiaries	672.308	807.092
Total financial subsidiaries	**2.363.467**	**3.817.879**

(v). Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges	-	1.231.950
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted on stock exchanges	**-**	**1.231.950**

ı. Information on joint ventures (net):

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures:

(i). Information on consolidated Joint Ventures:

	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non-current assets	Long term debts	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	79.111	43.321	31.970	45.381	64.588
Total	**30,45**	**30,45**	**79.111**	**43.321**	**31.970**	**45.381**	**64.588**

The above figures are extracted from the financial statements on at December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.895.389	1.618.416	1.290.027	1.075.226
Between 1- 4 years	2.452.443	2.120.668	1.827.960	1.588.013
More than 4 years	269.856	238.288	477.931	433.254
Total	**4.617.688**	**3.977.372**	**3.595.918**	**3.096.493**

2) Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	1.257.705	3.359.983	882.245	2.713.673
Unearned financial income from leases (-)	(233.531)	(406.785)	(146.548)	(352.877)
Amount of cancelled leases (-)	-	-	-	-
Total	**1.024.174**	**2.953.198**	**735.697**	**2.360.796**

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge[1]	307.375	-	93.996	-
Cash flow hedge[1]	155.444	4.808	170	-
Foreign net investment hedge	-	-	-	-
Total	**462.819**	**4.808**	**94.166**	**-**

(1) Explained in the note XIII of Section IV.

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	2.005.413	457.338	2.612	922.153	3.387.516
Accumulated depreciation (-)	(1.355.206)	(327.356)	(2.354)	(647.137)	(2.332.053)
Net book value	**650.207**	**129.982**	**258**	**275.016**	**1.055.463**
Current Period					
Net book value at beginning of the period	**650.207**	**129.982**	**258**	**275.016**	**1.055.463**
Additions	388	5.794	1.632	165.907	173.721
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(2.933)	(1.409)	(151)	(19.789)	(24.282)
Sale of a subsidiary	(17.929)	-	(50)	(12.249)	(30.228)
Reversal of impairment, net	131	-	19	229	379
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.949)	(38.720)	(129)	(85.949)	(164.747)
Foreign exchange differences,net	1.262	3.227	177	1.569	6.235
Net book value at end of the period	**591.177**	**98.874**	**1.756**	**324.734**	**1.016.541**
Cost at the end of the period	1.977.369	422.378	3.745	942.201	3.345.693
Accumulated depreciation at the period end (-)	(1.386.192)	(323.504)	(1.989)	(617.467)	(2.329.152)
December 31, 2012	**591.177**	**98.874**	**1.756**	**324.734**	**1.016.541**

As of December 31, 2013, the Parent Bank had total provision for impairment amounting to TL 327.673 (December 31, 2012 – TL 327.804) for the property and equipment.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	**1.361.391**	**1.284.165**
Additions during the period	131.329	157.074
Unused and disposed items (-)	(183)	(6.762)
Sales of a subsidiary	(19.669)	-
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(80.594)	(72.957)
Foreign exchange valuation differences	1.316	(129)
Balance at the end of the period	**1.393.590**	**1.361.391**

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	237.738	47.723	246.395	49.590
Provision for the actuarial deficit of the pension fund	767.131	153.426	827.177	165.435
Derivative financial liabilities	1.262.940	276.380	1.299.005	248.606
Securities portfolio valuation differences	18.499	3.700	642.366	128.474
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.587	24.517
Other	562.614	113.756	614.870	122.521
Total deferred tax asset	**2.971.039**	**619.408**	**3.752.400**	**739.143**
Derivative financial assets	(2.176.864)	(447.867)	(767.365)	(137.826)
Valuation difference of securities portfolio	(206.816)	(41.366)	(1.887.272)	(377.192)
Property, equipment and intangibles, net	(225.745)	(34.602)	(258.926)	(41.322)
Other	(62.408)	(12.481)	(76.509)	(15.325)
Total deferred tax liability	**(2.671.833)**	**(536.316)**	**(2.990.072)**	**(571.665)**
Deferred tax asset, net	**299.206**	**83.092**	**762.328**	**167.478**

Deferred tax expense amounting to TL 406.573 was recognized in profit and loss statement, whereas deferred tax income amounting to TL 320.866 was recognized directly in equity accounts for the period ended December 31, 2013.

o. Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	**139.653**	**103.572**
Additions	66.982	72.707
Transfers(1)	1.410.080	-
Disposals (-), net	(1.453.446)	(33.608)
Impairment provision reversal	934	983
Impairment provision (-)	(302)	(235)
Depreciation (-)	(4.586)	(3.766)
Translation diffrences	80	-
Net book value at the end of the period	**159.395**	**139.653**
Cost at the end of the period	171.377	148.942
Accumulated depreciation at the end of the period (-)	(11.982)	(9.289)
Net book value at the end of the period	**159.395**	**139.653**

(1) As of July 12, 2013, the transfer of YKS's shares is completed.

As of December 31, 2013, the Group booked impairment provision on assets held for resale with an amount of TL 8.411 (December 31, 2012 - TL 9.043).

ö. Information on other assets:

As of December 31, 2013, other assets do not exceed 10% of the total assets.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

1. Information on maturity structure of deposits/collected funds:

(i). Current Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	2.767.927	3	900.126	18.933.100	781.300	180.664	221.297	23.784.417
Foreign currency deposits	5.614.849	31.425	2.254.769	26.196.898	3.111.597	1.302.867	3.404.436	41.916.841
Residents in Turkey	4.643.375	26.860	2.128.111	25.732.386	1.577.097	784.777	1.526.998	36.419.604
Residents abroad	971.474	4.565	126.658	464.512	1.534.500	518.090	1.877.438	5.497.237
Public sector deposits	715.021	-	206.687	151	1.778	2.387.769	30	3.311.436
Commercial deposits	4.006.380	10	3.245.660	5.628.503	269.711	165.109	85.976	13.401.349
Other institutions deposits	75.070	-	198.765	1.132.227	255.756	851.554	3.759	2.517.131
Precious metals vault	747.228	-	1.579	114.459	43.762	96.790	173.869	1.177.687
Bank deposits	540.702	100.613	31.559	1.100.399	78.748	375.131	145.768	2.372.920
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	365.130	-	-	848.726	32.740	37.795	11.802	1.296.193
Foreign banks	9.110	100.613	31.559	251.673	46.008	337.336	133.966	910.265
Participation banks	166.462	-	-	-	-	-	-	166.462
Other	-	-	-	-	-	-	-	-
Total	**14.467.177**	**132.051**	**6.839.145**	**53.105.737**	**4.542.652**	**5.359.884**	**4.035.135**	**88.481.781**

(ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.989.253	21	1.449.688	18.992.918	1.125.611	132.465	409.769	24.099.725
Foreign currency deposits	4.850.304	97.757	3.955.412	13.700.918	1.940.964	389.794	2.936.105	27.871.254
Residents in Turkey	4.072.979	-	3.847.280	12.287.829	1.059.186	264.835	1.098.881	22.630.990
Residents abroad	777.325	97.757	108.132	1.413.089	881.778	124.959	1.837.224	5.240.264
Public sector deposits	598.082	-	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.124.645	2.602	1.941.039	6.355.783	2.049.293	156.353	191.445	13.821.160
Other institutions deposits	31.789	-	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	315.172	87.454	71.838	352.113	68.683	448.365	105.658	1.449.283
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	1.868	-	55.042	155.268	65.190	51.170	6.836	335.374
Foreign banks	209.357	87.454	16.796	196.845	3.493	397.195	98.822	1.009.962
Participation banks	103.947	-	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-	-
Total	**11.765.455**	**187.834**	**7.573.895**	**40.363.210**	**6.258.225**	**1.206.937**	**3.787.835**	**71.143.391**

2. Information on saving deposits insurance:

(i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Saving deposits(1)	12.724.262	9.048.545	11.119.884	15.038.237
Foreign currency savings deposit(1)	3.417.838	2.775.243	14.100.882	8.934.590
Other deposits in the form of savings deposits(1)	638.262	607.610	423.714	663.011
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) As per the decision published in the Official Gazette no. 28560 dated February 15, 2013, the deposit insurance limit has been increased from TL 50 thousand to TL 100 thousand.

(ii). Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.329	6.128
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	75.661	43.604
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

b. Information on trading derivative financial liabilities:

		Current Period		Prior Period
	TL	FC	TL	FC
Forward transactions	54.945	735	90.951	3.526
Swap transactions[1]	585.846	62.338	177.425	68.929
Futures transactions	-	-	-	-
Options	134.744	25.025	18.602	25.048
Other	-	-	-	-
Total	**775.535**	**88.098**	**286.978**	**97.503**

(1) The effects of credit default swaps are included.

c. Information on borrowings:

1. Information on borrowings:

		Current Period		Prior Period
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	1.155.299	349.000	830.303	259.396
From foreign banks, institutions and funds	894.179	16.893.089	510.259	12.694.373
Total	**2.049.478**	**17.242.089**	**1.340.562**	**12.953.769**

2. Information on maturity structure of borrowings:

		Current Period		Prior Period
	TL	FC	TL	FC
Short-term	1.627.155	8.733.133	918.643	5.999.319
Medium and long-term	422.323	8.508.956	421.919	6.954.450
Total	**2.049.478**	**17.242.089**	**1.340.562**	**12.953.769**

ç. Information on marketable securities issued

		Current Period		Prior Period
	TL	FC	TL	FC
Bills	1.165.920	827.050	716.171	-
Asset backed securities	-	2.576.083	-	1.641.731
Bonds	493.857	3.359.933	703.236	885.367
Collateralized securities	462.691	-	462.720	-
Total	**1.659.777**	**6.763.066**	**1.419.407**	**2.527.098**

d. Information on other liabilities:

As of December 31, 2013, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

None (December 31, 2012 - None).

2. Information on operational leasing agreements:

The Parent Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets".

f. Information on hedging derivative financial liabilities:

		Current Period		Prior Period
	TL	FC	TL	FC
Fair value hedge[1]			90.233	-
Cash flow hedge[1]	30.573	355.822	321.768	492.686
Foreign net investment hedge			-	-
Total	**30.573**	**355.822**	**412.001**	**492.686**

(1) Explained in Note XIII. of Section IV.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

g.Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
I. Provisions for first group loans and receivables	1.205.781	974.242
of which, Provision for Loans and Receivables with Extended Maturity	60.329	149.950
II. Provisions for second group loans and receivables	104.333	123.769
of which, Provision for Loans and Receivables with Extended Maturity	26.777	16.103
Provisions for non cash loans	65.880	73.205
Others	144.879	168.465
Total	**1.520.873**	**1.339.681**

2. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions were used in the calculation of total liabilities:

	Current Period	Prior Period
Discount rate (%)	4,78	3,86
Possibility of being eligible for retirement (%)	94,59	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.438,22 effective from January 1, 2014 (January 1, 2013 - full TL 3.129,25) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	**142.207**	**113.983**
Changes during the period	14.674	60.055
Paid during the period	(36.712)	(31.673)
Foreign currency differences	2.549	(158)
Balance at the end of the period	**122.718**	**142.207**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 115.317 as of December 31, 2013 (December 31, 2012 - TL 104.188).

3. Information on provisions related with the foreign currency difference of foreign currency indexed loans:

As of December 31, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 691 (December 31, 2012 - TL 65.231). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

(i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	767.131	827.177
Provisions on unindemnified non cash loans	73.790	125.749
Provisions on credit cards and promotion campaigns related to banking services	28.804	36.708
Provision on export commitment tax and funds liability	41.007	38.106
Other	200.893	154.847
Total	**1.111.625**	**1.182.587**

(İİ) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	209.470	246.317
Total	**209.470**	**246.317**

5. Pension fund provision:

The Parent Bank provided provision amounting to TL 767.131 (December 31, 2012 – TL 827.177) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	Current Period	Prior Period
Income statement (charge)/benefit	60.046	(51.891)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	1.635.549	1.538.766
- Pension benefits transferable to SSI	1.543.740	1.564.411
- Post employment medical benefits transferable to SSI	91.809	(25.645)
Fair value of plan assets	(868.418)	(711.589)
Provision for the actuarial deficit of the pension fund	**767.131**	**827.177**

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	%9,80	%9,80
- Post employment medical benefits transferable to SSI	%9,80	%9,80

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 13 years for men and 18 years for women who retire at the age of 66 and 64, respectively.

Plan assets are comprised as follows:

		Current Period		Prior Period
	Amount	%	Amount	%
Government bonds and treasury bills	178.678	21	173.291	24
Premises and equipment	304.423	35	229.547	32
Bank placements	339.980	39	265.346	37
Short term receivables	30.219	3	19.000	3
Other	15.118	2	24.405	4
Total	**868.418**	**100**	**711.589**	**100**

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	30.573	231.592
Taxation of Marketable Securities	71.659	80.757
Property Tax	2.000	1.709
Banking Insurance Transaction Tax ("BITT")	62.360	64.110
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	7.122	6.870
Other	25.650	30.658
Total	**199.364**	**415.696**

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	187	1.218
Social security premiums - employer	219	1.435
Bank pension fund premiums - employee	9.751	8.946
Bank pension fund premiums - employer	10.146	9.327
Pension fund deposit and provisions - employee	-	-
Pension f eposit and und d provisions - employer	-	-
Unemployment insurance - employee	695	719
Unemployment insurance - employer	1.392	1.440
Other	-	-
Total	**22.390**	**23.085**

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 1.321 as of December 31, 2013 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2012 - None).

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.480.981	-	5.195.642
From other foreign institutions	-	-	-	-
	-			
Total	**-**	**6.480.981**	**-**	**5.195.642**

At March 31, 2006, the Parent Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years and EURIBOR+3% for the remaining 5 years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor.

In addition, the Parent Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years and EURIBOR+2,78% for the remaining 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. The Parent Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements.

With the written approvals of the BRSA dated May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation considered in the supplementary capital calculation at the rate of 40% since the remaining maturity of these loans is less than 3 years. Subordinated loans obtained from Citibank, N.A. London Branch is considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of this loan is less than 4 years.

Subordinated borrowing through bond issuance amounting to USD 1 billion with an interest rate of 5,50% and maturity of 10 years was finalized on December 6, 2012 and considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

The Parent Bank had early repaid its borrowing for USD 585 million on January 9, 2013 which was received from Unicredit Bank Austria AG on February 22, 2012 with an interest rate of 3 months Libor + 8,30% and received another subordinated borrowing from the same counterparty for USD 585 million with 10 years of maturity (payable after 5 years) and 5,5% of fixed interest rate. The Parent Bank incurred an early payment fee for TL 57 million with respect to early closing of this subordinated loan. As per the approval of BRSA dated December 31, 2012 this loan is accepted as subordinated loan.

The Parent Bank had early repaid its borrowing for EUR 350 million on 21, 2013 which was received from Goldman Sachs International Bank and received another subordinated borrowing from the Bank Austria for USD 470 million with 10 years of maturity (payable after 5 years) and with an interest rate 6,35% for the first 5 years and midswap+%4,68 for the remaining 5 years. This loan considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

ı. Information on shareholders' equity:

1. Presentation of paid-in capital

	Current Period	Prior Period
Common stock	4.347.051	4.347.051
Preferred stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The Parent Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Parent Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

3. Information on the share capital increases during the period and the sources:
None (December 31, 2012 - None).

4. Information on transfers from capital reserves to capital during the current period: None.

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.

6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	**-**	**-**	**-**	**-**
Valuation difference	-	-	-	-
Foreign currency difference(1)	-	-	-	-
Available for sale securities	**(241.315)**	**123.197**	**273.173**	**1.214.250**
Valuation differences(2)	(241.315)	(118.997)	255.568	1.216.242
Foreign currency differences(1)	-	242.194	17.605	(1.992)
Total	**(241.315)**	**123.197**	**273.173**	**1.214.250**

(1) Includes current period foreign currency differences.
(2) Includes tax effect related to foreign currency valuation differences.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	**64.792**	**67.178**
Current period income/(loss)	237	10.087
Dividends paid	(678)	(3.066)
Translation differences	(380)	595
Transaction done with minority[1]	(33.352)	(10.002)
Other[1]	(28.092)	-
Period ending balance	**2.527**	**64.792**

(1) Includes the changes in consolidation due to sale of the shares of YKS and also includes the changes occurring after the acquisition of the shares of non-group companies of consolidated Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı A.Ş..

III. Explanations and notes related to consolidated off-balance sheet accounts

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	21.610.762	17.900.797
Loan granting commitments	6.394.154	5.378.252
Commitments for cheques	5.385.711	5.258.480
Other irrevocable commitments	11.657.414	8.507.182
Total	**45.048.041**	**37.044.711**

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its non-cash loans amounting to TL 65.880 (December 31, 2012 - TL 73.205) and specific provision amounting to TL 334.113 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet amounting to TL 73.790 (December 31, 2012 - TL 125.749).

2. (i). Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	118.686	121.325
Letter of credits	6.710.481	5.783.925
Other guarantees and collaterals	3.611.450	2.119.199
Total	**10.440.617**	**8.024.449**

2. (ii). Guarantees, surety ships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	1.275.206	1.572.512
Definite letter of guarantees	18.915.412	14.503.571
Advance letter of guarantees	4.459.399	2.677.145
Letter of guarantees given to customs	1.373.468	1.032.686
Other letter of guarantees	1.623.814	834.038
Total	**27.647.299**	**20.619.952**

3 (i). Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	1.384.229	635.957
With original maturity of 1 year or less than 1 year	146.909	103.986
With original maturity of more than 1 year	1.237.320	531.971
Other non-cash loans	36.703.687	28.008.444
Total	**38.087.916**	**28.644.401**

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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Notes to consolidated financial statements December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

3 (ii) Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**149.219**	**1,15**	**286.469**	**1,14**	**167.706**	**1,48**	**336.850**	**1,95**
Farming and raising livestock	120.504	0,93	250.704	1,00	133.845	1,18	315.460	1,83
Forestry	23.781	0,18	15.860	0,06	29.706	0,26	16.222	0,09
Fishing	4.934	0,04	19.905	0,08	4.155	0,04	5.168	0,03
Manufacturing	**5.435.621**	**42,14**	**11.128.192**	**44,17**	**4.363.236**	**38,35**	**8.093.851**	**46,87**
Mining	784.397	6,08	823.901	3,27	528.278	4,64	1.018.901	5,90
Production	4.052.815	31,42	8.794.606	34,91	3.313.134	29,12	5.904.088	34,19
Electric, gas and water	598.409	4,64	1.509.685	5,99	521.824	4,59	1.170.862	6,78
Construction	**3.395.001**	**26,32**	**6.347.603**	**25,20**	**3.264.824**	**28,70**	**3.901.814**	**22,60**
Services	**2.791.833**	**21,64**	**5.097.488**	**20,25**	**2.475.221**	**21,76**	**2.706.915**	**15,67**
Wholesale and retail trade	1.171.783	9,08	2.327.424	9,24	1.095.298	9,63	1.039.520	6,02
Hotel, food and beverage services	120.130	0,93	136.859	0,54	122.334	1,08	92.529	0,54
Transportation and telecommunication	332.783	2,58	568.268	2,26	470.803	4,14	351.926	2,04
Financial institutions	722.895	5,60	1.066.851	4,24	412.537	3,63	510.290	2,96
Real estate and leasing services	144.743	1,12	419.479	1,67	99.138	0,87	413.127	2,39
Self-employment services	-	0,00	-	0,00	-	-	-	-
Education services	18.745	0,15	4.124	0,02	14.901	0,13	1.495	0,01
Health and social services	280.754	2,18	574.483	2,28	260.210	2,28	298.028	1,71
Other	**1.127.284**	**8,75**	**2.329.206**	**9,24**	**1.105.134**	**9,71**	**2.228.850**	**12,91**
Total	**12.898.958**	**100,00**	**25.188.958**	**100,00**	**11.376.121**	**100,00**	**17.268.280**	**100,00**

3(iii) Information on non-cash loans classified in Group I. and Group II:

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	12.663.136	14.776.419	155.264	52.480
Bank acceptances	-	118.517	-	169
Letters of credit	1.208	6.709.273	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	79.350	3.532.100		
Total	**12.743.694**	**25.136.309**	**155.264**	**52.649**

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	11.136.586	9.286.177	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.769.495	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	**11.240.754**	**17.202.371**	**135.367**	**65.909**

3 (iv) Maturity distribution of non cash loans:

Current Period [(1)]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	4.200.894	2.203.350	305.441	796	6.710.481
Letter of guarantee	14.985.676	3.699.173	8.030.583	931.867	27.647.299
Bank acceptances	118.686	-	-	-	118.686
Other	328.556	1.731.701	1.156.224	394.969	3.611.450
Total	**19.633.812**	**7.634.224**	**9.492.248**	**1.327.632**	**38.087.916**

Prior Period [(1)]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	3.369.154	2.204.127	210.644	-	5.783.925
Letter of guarantee	9.619.433	3.350.772	6.596.747	1.053.000	20.619.952
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	**13.361.776**	**6.369.761**	**7.691.851**	**1.221.013**	**28.644.401**

(1) The distribution is based on the original maturities.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

b. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	87.093.268	46.547.927
FC trading forward transactions	9.463.616	8.262.586
Trading swap transactions	64.982.398	28.529.302
Futures transactions	-	-
Trading option transactions	12.647.254	9.756.039
Interest related derivative transactions (II)	15.426.976	8.077.995
Forward interest rate agreements	-	-
Interest rate swaps	10.566.324	3.695.772
Interest rate options	4.860.652	4.382.223
Interest rate futures	-	-
Other trading derivative transactions (III)	2.482.678	1.688.150
A. Total trading derivative transactions (I+II+III)	**105.002.922**	**56.314.072**
Types of hedging derivative transactions		
Transactions for fair value hedge	2.610.975	3.821.809
Cash flow hedges	35.017.718	36.959.906
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	**37.628.693**	**40.781.715**
Total derivative transactions (A+B)	**142.631.615**	**97.095.787**

c. Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period (1)	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	**403.440**	**90.528**	**318.508**	**(580.365)**	**-**	**232.111**
– Inflow	17.531.762	10.253.258	15.423.001	3.001.496	-	46.209.517
– Outflow	(17.128.322)	(10.162.730)	(15.104.493)	(3.581.861)	-	(45.977.406)
Interest rate derivatives	**3.660**	**1.102**	**(1.692)**	**212.848**	**20.476**	**236.394**
– Inflow	71.149	4.739	1.485.237	4.902.707	896.372	7.360.204
– Outflow	(67.489)	(3.637)	(1.486.929)	(4.689.859)	(875.896)	(7.123.810)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	**(24.452)**	**113.106**	**144.742**	**109.545**	**90.267**	**433.208**
– Inflow	20.158	1.448.718	2.538.347	13.644.678	424.882	18.076.783
– Outflow	(44.610)	(1.335.612)	(2.393.605)	(13.535.133)	(334.615)	(17.643.575)
Total cash inflow	**17.623.069**	**11.706.715**	**19.446.585**	**21.548.881**	**1.321.254**	**71.646.504**
Total cash outflow	**(17.240.421)**	**(11.501.979)**	**(18.985.027)**	**(21.806.853)**	**(1.210.511)**	**(70.744.791)**

Prior Period (1)	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	**(41.042)**	**(4.474)**	**114.882**	**(528.320)**	**(157.000)**	**(615.954)**
– Inflow	12.467.989	4.357.347	6.920.444	1.975.186	-	25.720.966
– Outflow	(12.509.031)	(4.361.821)	(6.805.562)	(2.503.506)	(157.000)	(26.336.920)
Interest rate derivatives	**259**	**(2.256)**	**39.907**	**53.997**	**30.600**	**122.507**
– Inflow	23.713	259.367	1.547.445	2.950.139	454.205	5.234.869
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.896.142)	(423.605)	(5.112.362)
Derivatives held for hedging						
Foreign exchange derivatives	**-**	**-**	**-**	**-**	**-**	**-**
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	**(41.305)**	**9.547**	**(213.752)**	**(1.463.759)**	**(158.052)**	**(1.867.321)**
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	**12.513.413**	**4.790.490**	**12.563.139**	**20.118.755**	**1.640.546**	**51.626.343**
Total cash outflow	**(12.595.501)**	**(4.787.673)**	**(12.622.102)**	**(22.056.837)**	**(1.924.998)**	**(53.987.111)**

(1) In table above no amortization of the notional amount has been taken into consideration.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

ç. Information on credit derivatives and risk exposures:

Derivative portfolio of the Group includes credit default swaps for TL 1.210.160 for the period ended 31 December 2013. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure (31 December 2012 – TL 1.257.334).

d. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 52.576 (December 31, 2012 – TL 48.743) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

e. Information on services in the name and account of others:

The Group's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans(1)	3.244.278	219.177	3.568.263	246.858
Medium/long-term loans(1)	2.901.328	1.305.086	2.736.626	1.128.172
Interest on loans under follow-up	104.305	2.408	111.893	50
Premiums received from resource utilisation support fund	-	-	-	-
Total	**6.249.911**	**1.526.671**	**6.416.782**	**1.375.080**

(1) Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	75.974	9.747	77.598	18.206
From foreign banks	3.480	17.087	2.620	20.431
Headquarters and branches abroad	-	-	-	-
Total	**79.454**	**26.834**	**80.218**	**38.637**

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	8.451	2.695	21.937	2.042
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	726.968	377.084	600.698	49.215
From held-to-maturity investments	266.457	158.184	336.554	613.393
Total	**1.001.876**	**537.963**	**959.189**	**664.650**

4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interests received from associates and subsidiaries	2.824	1.743

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	94.565	683.336	98.196	527.160
The CBRT	-	-	-	-
Domestic banks	36.690	11.975	32.486	23.757
Foreign banks	57.875	671.361	65.710	503.403
Headquarters and branches abroad	-	-	-	-
Other institutions	-	364	-	-
Total(1)	**94.565**	**683.700**	**98.196**	**527.160**

(1) Includes fees and commissions related to borrowings.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	1.188	538

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	121.263	148.959	131.641	89.163
Total	**121.263**	**148.959**	**131.641**	**89.163**

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Upto 1 year	More than 1 year	Cumulative deposit	Total	Prior Period
TL									
Bank deposit	298	826	10.189	1.600	603	169	-	13.685	8.395
Saving deposit	1	51.851	1.403.974	81.152	22.238	21.236	-	1.580.452	2.068.553
Public sector deposit	-	11	639	115	28	2	-	795	510
Commercial deposit	22	127.954	575.475	56.858	38.660	9.567	-	808.536	939.802
Other deposit	-	5.881	124.179	12.739	208.848	148	-	351.795	153.190
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**321**	**186.523**	**2.114.456**	**152.464**	**270.377**	**31.122**	**-**	**2.755.263**	**3.170.450**
FC									
Foreign currency deposit	2.228	127.288	494.208	24.732	24.657	91.620	11.940	776.673	858.529
Bank deposit	83	3.435	6.055	7.050	5.271	1.182	-	23.076	31.283
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	633	1.646	179	171	36	-	2.665	2.796
Total	**2.311**	**131.356**	**501.909**	**31.961**	**30.099**	**92.838**	**11.940**	**802.414**	**892.608**
Grand total	**2.632**	**317.879**	**2.616.365**	**184.425**	**300.476**	**123.960**	**11.940**	**3.557.677**	**4.063.058**

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	3.235	103
Subsidiaries and associates	12.008	1.558
Total	**15.243**	**1.661**

ç. Information on trading gain/loss (net):

	Current Period	Prior Period
Gain	**30.378.541**	**47.699.356**
Gain from capital market transactions	630.378	330.183
Derivative financial transaction gains	10.527.461	20.117.430
Foreign exchange gains	19.220.702	27.251.743
Loss(-)	**(29.990.815)**	**(47.669.112)**
Loss from capital market transactions	(58.559)	(11.284)
Derivative financial transaction losses	(8.915.394)	(20.884.366)
Foreign exchange loss	(21.016.862)	(26.773.462)
Net gain/loss	**387.726**	**30.244**

d. Information on gain/loss from derivative financial transactions:

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 2.213.911 (December 31, 2012 - TL 340.291 loss).

e. Information on other operating income:

Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of fixed assets.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2013

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1.158.549	867.657
III. Group loans and receivables	33.343	44.004
IV. Group loans and receivables	69.695	175.359
V. Group loans and receivables	1.055.511	648.294
General provision expenses	233.042	357.507
Provision expense for possible risks	57.854	94.730
Marketable securities impairment expenses(1)	31.124	2.251
Financial assets at fair value through profit or loss	1.436	1.693
Available-for-sale financial assets	29.688	558
Impairment of investments in associates, subsidiaries and held-to-maturity securities	32.081	72.886
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments(1)	32.081	72.886
Other	39.471	5.111
Total	**1.552.121**	**1.400.142**

(1) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.456.388	1.348.135
Reserve for employee termination benefits	7.652	20.546
Provision expense for pension fund	-	51.891
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	164.747	158.802
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	80.594	68.198
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	302	235
Depreciation expenses of assets held for resale	4.586	3.766
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.193.135	980.643
Operational lease expenses	172.856	150.179
Repair and maintenance expenses	68.083	54.192
Advertising expenses	114.012	84.140
Other expense	838.184	692.132
Loss on sales of assets	304	147
Other	635.638	526.276
Total	**3.543.346**	**3.158.639**

ğ. Explanations on income/loss from continuing operations and discontinued operations before tax:

Income before tax includes net interest income amounting to TL 5.066.435 (December 31, 2012 -TL 4.878.895), net fee and commission income amounting to TL 2.136.188 (December 31, 2012 - TL 1.864.760) and total other operating expense amounting TL 3.543.346 (December 31, 2012 - TL 3.158.639).

As of December 31, 2013, the Group has TL 1.407.797 (December 31, 2012 – 133.700) profit before tax from discontinued operations.

h. Provision for taxes on income from continuing operations and discontinued operations:

As of December 31, 2013, the Group has current tax expense amounting to TL 223.229 (December 31, 2012 - TL 745.772) and deferred tax expense amounting to TL 406.573 (December 31, 2012 - TL 147.593 deferred tax income).

As at December 31, 2013 the Group has current tax expense amounting to TL TL 81.785 related to discontinued operations (December 31, 2012 – TL 26.134) and the group has no deferred tax income / (expense) related to discontinued operations (December 31, 2012 – TL 622 expense).

	Current Period	Prior Period
Profit before tax	4.370.776	2.722.695
Tax calculated at rate of 20%	877.155	544.539
Nondeductible expenses, discounts and other, net	(165.568)	80.396
Total	**711.587**	**624.935**

ı. Information on net income/loss for the period:

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.

2. Information on any change in the accounting estimates concerning the current period or future periods: None

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

i. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	237	10.087

j. Other items in income statement:

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions.

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

a. Information on dividends:

Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

b. Information on increase/decrease amounts resulting from merger:

None.

c. Information on increase/decrease amounts resulting from merger:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

d. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2013 is TL 115.117 loss (December 31, 2012 - TL 560.813 loss).

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2013 is EUR 275 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 241.119 (December 31, 2012 - TL 96.731 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

e. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to consolidated statement of cash flows

a. Information on cash and cash equivalent:

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change in the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3 (i). Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	**5.386.164**	**7.647.595**
Cash and effectives	1.546.923	1.033.190
Demand deposits in banks	3.839.241	6.614.405
Cash equivalents	**5.446.125**	**3.816.780**
Interbank money market	2.768.409	2.172.189
Deposits in bank	2.677.716	1.644.591
Total cash and cash equivalents	**10.832.289**	**11.464.375**

3 (ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**5.397.292**	**5.386.164**
Cash and effectives	1.806.589	1.546.923
Demand deposits in banks	3.590.703	3.839.241
Cash equivalents	**5.083.136**	**5.446.125**
Interbank money market	2.922.052	2.768.409
Deposits in bank	2.161.084	2.677.716
Total cash and cash equivalents	**10.480.428**	**10.832.289**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Explanations and notes related to consolidated financial statements (continued)

b. Information on cash and cash equivalents those are not in use due to legal limitations and other reasons:

As of December 31, 2013, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 17.068.838 (December 31, 2012 - TL 9.591.973). There is also TL 203.519 blocked amount in foreign banks account (December 31, 2012 - TL 130.530).

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in "Other account" amounting to TL 4.784.185 (December 31, 2012 - TL 2.855.116 increase) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 837.563 (December 31, 2012 - TL 4.763.805 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 836.133 as of December 31, 2013 (December 31, 2011 - TL 233.440 decrease).

VII. Explanations and notes related to Group's merger, transfers and companies acquired by Bank

None.

VIII. Explanations and notes related to Group's risk group

a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Information on loans of the Group's risk group:

Current Perod	**Associates, subsidiaries and joint ventures**		**Direct and indirect shareholders of the Group**		**Other real and legal persons that have been included in the risk group**	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	35.480	2.559	361.814	403.915	777.335	937.437
Balance at the end of the period	88.320	3.769	127.213	450.294	903.056	1.029.707
Interest and commission income received	**2.824**	**30**	**9.817**	**2.348**	**65.738**	**13.047**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes loans and due from banks as well as marketable securities.

Prior Period	**Associates, subsidiaries and joint ventures**		**Direct and indirect shareholders of the Bank**		**Other real and legal persons that have been included in the risk group**	
Group's risk group (1) (2)	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	35.480	2.559	361.814	403.915	777.335	937.437
Interest and commission income received	**1.743**	**24**	**12.950**	**2.215**	**65.755**	**14.903**

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.
(2) The information in table above includes loans and due from banks as well as marketable securities.

2. Information on deposits of the Group's risk group:

Group's risk group(1) (2)	**Associates , subsidiaries and joint ventures**		**Direct and indirect shareholders of the Bank**		**Other real and legal persons that have been included in the risk group**	
Deposit	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	15.788	10.801	8.646.705	7.546.932	8.339.879	4.885.191
End of the period	6.688	15.788	15.480.464	8.646.705	6.544.935	8.339.879
Interest expense on deposits	**1.188**	**538**	**443.293**	**345.778**	**264.308**	**240.433**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL“))

Explanations and notes related to consolidated financial statements (continued)

3. Information on forward and option agreements and other derivative instruments with the Group’s risk group:

Group’s risk group[1]	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss[2]						
Beginning of the period [3]	-	-	300.627	216.174	432.403	97.206
End of the period [3]	-	-	442.253	300.627	659.635	432.403
Total profit / loss	**57**	**2.224**	**12.415**	**2.951**	**(32.013)**	**10.317**
Transactions for hedging purposes[2]						
Beginning of the period[3]	-	-	-	-	-	-
End of the period[3]	-	-	-	-	-	-
Total profit / loss	**-**	**-**	**-**	**-**	**-**	**-**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The Bank’s derivative instruments are classified as “Financial instruments at fair value through profit or loss” or “Derivative financial instruments held for hedging” according to TAS 39.
(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

b. Information regarding benefits provided to the Group’s top management:

Salaries and benefits paid to the Group’s top management amount to TL 43.220 as of December 31, 2013 (December 31, 2012 - TL 34.709).

IX. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:

	Number	Number of Employees	Country of incorporation	Total asset	Statutory share capital
Domestic Branch	948	15.679			
Foreign Rep. Office	-	-	-		
Foreign Branch	1	4	Bahrain	6.066.223	-
Off-Shore Banking Region Branch[1]	-	-	-	-	-

(1) The values disclosed above are those of the Parent Bank.

X. Explanations and notes related to subsequent events

None.

Section six
Other Explanations and Notes

I. Other explanations on Group’s operations

None

Section Seven
Explanations on independent audit report

I. Explanations on independent auditor’s report

The consolidated financial statements for the period ended December 31, 2013 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor’s report dated February 10, 2014 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

Yapı Kredi Directory

YAPI ve KREDİ BANKASI A.Ş.

Trade Registration Number:
32736

Mernis Number:
6-6174-5365-5153502

Address:
Head Office
Yapı Kredi Plaza D Block
Levent Beşiktaş 34330 İstanbul, Turkey
Tel: +90 212 339 70 00
Fax: +90 212 339 60 00
SWIFT Code: YAPITRIS

Web Site:
http://www.yapikredi.com.tr

Branch Information:
Yapı Kredi's branch contact information is available on the Bank's website.

Social Media Information:
Yapı Kredi is active on social media via Facebook, Twitter, LinkedIn, Google+ and YouTube

SUBSIDIARIES ABROAD

YAPI KREDİ BANK AZERBAIJAN JSC
628 district, C.Mammadguluzade street 73G
AZ1078, Baku, Azerbaijan
Tel: +99 412 497 77 95
Fax: +99 412 497 02 76
SWIFT Code: KABA AZ 22

YAPI KREDİ BANK MOSCOW
Goncharnaya Naberezhnaya
Construction 2, House 1
115172 Moscow, Russian
Tel: + 7495 234 98 89
Fax: + 7495 956 19 72
SWIFT Code: YKBM RU MM
Telex Code: 414150 yapi ru

YAPI KREDİ BANK NEDERLAND N.V.
Rembrandt Tower, 16th Floor
Amstelplein 1, 1096 HA
Amsterdam, Netherlands
Tel: + 3120 462 44 44
Fax: + 3120 663 13 31
SWIFT Code: KABA NL 2A

BANQUE DE COMMERCE ET DE PLACEMENTS S.A. (BCP)
Rue de la Fontaine 1
P.O. Box 3069
CH-1211 Geneva, Switzerland
Tel: + 41 22 909 19 19
Fax: + 41 22 909 19 00
SWIFT Code: BPCP CH GG
Telex Code: 412391 bcp ch

BRANCHES ABROAD

YAPI KREDİ - BAHRAIN BRANCH
Bahrain Development Bank Building,
2nd Floor Diplomatic Area
P.O. Box: 10615
Manama, Bahrain
Tel: + 973 175 410 55 / + 973 175 303 13
Fax: + 973 175 410 56 / + 973 175 303 11
SWIFT Code: YAPI BH BX
Telex Code: 9935 yapibah bn

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Yapı ve Kredi Bankası A.Ş.
Head Office
Yapı Kredi Plaza D Blok
Levent 34330 İstanbul, Turkey
Tel: +90 212 339 70 00
Fax: +90 212 339 60 00
www.yapikredi.com.tr