

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced consolidated financial statements and related disclosures at September 30, 2013 together with independent auditor's review report**

**(Convenience translation of publicly announced consolidated financial statements and review report originally issued in Turkish, See Note I. of Section three)**

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at September 30, 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 period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations on account and booking system and accounting and independent audit principles set out as per the Banking Act No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to applying analytical procedures to financial data and making inquiries of the Group's management, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at September 30, 2013 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

**Additional paragraph for convenience translation:**

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, November 4, 2013

(Convenience translation of publicly announced consolidated interim financial statements  
and review report originally issued in Turkish, see note I. of section three)

The consolidated interim financial report of  
Yapı ve Kredi Bankası A.Ş. as of September 30, 2013

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The consolidated financial report for the nine months 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** - Independent auditor's review 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.		
3. Yapı Kredi Yatırım Menkul Değerler A.Ş.	2. Allianz Yaşam ve Emeklilik A.Ş.	
4. 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. Sticking 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 nine months 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 reviewed.

**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. Füsün 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** : Aytuğ Sadi / Head of Consolidation  
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**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements as of September 30, 2013**

(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 September 30, 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:

<b>Merging entities</b>		<b>Merger date</b>	<b>Merged entity</b>
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.

(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 as of September 30, 2013 (continued)**

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

**General information (continued)**

**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 September 30, 2013, the Parent Bank's Board of Directors, Members of the Audit Committee, Statutory Auditors, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

<b>Name</b>	<b>Responsibility</b>
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
Füsün Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA	Member
Osman Turgay DURAK	Member

Audit Committee Members:

<b>Name</b>	<b>Responsibility</b>
Gianni F.G. PAPA	Chairman
Adil Giray ÖZTOPRAK	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Füsün Akkal BOZOK	Member

General Manager and Deputy General Manager:

<b>Name</b>	<b>Responsibility</b>
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Deputy General Manager

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements as of September 30, 2013 (continued)**

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

**General information (continued)**

Assistant General Managers:

<b>Name</b>	<b>Responsibility</b>
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 Güray ALPKAYA	Corporate Sales 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:**

<b>Name/Commercial title</b>	<b>Share amounts (nominal)</b>	<b>Share percentage</b>	<b>Paid-in capital (nominal)</b>	<b>Unpaid portion</b>
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:

**General information (continued)**

- 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.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements as of September 30, 2013 (continued)**

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

**General information (continued)**

As of September 30, 2013, the Parent Bank has 938 branches operating in Turkey and 1 branch overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas).

As of September 30, 2013, the Parent Bank has 15.439 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 September 30, 2013 the Group has 16.407 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 participations, 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 September 30, 2013 and December 31, 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)**

	Note (Section Five)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	<b>I-a</b>	<b>1.692.152</b>	<b>16.472.399</b>	<b>18.164.551</b>	<b>1.620.812</b>	<b>9.867.136</b>	<b>11.487.948</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	<b>I-b</b>	<b>1.093.567</b>	<b>144.813</b>	<b>1.238.380</b>	<b>752.700</b>	<b>250.295</b>	<b>1.002.995</b>
2.1 Trading financial assets		1.093.567	144.813	1.238.380	752.700	250.295	1.002.995
2.1.1 Government debt securities		28.129	22.080	50.209	383.439	110.557	493.996
2.1.2 Share certificates		59.511	-	59.511	34.715	-	34.715
2.1.3 Derivative financial assets held for trading		1.002.784	121.946	1.124.730	288.626	131.857	420.483
2.1.4 Other marketable securities		3.143	787	3.930	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		-	-	-	-	-	-
<b>III. Banks</b>	<b>I-c</b>	<b>954.576</b>	<b>2.177.678</b>	<b>3.132.254</b>	<b>2.100.567</b>	<b>3.241.930</b>	<b>5.342.497</b>
<b>IV. Money markets</b>		<b>1.636.315</b>	<b>130.190</b>	<b>1.766.505</b>	<b>2.662.002</b>	<b>111.234</b>	<b>2.773.236</b>
4.1 Interbank money market placements		-	-	-	330.046	-	330.046
4.2 Receivables from Istanbul Stock Exchange Money Market		633.951	130.190	764.141	1.399.562	111.234	1.510.796
4.3 Receivables from reverse repurchase agreements		1.002.364	-	1.002.364	932.394	-	932.394
<b>V. Financial assets available-for-sale (net)</b>	<b>I-e</b>	<b>8.286.786</b>	<b>6.118.723</b>	<b>14.405.509</b>	<b>8.050.175</b>	<b>7.600.273</b>	<b>15.650.448</b>
5.1 Share certificates		35.815	371	36.186	18.315	312	18.627
5.2 Government debt securities		6.748.610	5.339.893	12.088.503	6.457.686	7.252.759	13.710.445
5.3 Other marketable securities		1.502.361	778.459	2.280.820	1.574.174	347.202	1.921.376
<b>VI. Loans and receivables</b>	<b>I-f</b>	<b>62.851.241</b>	<b>31.407.820</b>	<b>94.259.061</b>	<b>55.268.236</b>	<b>23.520.611</b>	<b>78.788.847</b>
6.1 Loans and receivables		61.901.441	31.183.236	93.084.677	54.400.213	23.412.445	77.812.658
6.1.1 Loans to bank's risk group		540.241	634.045	1.174.286	406.497	700.003	1.106.500
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		61.361.200	30.549.191	91.910.391	53.993.716	22.712.442	76.706.158
6.2 Loans under follow-up		3.028.992	547.862	3.576.854	2.202.516	371.587	2.574.103
6.3 Specific provisions (-)		(2.079.192)	(323.278)	(2.402.470)	(1.334.493)	(263.421)	(1.597.914)
<b>VII. Factoring receivables</b>		<b>1.213.200</b>	<b>840.305</b>	<b>2.053.505</b>	<b>879.902</b>	<b>760.165</b>	<b>1.640.067</b>
<b>VIII. Held-to-maturity investments (net)</b>	<b>I-g</b>	<b>3.557.051</b>	<b>2.872.330</b>	<b>6.429.381</b>	<b>3.318.507</b>	<b>2.509.187</b>	<b>5.827.694</b>
8.1 Government debt securities		3.544.942	2.867.880	6.412.822	3.315.536	2.450.123	5.765.659
8.2 Other marketable securities		12.109	4.450	16.559	2.971	59.064	62.035
<b>IX. Investments in associates (net)</b>	<b>I-g</b>	<b>195.805</b>	<b>235.624</b>	<b>431.429</b>	<b>4.503</b>	<b>193.934</b>	<b>198.437</b>
9.1 Consolidated based on equity method		191.302	235.624	426.926	-	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
<b>X. Subsidiaries (net)</b>	<b>I-h</b>	<b>2.300</b>	<b>-</b>	<b>2.300</b>	<b>2.300</b>	<b>-</b>	<b>2.300</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	<b>I-i</b>	<b>9.432</b>	<b>-</b>	<b>9.432</b>	<b>18.459</b>	<b>-</b>	<b>18.459</b>
11.1 Accounted based on equity method		9.432	-	9.432	18.459	-	18.459
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Lease receivables</b>	<b>I-i</b>	<b>927.596</b>	<b>2.777.104</b>	<b>3.704.700</b>	<b>735.697</b>	<b>2.360.796</b>	<b>3.096.493</b>
12.1 Financial lease receivables		1.129.676	3.165.695	4.295.371	882.245	2.713.673	3.595.918
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(202.080)	(388.591)	(590.671)	(146.548)	(352.877)	(499.425)
<b>XIII. Derivative financial assets held for hedging</b>	<b>I-j</b>	<b>381.371</b>	<b>2.158</b>	<b>383.529</b>	<b>94.166</b>	<b>-</b>	<b>94.166</b>
13.1 Fair value hedge		299.816	-	299.816	93.996	-	93.996
13.2 Cash flow hedge		81.555	2.158	83.713	170	-	170
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>	<b>I-k</b>	<b>918.021</b>	<b>40.120</b>	<b>958.141</b>	<b>1.021.111</b>	<b>34.352</b>	<b>1.055.463</b>
<b>XV. Intangible assets (net)</b>	<b>I-l</b>	<b>1.347.483</b>	<b>7.449</b>	<b>1.354.932</b>	<b>1.353.964</b>	<b>7.427</b>	<b>1.361.391</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		367.990	7.449	375.439	374.471	7.427	381.898
<b>XVI. Investment property (net)</b>	<b>I-m</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. Tax asset</b>		<b>113.640</b>	<b>11.452</b>	<b>125.092</b>	<b>164.140</b>	<b>4.091</b>	<b>168.231</b>
17.1 Current tax asset		-	4.667	4.667	-	753	753
17.2 Deferred tax asset		113.640	6.785	120.425	164.140	3.338	167.478
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	<b>I-o</b>	<b>152.893</b>	<b>633</b>	<b>153.526</b>	<b>139.078</b>	<b>575</b>	<b>139.653</b>
18.1 Held for sale purposes		152.893	633	153.526	139.078	575	139.653
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	<b>I-ö</b>	<b>1.535.862</b>	<b>3.107.549</b>	<b>4.643.411</b>	<b>1.640.539</b>	<b>1.208.897</b>	<b>2.849.436</b>
<b>Total assets</b>		<b>86.869.291</b>	<b>66.346.347</b>	<b>153.215.638</b>	<b>79.826.858</b>	<b>51.670.903</b>	<b>131.497.761</b>

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated financial statements as of September 30, 2013 and December 31, 2012**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**I. Consolidated balance sheet (Statement of Financial Position)**

Liabilities	Note (Section Five)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	<b>II-a</b>	<b>44.764.804</b>	<b>38.151.401</b>	<b>82.916.205</b>	<b>41.016.265</b>	<b>30.127.126</b>	<b>71.143.391</b>
1.1 Deposits of the Bank's risk group		3.661.725	7.524.159	11.185.884	4.179.284	4.916.255	9.095.539
1.2 Other		41.103.079	30.627.242	71.730.321	36.836.981	25.210.871	62.047.852
<b>II. Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>719.209</b>	<b>95.066</b>	<b>814.275</b>	<b>286.978</b>	<b>97.503</b>	<b>384.481</b>
<b>III. Funds borrowed</b>	<b>II-c</b>	<b>1.772.879</b>	<b>15.875.733</b>	<b>17.648.612</b>	<b>1.340.562</b>	<b>12.953.769</b>	<b>14.294.331</b>
<b>IV. Money markets</b>		<b>3.356.288</b>	<b>4.183.254</b>	<b>7.539.542</b>	<b>3.365.822</b>	<b>3.107.853</b>	<b>6.473.675</b>
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul stock exchange money market		2.015.561	-	2.015.561	1.654.814	-	1.654.814
4.3 Funds provided under repurchase agreements		1.340.727	4.183.254	5.523.981	1.711.008	3.107.853	4.818.861
<b>V. Marketable securities issued (net)</b>	<b>II-ç</b>	<b>1.751.537</b>	<b>4.632.632</b>	<b>6.384.169</b>	<b>1.419.407</b>	<b>2.527.098</b>	<b>3.946.505</b>
5.1 Bills		1.249.547	-	1.249.547	716.171	-	716.171
5.2 Asset backed securities		-	2.628.136	2.628.136	-	1.641.731	1.641.731
5.3 Bonds		501.990	2.004.496	2.506.486	703.236	885.367	1.588.603
<b>VI. Funds</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		<b>5.709.188</b>	<b>1.243.047</b>	<b>6.952.235</b>	<b>5.007.655</b>	<b>767.827</b>	<b>5.775.482</b>
<b>VIII. Other liabilities</b>	<b>II-d</b>	<b>1.808.346</b>	<b>1.363.556</b>	<b>3.171.902</b>	<b>1.650.397</b>	<b>1.056.655</b>	<b>2.707.052</b>
<b>IX. Factoring payables</b>		-	-	-	-	-	-
<b>X. Lease payables (net)</b>	<b>II-e</b>	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	-	-	-	-	-
<b>XI. Derivative financial liabilities held for hedging</b>	<b>II-f</b>	<b>45.730</b>	<b>386.748</b>	<b>432.478</b>	<b>412.001</b>	<b>492.686</b>	<b>904.687</b>
11.1 Fair value hedge		-	-	-	90.233	-	90.233
11.2 Cash flow hedge		45.730	386.748	432.478	321.768	492.686	814.454
11.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XII. Provisions</b>	<b>II-g</b>	<b>2.396.685</b>	<b>527.176</b>	<b>2.923.861</b>	<b>3.413.375</b>	<b>780.821</b>	<b>4.194.196</b>
12.1 General loan loss provision		944.183	465.480	1.409.663	941.376	398.305	1.339.681
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		226.493	15.483	241.976	235.694	10.701	246.395
12.4 Insurance technical provisions (net)		-	-	-	883.156	296.060	1.179.216
12.5 Other provisions		1.226.009	46.213	1.272.222	1.353.149	75.755	1.428.904
<b>XIII. Tax liability</b>	<b>II-ğ</b>	<b>309.303</b>	<b>3.281</b>	<b>312.584</b>	<b>436.602</b>	<b>2.179</b>	<b>438.781</b>
13.1 Current tax liability		309.303	3.053	312.356	436.602	2.179	438.781
13.2 Deferred tax liability		-	228	228	-	-	-
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	<b>II-h</b>	-	<b>6.172.908</b>	<b>6.172.908</b>	-	<b>5.195.642</b>	<b>5.195.642</b>
<b>XVI. Shareholders' equity</b>	<b>II-i</b>	<b>18.141.016</b>	<b>(194.149)</b>	<b>17.946.867</b>	<b>15.388.361</b>	<b>651.177</b>	<b>16.039.538</b>
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		867.232	(194.149)	673.083	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-i	(136.747)	376.281	239.534	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		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		161.484	(570.430)	(408.946)	(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		8.878.581	-	8.878.581	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		363.322	-	363.322	212.016	-	212.016
16.4 Income or (loss)		4,045.692	-	4,045.692	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)		3,117.708	-	3,117.708	2,087.673	-	2,087.673
16.5 Minority interest	II-i	2.460	-	2.460	64.792	-	64.792
<b>Total liabilities and shareholders' equity</b>		<b>80.774.985</b>	<b>72.440.653</b>	<b>153.215.638</b>	<b>73.737.425</b>	<b>57.760.336</b>	<b>131.497.761</b>

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Consolidated financial statements as of September 30, 2013 and December 31, 2012

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

#### II. Consolidated off-balance sheet commitments

	Note (Section Five)	Current period (30/09/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
<b>A</b>	<b>Off-balance sheet commitments (I+II+III)</b>	<b>98.592.582</b>	<b>149.570.096</b>	<b>248.162.678</b>	<b>113.308.694</b>	<b>116.216.598</b>	<b>229.525.292</b>
<b>I</b>	<b>Guarantees and warranties</b>	<b>11.970.766</b>	<b>23.384.322</b>	<b>35.355.088</b>	<b>11.376.121</b>	<b>17.268.280</b>	<b>28.644.401</b>
1.1	Letters of guarantee	11.875.742	13.401.392	25.277.134	11.271.953	9.347.999	20.619.952
1.1.1	Guarantees subject to state tender law	498.057	587.642	1.085.699	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations	1.189.665	12.600.808	13.790.473	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee	10.188.020	212.942	10.400.962	9.573.268	108.294	9.681.562
1.2	Bank acceptances	-	105.706	105.706	-	121.325	121.325
1.2.1	Import letter of acceptance	-	105.706	105.706	-	121.325	121.325
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	21.398	6.726.403	6.747.801	13.789	5.770.136	5.783.925
1.3.1	Documentary letters of credit	21.398	6.714.369	6.735.767	13.789	5.766.593	5.770.382
1.3.2	Other letters of credit	-	12.034	12.034	-	13.543	13.543
1.4	Prefinancing given as guarantee	143	2.782	2.925	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	73.483	1.793.255	1.866.738	90.236	1.057.479	1.147.715
1.9	Other warranties	-	1.354.784	1.354.784	-	968.964	968.964
<b>II</b>	<b>Commitments</b>	<b>36.451.220</b>	<b>16.941.340</b>	<b>53.392.560</b>	<b>75.280.393</b>	<b>28.504.711</b>	<b>103.785.104</b>
2.1	Irrevocable commitments	36.451.220	16.714.939	53.166.159	29.934.837	7.109.874	37.044.711
2.1.1	Asset purchase and sale commitments	1.519.777	16.043.217	17.562.994	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments	-	87.960	88.507	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	5.559.917	486.157	6.046.074	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	5.365.936	-	5.365.936	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments	40.298	-	40.298	38.106	-	38.106
2.1.9	Commitments for credit card limits	21.307.463	-	21.307.463	17.856.081	44.716	17.900.797
2.1.10	Commitments for credit cards and banking services promotions	6.224	-	6.224	-	-	-
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	2.651.058	97.605	2.748.663	1.754.294	18.130	1.772.424
2.2	Revocable commitments	-	226.401	226.401	45.345.556	21.394.837	66.740.393
2.2.1	Revocable loan granting commitments	-	158.882	158.882	45.345.556	21.394.837	66.740.393
2.2.2	Other revocable commitments	-	67.519	67.519	-	-	-
<b>III</b>	<b>Derivative financial instruments</b>	<b>50.170.596</b>	<b>109.244.434</b>	<b>159.415.030</b>	<b>26.652.180</b>	<b>70.443.607</b>	<b>97.095.787</b>
3.1	Derivative financial instruments for hedging purposes	12.164.023	28.515.690	40.679.713	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge	1.282.423	1.679.674	2.962.097	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge	10.881.600	26.836.016	37.717.616	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	38.006.573	80.728.744	118.735.317	12.527.722	43.786.350	56.314.072
3.2.1	Forward foreign currency buy/sell transactions	4.393.137	7.930.694	12.323.831	2.554.504	5.708.082	8.262.586
3.2.1.1	Forward foreign currency transactions-buy	1.545.285	4.640.592	6.185.877	955.972	3.141.413	4.097.385
3.2.1.2	Forward foreign currency transactions-sell	2.847.852	3.290.102	6.137.954	1.598.532	2.566.669	4.165.201
3.2.2	Swap transactions related to foreign currency and interest rates	23.942.453	57.428.967	81.371.420	5.757.882	26.467.192	32.225.074
3.2.2.1	Foreign currency swap-buy	12.553.729	24.839.908	37.393.637	2.630.863	11.682.759	14.313.622
3.2.2.2	Foreign currency swap-sell	11.388.724	25.595.425	36.984.149	3.127.019	11.088.661	14.215.680
3.2.2.3	Interest rate swap-buy	-	3.496.817	3.496.817	-	1.847.886	1.847.886
3.2.2.4	Interest rate swap-sell	-	3.496.817	3.496.817	-	1.847.886	1.847.886
3.2.3	Foreign currency, interest rate and securities options	8.812.983	14.783.567	23.576.550	3.508.336	10.956.972	14.465.308
3.2.3.1	Foreign currency options-buy	3.302.131	5.514.356	8.816.487	1.263.301	3.558.308	4.821.609
3.2.3.2	Foreign currency options-sell	4.199.096	4.674.386	8.873.482	1.701.389	3.233.041	4.934.430
3.2.3.3	Interest rate options-buy	70.800	2.227.912	2.298.712	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell	70.800	2.227.912	2,298.712	145.800	2,047.816	2,193.616
3.2.3.5	Securities options-buy	740.559	119.001	859.560	215.704	-	215.704
3.2.3.6	Securities options-sell	429.597	-	429.597	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	605.516	1.463.516	707.000	654.104	1.361.104
<b>B</b>	<b>Custody and pledges received (IV+V+VI)</b>	<b>134.700.562</b>	<b>31.716.371</b>	<b>166.416.933</b>	<b>120.933.383</b>	<b>25.498.477</b>	<b>146.431.860</b>
<b>IV</b>	<b>Items held in custody</b>	<b>60.673.284</b>	<b>5.397.321</b>	<b>66.070.605</b>	<b>57.125.421</b>	<b>4.264.804</b>	<b>61.390.225</b>
4.1	Customer fund and portfolio balances	1.128.466	118.702	1.247.168	2.273	117	2.390
4.2	Investment securities held in custody	47.990.357	4.581.077	52.571.434	45.448.129	3.646.706	49.094.835
4.3	Checks received for collection	9.458.633	118.546	9.577.179	9.375.958	91.571	9.467.529
4.4	Commercial notes received for collection	2.088.053	550.348	2.638.401	2.288.833	502.434	2.791.267
4.5	Other assets received for collection	-	28.648	28.648	-	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	-	-	-	-	-	-
<b>V</b>	<b>Pledges received</b>	<b>72.802.510</b>	<b>25.626.710</b>	<b>98.429.220</b>	<b>62.639.447</b>	<b>20.650.913</b>	<b>83.290.360</b>
5.1	Marketable securities	204.153	226	204.379	220.994	193	221.187
5.2	Guarantee notes	720.510	436.449	1.156.959	703.951	376.676	1.080.627
5.3	Commodity	22.935	4.162	27.097	28.559	18.416	46.975
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	50.109.815	18.582.094	68.691.909	41.434.412	15.279.209	56.713.621
5.6	Other pledged items	21.745.097	6.600.065	28.345.162	20.251.531	4.973.254	25.224.785
5.7	Pledged items-depository	-	3.714	3.714	-	3.165	3.165
<b>VI</b>	<b>Accepted independent guarantees and warranties</b>	<b>1.224.768</b>	<b>692.340</b>	<b>1.917.108</b>	<b>1.168.515</b>	<b>582.760</b>	<b>1.751.275</b>
<b>Total off-balance sheet commitments (A+B)</b>		<b>233.293.144</b>	<b>181.286.467</b>	<b>414.579.611</b>	<b>234.242.077</b>	<b>141.715.075</b>	<b>375.957.152</b>

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

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated financial statements as of September 30, 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 01/01-30/09/2013	Restated Prior Period 01/01-30/09/2012
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>7.346.232</b>	<b>7.472.345</b>
1.1	Interest on loans	IV-a-1	5.763.761	5.765.827
1.2	Interest received from reserve deposits		97	146
1.3	Interest received from banks	IV-a-2	83.130	81.179
1.4	Interest received from money market transactions		93.306	104.166
1.5	Interest received from marketable securities portfolio	IV-a-3	1.114.201	1.218.681
1.5.1	Trading financial assets		10.272	15.849
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		803.239	451.642
1.5.4	Held to maturity investments		300.690	751.190
1.6	Financial lease income		202.681	176.052
1.7	Other interest income		89.056	126.294
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(3.527.359)</b>	<b>(3.978.696)</b>
2.1	Interest on deposits	IV-b-4	(2.554.339)	(3.115.694)
2.2	Interest on funds borrowed	IV-b-1	(578.212)	(463.792)
2.3	Interest expense on money market transactions		(186.937)	(220.979)
2.4	Interest on securities issued	IV-b-3	(184.781)	(171.072)
2.5	Other interest expenses		(23.090)	(7.159)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>3.818.873</b>	<b>3.493.649</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>1.560.502</b>	<b>1.362.489</b>
4.1	Fees and commissions received		1.854.450	1.685.962
4.1.1	Non-cash loans		209.522	199.550
4.1.2	Other	IV-j	1.644.928	1.486.412
4.2	Fees and commissions paid		(293.948)	(323.473)
4.2.1	Non-cash loans		(7.684)	(5.627)
4.2.2	Other		(286.264)	(317.846)
<b>V.</b>	<b>Dividend income</b>	<b>IV-c</b>	<b>15.575</b>	<b>1.661</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-ç</b>	<b>260.009</b>	<b>(115.324)</b>
6.1	Trading gains/(losses) on securities		342.584	73.621
6.2	Derivative financial transactions gains/(losses)	IV-d	767.407	(777.584)
6.3	Foreign exchange gains/(losses)		(849.982)	588.639
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>273.677</b>	<b>193.793</b>
<b>VIII.</b>	<b>Total operating income / loss (III+IV+V+VI+VII)</b>		<b>5.928.636</b>	<b>4.936.268</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(1.113.288)</b>	<b>(871.278)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(2.547.031)</b>	<b>(2.251.518)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>2.268.317</b>	<b>1.813.472</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		<b>2.259</b>	<b>12.535</b>
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-ğ</b>	<b>2.270.576</b>	<b>1.826.007</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>	<b>IV-h</b>	<b>(488.528)</b>	<b>(418.304)</b>
16.1	Current tax provision		(192.425)	(513.334)
16.2	Deferred tax provision		(296.103)	95.030
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>1.782.048</b>	<b>1.407.703</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		<b>1.595.275</b>	<b>353.962</b>
18.1	Income from non-current assets held for resale		237.009	353.962
18.2	Profit from sales of associates, subsidiaries and joint ventures		1.358.266	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		<b>(174.034)</b>	<b>(266.593)</b>
19.1	Expenses for non-current assets held for resale		(174.034)	(266.593)
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>	<b>IV-ğ</b>	<b>1.421.241</b>	<b>87.369</b>
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>	<b>IV-h</b>	<b>(85.408)</b>	<b>(17.561)</b>
21.1	Current tax provision		(85.408)	(18.836)
21.2	Deferred tax provision		-	1.275
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		<b>1.335.833</b>	<b>69.808</b>
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-i</b>	<b>3.117.881</b>	<b>1.477.511</b>
23.1	Group's profit/loss		3.117.708	1.470.411
23.2	Minority interest profit/losses (-)	IV-i	173	7.100
	Earnings/(loss) per share (in TL full)		0,0072	0,0034

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated financial statements as of September 30, 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 01/07-30/09/2013	Restated Prior Period 01/07-30/09/2012
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>2.437.303</b>	<b>2.615.350</b>
1.1	Interest on loans	IV-a-1	1.901.892	2.028.232
1.2	Interest received from reserve deposits		27	26
1.3	Interest received from banks	IV-a-2	19.669	34.065
1.4	Interest received from money market transactions		22.751	46.939
1.5	Interest received from marketable securities portfolio	IV-a-3	392.035	411.671
1.5.1	Trading financial assets		2.088	4.701
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		283.595	116.860
1.5.4	Held to maturity investments		106.352	290.110
1.6	Financial lease income		72.124	60.223
1.7	Other interest income		28.805	34.194
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(1.281.122)</b>	<b>(1.330.070)</b>
2.1	Interest on deposits	IV-b-4	(928.574)	(1.049.721)
2.2	Interest on funds borrowed	IV-b-1	(187.006)	(156.270)
2.3	Interest expense on money market transactions		(90.167)	(69.561)
2.4	Interest on securities issued	IV-b-3	(67.718)	(53.559)
2.5	Other interest expenses		(7.657)	(959)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>1.156.181</b>	<b>1.285.280</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>577.375</b>	<b>543.041</b>
4.1	Fees and commissions received		686.009	649.691
4.1.1	Non-cash loans		75.532	69.974
4.1.2	Other	IV-j	610.477	579.717
4.2	Fees and commissions paid		(108.634)	(106.650)
4.2.1	Non-cash loans		(2.416)	(2.299)
4.2.2	Other		(106.218)	(104.351)
<b>V.</b>	<b>Dividend income</b>	<b>IV-c</b>	<b>175</b>	<b>14</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-ç</b>	<b>145.534</b>	<b>(38.469)</b>
6.1	Trading gains/(losses) on securities		78.963	19.448
6.2	Derivative financial transactions gains/(losses)	IV-d	328.391	(99.960)
6.3	Foreign exchange gains/(losses)		(261.820)	42.043
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>74.295</b>	<b>44.541</b>
<b>VIII.</b>	<b>Total operating income / loss (III+IV+V+VI+VII)</b>		<b>1.953.560</b>	<b>1.834.407</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(395.954)</b>	<b>(318.489)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(871.536)</b>	<b>(754.294)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>686.070</b>	<b>761.624</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		<b>2.146</b>	<b>5.510</b>
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-ğ</b>	<b>688.216</b>	<b>767.134</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>	<b>IV-h</b>	<b>(148.906)</b>	<b>(161.546)</b>
16.1	Current tax provision		(43.881)	(166.663)
16.2	Deferred tax provision		(105.025)	5.117
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>539.310</b>	<b>605.588</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		<b>1.358.266</b>	<b>159.628</b>
18.1	Income from non-current assets held for resale		-	159.628
18.2	Profit from sales of associates, subsidiaries and joint ventures		1.358.266	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	<b>(118.106)</b>
19.1	Expenses for non-current assets held for resale		-	(118.106)
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>	<b>IV-ğ</b>	<b>1.358.266</b>	<b>41.522</b>
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>	<b>IV-h</b>	<b>(75.402)</b>	<b>(8.014)</b>
21.1	Current tax provision		(76.415)	(8.079)
21.2	Deferred tax provision		1.013	65
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		<b>1.282.864</b>	<b>33.508</b>
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-i</b>	<b>1.822.174</b>	<b>639.096</b>
23.1	Group's profit/loss		1.824.708	637.070
23.2	Minority interest profit/losses (-)	IV-i	(2.534)	2.026
	Earnings/(loss) per share (in TL full)		0,0042	0,0015

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**

**Consolidated financial statements as of September 30, 2013 and 2012**

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

**IV. Consolidated statement of income and expense items accounted under shareholders' equity**

	Current Period (30/09/2013)	Prior Period (30/09/2012)
<b>Income and expense items accounted under shareholders' equity</b>		
I. Transfers to marketable securities valuation differences from financial assets available for sale	(1.637.013)	453.819
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	151.388	(28.794)
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	516.979	(300.265)
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(128.841)	31.180
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	296	-
IX. Deferred tax on valuation differences	248.822	(41.792)
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(848.369)	114.148
XI. Current year profit/loss	3.117.881	1.477.511
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	2.016	7.971
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(178.519)	(124.681)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	3.294.384	1.594.221
<b>XII. Total income/loss accounted for the period (X+XI)</b>	<b>2.269.512</b>	<b>1.591.659</b>

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated statement of changes in shareholders' equity as of September 30, 2012**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**V. Consolidated statement of changes in shareholders' equity**

September 30, 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) *	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 shareholders' 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		-	-	-	-	-	-	-	-	-	-	412.814	-	-	-	-	412.814	522	413.336
VI. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(215.268)	-	(215.268)	-	(215.268)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(240.212)	-	(240.212)	-	(240.212)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	24.944	-	24.944	-	24.944
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		-	-	-	-	-	-	-	(51.282)	-	-	(49.958)	-	-	17.320	-	(83.920)	-	(83.920)
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current year income or loss		-	-	-	-	-	-	-	-	1.470.411	-	-	-	-	-	-	1.470.411	7.100	1.477.511
XX. Profit distribution		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	(3.069)	(3.069)	(3.069)
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.069)	(3.069)
20.2 Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI. Transactions with minority		-	-	-	-	-	-	-	-	-	(12.176)	-	-	-	-	-	(12.176)	(9.943)	(22.119)
Period end balance (III+IV+V+.....+VII+XIX+XX+ XXI)		4.347.051	-	543.881	-	359.847	-	6.546.849	489.240	1.470.411	753.900	247.990	-	-	(619.252)	-	14.139.917	61.788	14.201.705

(\*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 630.979 and TL 7.224.739 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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



(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**  
**Consolidated statement of changes in shareholders' equity as of September 30, 2013**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**V. Consolidated statement of changes in shareholders' equity**

September 30, 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) *	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 shareholder s' 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		-	-	-	-	-	-	-	-	-	-	(1.283.228)	-	-	-	-	(1.283.228)	(383)	(1.283.611)
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	310.510	-	310.510	-	310.510
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	413.583	-	413.583	-	413.583
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(103.073)	-	(103.073)	-	(103.073)
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	151.010	-	-	35.339	-	-	(61.913)	-	124.436	-	124.436
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		-	-	-	-	-	-	-	296	-	-	-	-	-	-	-	296	-	296
XVII. Current year income or loss		-	-	-	-	-	-	-	-	3.117.708	-	-	-	-	-	-	3.117.708	173	3.117.881
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)
<b>Period end balance (I+II+III*.....+XVI+XVII+XVIII+XIX)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>463.786</b>	<b>-</b>	<b>8.051.473</b>	<b>661.936</b>	<b>3.117.708</b>	<b>927.984</b>	<b>239.534</b>	<b>-</b>	<b>-</b>	<b>(408.946)</b>	<b>-</b>	<b>17.944.407</b>	<b>2.460</b>	<b>17.946.867</b>

(\*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 687.482 and TL 8.882.506 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Consolidated financial statements at September 30, 2013 and 2012

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

#### VI. Consolidated statement of cash flows

	Note (Section Five)	Current Period (30/09/2013)	Prior Period (30/09/2012)
<b>A. Cash flows from banking operations</b>			
1.1		2.883.150	5.167.585
1.1.1		8.399.542	7.221.023
1.1.2		(3.480.882)	(3.806.049)
1.1.3		15.575	1.661
1.1.4		1.854.836	1.727.073
1.1.5		(30.685)	(225.346)
1.1.6		955.174	1.182.428
1.1.7		(2.202.069)	(2.056.671)
1.1.8		(421.787)	(544.609)
1.1.9	VI	(2.206.554)	1.668.075
1.2		(6.973.627)	(5.343.775)
1.2.1		451.240	(193.055)
1.2.2		-	-
1.2.3		(5.241.878)	(5.092.322)
1.2.4		(17.971.284)	(6.511.224)
1.2.5		(1.097.005)	117.279
1.2.6		416.476	13.589
1.2.7		11.307.486	3.081.165
1.2.8		3.614.487	1.871.924
1.2.9		-	-
1.2.10	VI	1.546.851	1.368.869
<b>I.</b>		<b>(4.090.477)</b>	<b>(176.190)</b>
<b>B. Cash flows from investing activities</b>			
<b>II.</b>		<b>637.999</b>	<b>146.586</b>
2.1		(259.234)	(22.120)
2.2		1.358.266	-
2.3		(154.545)	(147.207)
2.4		120.422	3.581
2.5		(8.599.348)	(3.694.205)
2.6		8.430.679	3.780.333
2.7		(379.384)	(43.070)
2.8		121.143	269.274
2.9		-	-
<b>C. Cash flows from financing activities</b>			
<b>III.</b>		<b>897.657</b>	<b>581.700</b>
3.1		5.590.486	4.636.625
3.2		(4.392.151)	(4.051.856)
3.3		-	-
3.4		(300.678)	(3.069)
3.5		-	-
3.6		-	-
<b>IV.</b>	<b>VI</b>	<b>786.516</b>	<b>(283.423)</b>
<b>V.</b>		<b>(1.768.305)</b>	<b>268.673</b>
<b>VI.</b>	<b>VI</b>	<b>10.832.289</b>	<b>11.464.375</b>
<b>VII.</b>	<b>VI</b>	<b>9.063.984</b>	<b>11.733.048</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**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, 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 interim 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 a 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 is evaluated and it was concluded the changes have no impact on consolidations of investments and associates of the Group.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Accounting policies (continued)**

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Accounting policies (continued)**

**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 ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2013

(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 (%) September 30, 2013	Direct and indirect rates (%) September 30, 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
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	George Town/	Special Purpose Company	-	-
Rights Finance Company <sup>(1)</sup>	Cayman Islands			

(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 associate is an entity in which the Parent Bank participates in its capital and has significant influence on it although the Parent Bank has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, unless proved otherwise, it is assumed that the Parent Bank has significant influence on that 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 % September 30, 2013	Direct and indirect rates % September 30, 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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Accounting policies (continued)**

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 % September 30, 2013	Direct and indirect rates % September 30, 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 Consolidated 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Accounting policies (continued)**

**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.

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.

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.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Accounting policies (continued)**

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 September 30, 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 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, IAS 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Accounting policies (continued)**

**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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**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.

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**Notes to consolidated financial statements September 30, 2013**

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**Accounting policies (continued)**

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.

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**Accounting policies (continued)**

**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.

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**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 36 (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%

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**Accounting policies (continued)**

**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 16 (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 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”.

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**Accounting policies (continued)**

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 consolidated balance sheet. 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 Company 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 July 20, 2007, numbered 26588. 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.

In accordance with the related Communiqué of Provision, the Financial Lease Company 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 as indicated in the Communiqué about Preparation and Presentation of Financial Statements published in the Official Gazette dated January 16, 2005, numbered 25702.

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 Company 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.



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**Accounting policies (continued)**

**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.

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**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 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.

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**Accounting policies (continued)**

**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 deductible expenses and allowances for tax purposes.No further tax is payable unless the profit is distributed.

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.

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**Accounting policies (continued)**

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 September 30, 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 TAS12. 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.

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**Accounting policies (continued)**

**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.

**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 1.101 (December 31, 2012 - TL 1.096).

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**Accounting policies (continued)**

**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.

	<b>Current Period</b>	<b>Prior Period</b>
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	1.782.048	1.407.703
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
<b>Earnings per share from continued operations (full TL)</b>	<b>0,0041</b>	<b>0,0032</b>
	<b>Current Period</b>	<b>Prior Period</b>
Net Income/(loss) from discontinued operations to be appropriated to ordinary shareholders	1.335.833	69.808
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
<b>Earnings per share from discontinued operations (full TL)</b>	<b>0,0031</b>	<b>0,0002</b>

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 September 30, 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.

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

**Accounting policies (continued)**

**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%.

The Parent 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 SE'ye ("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 Yaşam ve Emeklilik A.Ş for full TL 188.107.812 on July 12, 2013.

According to the TFRS 5, the consolidated income statement as of September 30, 2012 are restated in order to present comparative presentation and are summarized in the table below.

<b>September 30, 2012</b>	<b>Published</b>	<b>Adjustment</b>	<b>Restated</b>
Interest income	7.504.025	(31.680)	7.472.345
Interest expense	(3.958.053)	(20.643)	(3.978.696)
Net interest income(I + II)	3.545.972	(52.323)	3.493.649
Net fees and commissions income	1.308.466	54.023	1.362.489
Trading gain/(loss) (net)	(114.564)	(760)	(115.324)
Other operating income	362.090	(168.297)	193.793
Total operating income / loss(III+IV+V+VI+VII)	5.103.625	(167.357)	4.936.268
Provision for impairment of loans and other receivables(-)	(871.298)	20	(871.278)
Other operating expenses (-)	(2.331.486)	79.968	(2.251.518)
Net operating income/(loss) (VIII+IX+X)	1.900.841	(87.369)	1.813.472
Profit/(loss) before taxes from continuing operations (XI+...+XIV)	1.913.376	(87.369)	1.826.007
Tax provision for continuing operations (±)	(435.865)	17.561	(418.304)
Net profit/loss from continuing operations (XV±XVI)	1.477.511	(69.808)	1.407.703
Income from discontinued operations	-	353.962	353.962
Expenses from discontinued operations (-)	-	(266.593)	(266.593)
Profit /losses before taxes from discontinued operations (XVIII-XIX)	-	87.369	87.369
Tax provision for discontinued operations (±)	-	(17.561)	(17.561)
Net profit/loss from discontinued operations	-	69.808	69.808

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

**Accounting policies (continued)**

**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.



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**Notes to consolidated financial statements September 30, 2013**

(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 15,60% (December 31,2012 – 15,19%) and Parent Bank is 16,43% (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” (the “Regulation”), “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.

(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)**

**c. Information related to capital adequacy ratio:**

	Risk Weights							
	Parent Bank							
	0%	20%	50%	75%	100%	150%	200%	Total
<b>Amounts subject to credit risk</b>	<b>28.375.096</b>	<b>5.098.412</b>	<b>22.765.419</b>	<b>38.521.141</b>	<b>58.690.521</b>	<b>4.690.950</b>	<b>4.885.853</b>	<b>163.027.392</b>
<b>Risk classifications:</b>								
Conditional and unconditional receivables from central governments or central banks	26.437.908	-	5.364.511	-	-	-	-	31.802.419
Conditional and unconditional receivables from regional or local governments	-	139	-	-	-	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	814	-	-	814
Conditional and unconditional receivables from multilateral development banks	3.252	-	-	-	-	-	-	3.252
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	5.090.585	7.149.383	-	1.656.101	-	-	13.896.069
Conditional and unconditional receivables from corporates	-	-	-	-	51.643.912	-	-	51.643.912
Conditional and unconditional retail receivables	-	-	-	38.521.141	-	-	-	38.521.141
Conditional and unconditional receivables secured by mortgages	-	-	10.251.525	-	-	-	-	10.251.525
Past due receivables	-	-	-	-	723.782	443.099	-	1.166.881
Receivables defined as high risk category by the Regulator	-	-	-	-	-	4.247.851	4.885.853	9.133.704
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1.933.936	7.688	-	-	4.665.912	-	-	6.607.536
<b>Credit Risk Weighted Amounts</b>	<b>-</b>	<b>1.019.682</b>	<b>11.382.710</b>	<b>28.890.856</b>	<b>58.690.521</b>	<b>7.036.425</b>	<b>9.771.706</b>	<b>116.791.900</b>

	Risk Weights							
	Consolidated							
	0%	20%	50%	75%	100%	150%	200%	Total
<b>Amounts subject to credit risk</b>	<b>28.932.795</b>	<b>5.178.884</b>	<b>23.395.304</b>	<b>39.712.335</b>	<b>65.838.433</b>	<b>4.768.399</b>	<b>4.885.853</b>	<b>172.712.002</b>
<b>Risk classifications:</b>								
Conditional and unconditional receivables from central governments or central banks	26.911.006	27.483	5.539.934	-	36.798	-	-	32.515.221
Conditional and unconditional receivables from regional or local governments	-	139	1.565	-	-	-	-	1.704
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	813	-	-	813
Conditional and unconditional receivables from multilateral development banks	3.251	-	-	-	-	-	-	3.251
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	5.143.574	7.592.851	-	1.859.400	-	-	14.595.825
Conditional and unconditional receivables from corporates	-	-	-	-	60.922.644	-	-	60.922.644
Conditional and unconditional retail receivables	-	-	-	39.712.335	-	-	-	39.712.334
Conditional and unconditional receivables secured by mortgages	-	-	10.260.954	-	-	-	-	10.260.954
Past due receivables	-	-	-	-	773.566	520.548	-	1.294.114
Receivables defined as high risk category by the Regulator	-	-	-	-	-	4.247.851	4.885.853	9.133.704
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	2.018.538	7.688	-	-	2.245.213	-	-	4.271.438
<b>Credit Risk Weighted Amounts</b>	<b>-</b>	<b>1.035.777</b>	<b>11.697.652</b>	<b>29.784.251</b>	<b>65.838.433</b>	<b>7.152.598</b>	<b>9.771.706</b>	<b>125.280.417</b>

(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)**

**d. Summary information about capital adequacy ratio:**

	The Parent Bank	Consolidated	The Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	9.343.352	10.022.433	8.639.259	9.246.931
Capital requirement for market risk (MRCR)	142.195	372.163	134.553	220.278
Capital requirement for operational risk (ORCR)	802.350	910.617	746.900	854.231
<b>Shareholders' equity</b>	<b>21.123.602</b>	<b>22.043.741</b>	<b>19.397.778</b>	<b>19.600.066</b>
<b>Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12.5*100</b>	<b>16,43</b>	<b>15,60</b>	<b>16,30</b>	<b>15,19</b>

**e. Information about shareholders' equity items:**

	Current Period	Prior Period
<b>Core capital</b>		
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	8.878.581	7.118.712
Adjustment to legal reserves	-	-
Profit	4.045.692	2.841.517
Net Current period profit	3.117.708	2.087.673
Prior period profit	927.984	753.844
Provisions for possible losses up to 25% of core capital	195.978	246.317
Profit on sale of associates, subsidiaries and buildings <sup>(1)</sup>	298.614	293.705
Primary subordinated loans	-	-
Minority shares	2.460	64.792
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	73.688	96.067
Intangible assets (-)	1.354.932	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)	-	-
<b>Total core capital</b>	<b>16.883.637</b>	<b>13.998.517</b>

(1) The figure includes income on sale of equity shares and real estates for TL 302.468 and other reserves for TL (3.854).

(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)**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Supplementary capital</b>	1.409.663	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	-	-
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary subordinated loans <sup>(2)</sup>	4.277.817	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	73.970	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	-	-
<b>Total supplementary capital</b>	<b>5.761.450</b>	<b>6.013.921</b>
<b>Capital</b>	<b>22.645.087</b>	<b>20.012.438</b>
<b>Deductions from the capital</b>	<b>601.346</b>	<b>412.372</b>
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	-	-
Banks and financial institutions to which equity method is applied, however, assets and liabilities are not consolidated	436.358	212.393
Loans extended being noncompliant with articles 50 and 51of the Law	5.181	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	5.917	6.844
Securitisations positions that is deducted-preferably-from the shareholders’ equity	-	-
Other	153.890	189.945
<b>Total shareholders’ equity</b>	<b>22.043.741</b>	<b>19.600.066</b>

(2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

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

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

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**Information related to financial position of the Group (continued)**

**II. Explanations on consolidated credit risk:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**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 September 30, 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:**

	<b>Current Period</b>	<b>Prior Period</b>
(I) Capital requirement against general market risk - standard method	65.740	28.424
(II) Capital requirement against specific risks - standard method	36.216	28.588
Capital requirement against specific risks of securitization positions– standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	215.201	139.660
(IV) Capital requirement against commodity risks - standard method	711	3.024
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	1.132	1.277
(VII) Capital requirement against counterparty credit risks - standard method	53.163	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)	372.163	220.278
<b>(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))</b>	<b>4.652.038</b>	<b>2.753.475</b>

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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:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**(2) Quantitative information on counterparty risk;**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

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

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**IV. Explanations on operational risk:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**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)

	USD	EUR
<b>Balance sheet evaluation rate</b>	<b>TL 2,03420</b>	<b>TL 2,74840</b>
First day current bid rate	TL 2,01230	TL 2,71710
Second day current bid rate	TL 2,00340	TL 2,70490
Third day current bid rate	TL 1,99460	TL 2,69100
Fourth day current bid rate	TL 1,98560	TL 2,68350
Fifth day current bid rate	TL 1,97200	TL 2,66890
<b>Arithmetic average of the last 30 days:</b>	<b>TL 2,01937</b>	<b>TL 2,69400</b>
<b>Balance sheet evaluation rate as of Prior Period:</b>	<b>TL 1,73800</b>	<b>TL 2,29290</b>

(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 September 30, 2013

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

#### Information related to financial position of the Group (continued)

##### Information on currency risk of the Group:

	EUR	USD	Other FC <sup>(4)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.457.021	6.947.581	3.067.797	16.472.399
Banks	1.064.613	765.396	347.669	2.177.678
Financial assets at fair value through profit or loss	49.659	94.800	354	144.813
Money market placements	-	130.190	-	130.190
Available-for-sale financial assets	369.012	5.688.381	61.330	6.118.723
Loans <sup>(1)</sup>	10.177.900	20.714.034	4.591.898	35.483.832
Investments in associates, subsidiaries and joint ventures	-	-	235.624	235.624
Held-to-maturity investments	243.912	2.628.418	-	2.872.330
Hedging derivative financial assets	-	2.158	-	2.158
Tangible assets	1.226	-	38.894	40.120
Intangible assets	107	-	7.342	7.449
Other assets <sup>(2)</sup>	3.250.290	3.227.981	203.903	6.682.174
<b>Total assets</b>	<b>21.613.740</b>	<b>40.198.939</b>	<b>8.554.811</b>	<b>70.367.490</b>
<b>Liabilities</b>				
Bank deposits	684.460	320.317	54.049	1.058.826
Foreign currency deposits	15.774.473	19.148.610	2.169.492	37.092.575
Funds from money market	-	4.183.254	-	4.183.254
Funds borrowed from other financial institutions	8.632.948	7.084.946	157.839	15.875.733
Marketable securities issued	1.126.744	3.505.888	-	4.632.632
Miscellaneous payables	772.229	443.697	27.121	1.243.047
Hedging derivative financial liabilities	93.931	292.817	-	386.748
Other liabilities <sup>(3)</sup>	3.821.618	3.851.857	7.549	7.681.024
<b>Total liabilities</b>	<b>30.906.403</b>	<b>38.831.386</b>	<b>2.416.050</b>	<b>72.153.839</b>
	<b>(9.292.663)</b>	<b>1.367.553</b>	<b>6.138.761</b>	<b>(1.786.349)</b>
<b>Net on balance sheet position <sup>(5)</sup></b>	<b>8.713.741</b>	<b>(3.728.510)</b>	<b>(2.053.626)</b>	<b>2.931.605</b>
<b>Net off balance sheet position</b>	17.583.193	20.486.079	2.093.145	40.162.417
Financial derivative assets	8.869.452	24.214.589	4.146.771	37.230.812
Financial derivative liabilities	<b>9.139.026</b>	<b>12.452.621</b>	<b>1.792.675</b>	<b>23.384.322</b>
<b>Non-cash loans</b>				
<b>December 31, 2012</b>				
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
<b>Net on-balance sheet position</b>	<b>(6.588.826)</b>	<b>3.422.076</b>	<b>1.317.087</b>	<b>(1.849.663)</b>
<b>Net off-balance sheet position</b>	<b>6.793.461</b>	<b>(2.450.573)</b>	<b>(1.125.486)</b>	<b>3.217.402</b>
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
<b>Non-cash loans</b>	<b>6.646.932</b>	<b>10.302.197</b>	<b>319.151</b>	<b>17.268.280</b>

(1) Includes FX indexed loans amounting to TL 4.076.012 (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 46.087 (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.

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**Notes to consolidated financial statements September 30, 2013**

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

**Information related to financial position of the Group (continued)**

**VI. Explanations on consolidated 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 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:**

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	18.164.551	18.164.551
Banks	12.109	876.065	286.988	27.178	-	1.929.914	3.132.254
Financial assets at fair value through profit/loss	305.595	309.540	470.301	79.052	14.149	59.743	1.238.380
Money market placements	1.749.046	17.459	-	-	-	-	1.766.505
Available-for-sale financial assets	808.460	1.349.998	3.322.493	3.506.832	5.249.496	168.230	14.405.509
Loans	18.120.725	26.502.408	23.324.853	17.969.986	5.593.173	2.747.916	94.259.061
Held-to-maturity investments	1.449.815	26.039	2.156.024	25.769	2.771.734	-	6.429.381
Other assets	1.798.454	925.110	1.436.898	2.007.880	203.609	7.448.046	13.819.997
<b>Total assets</b>	<b>24.244.204</b>	<b>30.006.619</b>	<b>30.997.557</b>	<b>23.616.697</b>	<b>13.832.161</b>	<b>30.518.400</b>	<b>153.215.638</b>
<b>Liabilities</b>							
Bank deposits	302.475	699.786	443.382	129.810	-	286.669	1.862.122
Other deposits	48.770.132	12.266.374	4.655.351	900.952	6.552	14.454.722	81.054.083
Funds from money market	4.353.260	1.496.938	1.518.286	171.058	-	-	7.539.542
Miscellaneous payables	-	-	226.586	-	-	6.725.649	6.952.235
Marketable securities issued	430.828	3.770.585	178.258	1.001.860	1.002.638	-	6.384.169
Funds borrowed from other financial institutions	3.791.020	5.842.876	4.543.458	2.704.581	766.677	-	17.648.612
Other liabilities and shareholders' equity	1.476.474	4.264.773	1.658.339	42.753	4.040	24.328.496	31.774.875
<b>Total liabilities</b>	<b>59.124.189</b>	<b>28.341.332</b>	<b>13.223.660</b>	<b>4.951.014</b>	<b>1.779.907</b>	<b>45.795.536</b>	<b>153.215.638</b>
<b>Balance sheet long position</b>	-	<b>1.665.287</b>	<b>17.773.897</b>	<b>18.665.683</b>	<b>12.052.254</b>	-	<b>50.157.121</b>
<b>Balance sheet short position</b>	<b>(34.879.985)</b>	-	-	-	-	<b>(15.277.136)</b>	<b>(50.157.121)</b>
Off-balance sheet long position	6.684.574	11.701.400	-	-	-	-	18.385.974
Off-balance sheet short position	-	-	(3.203.644)	(13.744.988)	(1.220.431)	-	(18.169.063)
<b>Total position</b>	<b>(28.195.411)</b>	<b>13.366.687</b>	<b>14.570.253</b>	<b>4.920.695</b>	<b>10.831.823</b>	<b>(15.277.136)</b>	



(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 September 30, 2013

(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
<b>Assets</b>							
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
<b>Total assets</b>	<b>26.103.036</b>	<b>23.389.472</b>	<b>25.839.435</b>	<b>20.891.364</b>	<b>14.328.955</b>	<b>20.945.499</b>	<b>131.497.761</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>49.261.439</b>	<b>22.840.785</b>	<b>12.452.251</b>	<b>4.046.609</b>	<b>2.570.518</b>	<b>40.326.159</b>	<b>131.497.761</b>
<b>Balance sheet long position</b>	-	<b>548.687</b>	<b>13.387.184</b>	<b>16.844.755</b>	<b>11.758.437</b>	-	<b>42.539.063</b>
<b>Balance sheet short position</b>	<b>(23.158.403)</b>	-	-	-	-	<b>(19.380.660)</b>	<b>(42.539.063)</b>
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)
<b>Total position</b>	<b>(18.367.722)</b>	<b>14.152.829</b>	<b>11.898.450</b>	<b>695.609</b>	<b>10.401.454</b>	<b>(19.380.660)</b>	

#### b. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,05	-	-	-
Banks	0,36	0,60	-	7,96
Financial assets at fair value through profit/loss	2,40	4,47	-	7,48
Money market placements	-	0,40	-	8,53
Available-for-sale financial assets	5,33	6,85	-	9,24
Loans	4,90	5,07	4,93	13,24
Held-to-maturity investments	4,48	5,51	-	8,10
<b>Liabilities <sup>(1)</sup></b>				
Bank deposits	1,63	2,28	-	7,62
Other deposits	3,01	3,22	2,70	9,25
Funds from money market	-	0,90	-	7,77
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	5,45	-	7,22
Funds borrowed from other financial institutions	2,23	3,21	2,99	9,01

(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
<b>Assets</b>	%	%	%	%
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
<b>Liabilities <sup>(1)</sup></b>				
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 as of September 30, 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 <sup>(1)</sup>	Applied shock (+/- x basis points)	Gains/Losses	Gains/SE- Losses/SE
TRY	(+)500 bp	(1.701.098)	%(8,05)
TRY	(-)400 bp	1.655.461	%(7,84)
EURO	(+)200 bp	(7.228)	%(0,03)
EURO	(-)200 bp	26.088	%(0,12)
USD	(+)200 bp	(298.636)	%(1,41)
USD	(-)200 bp	470.332	%(2,23)
<b>Total (for negative shock)</b>		<b>2.151.880</b>	<b>%(10,19)</b>
<b>Total (for positive shock)</b>		<b>(2.006.962)</b>	<b>%(9,50)</b>

(1) The interest rate risk disclosed above is that of the Parent Bank.

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**Information related to financial position of the Group (continued)**

**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 September 30, 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 activated 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.

(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 September 30, 2013

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#### Information related to financial position of the Group (continued)

#### Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified <sup>(1) (2)</sup>	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	4.720.161	13.444.390	-	-	-	-	-	18.164.551
Banks	1.929.914	-	847.456	319.049	35.835	-	-	3.132.254
Financial assets at fair value through profit or loss	233	263.067	255.380	441.526	167.660	51.003	59.511	1.238.380
Money market placements	-	1.749.046	17.459	-	-	-	-	1.766.505
Available-for-sale financial assets	132.044	-	127	733.075	5.309.630	8.194.447	36.186	14.405.509
Loans	-	13.117.350	10.595.784	21.627.946	28.780.746	18.962.851	1.174.384	94.259.061
Held-to-maturity Investments	-	3.166	26.039	2.309.934	1.054.886	3.035.356	-	6.429.381
Other assets <sup>(1)</sup>	2.756.514	3.607.299	640.478	1.195.774	2.361.601	276.582	2.981.749	13.819.997
<b>Total assets</b>	<b>9.538.866</b>	<b>32.184.318</b>	<b>12.382.723</b>	<b>26.627.304</b>	<b>37.710.358</b>	<b>30.520.239</b>	<b>4.251.830</b>	<b>153.215.638</b>
<b>Liabilities</b>								
Bank deposits	286.669	302.475	699.786	443.382	129.810	-	-	1.862.122
Other deposits	14.454.722	48.488.000	12.266.379	4.799.682	1.038.748	6.552	-	81.054.083
Funds borrowed from other financial institutions	-	3.784.069	895.307	6.289.785	4.937.944	1.741.507	-	17.648.612
Funds from money market	-	4.353.260	1.496.938	1.518.286	171.058	-	-	7.539.542
Marketable securities issued	-	430.828	862.470	679.251	3.108.452	1.303.168	-	6.384.169
Miscellaneous payables	1.289.906	5.383.647	137.848	136.863	363	47	3.561	6.952.235
Other liabilities <sup>(2)</sup>	338.622	510.436	377.407	698.233	4.595.795	3.787.202	21.467.180	31.774.875
<b>Total liabilities</b>	<b>16.369.919</b>	<b>63.252.715</b>	<b>16.736.135</b>	<b>14.565.482</b>	<b>13.982.170</b>	<b>6.838.476</b>	<b>21.470.741</b>	<b>153.215.638</b>
<b>Net liquidity gap</b>	<b>(6.831.053)</b>	<b>(31.068.397)</b>	<b>(4.353.412)</b>	<b>12.061.822</b>	<b>23.728.188</b>	<b>23.681.763</b>	<b>(17.218.911)</b>	<b>-</b>
<b>Prior Period</b>								
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
<b>Net liquidity gap</b>	<b>(5.331.008)</b>	<b>(23.909.916)</b>	<b>(5.641.343)</b>	<b>8.489.562</b>	<b>20.853.169</b>	<b>20.947.256</b>	<b>(15.407.720)</b>	<b>-</b>

- (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.

**Yapı ve Kredi Bankası A.Ş.**

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**Information related to financial position of the Group (continued)**

**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.

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**Information related to financial position of the Group (continued)**

**Information about guarantees according to risk classifications:**

<b>Risk classifications</b>	<b>Amount <sup>(1)</sup></b>	<b>Financial guarantees <sup>(2)</sup></b>	<b>Other / Physical guarantees <sup>(2)</sup></b>	<b>Guarantees and credit derivatives <sup>(2)</sup></b>
Conditional and unconditional receivables from central governments or central banks	37.272.709	4.179.626	-	-
Conditional and unconditional receivables from regional or local governments	2.280	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.060	-	-	-
Conditional and unconditional receivables from multilateral development banks	162.736	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	30.660.094	21.809	-	-
Conditional and unconditional receivables from corporates	166.354.350	2.522.386	-	96.907
Conditional and unconditional retail receivables	117.852.629	459.593	-	32.503
Conditional and unconditional receivables secured by mortgages	10.536.938	-	-	-
Past due receivables	1.294.114	-	-	-
Receivables defined in high risk category by the Regulator	9.133.704	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	4.271.439	-	-	-
<b>Total</b>	<b>377.554.053</b>	<b>7.183.414</b>	<b>-</b>	<b>129.410</b>

(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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Information related to financial position of the Group (continued)**

**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.

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:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**XIII. Explanations on hedge accounting:**

The Bank applies the following hedge accounting models as of September 30, 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 September 30, 2013 and December 31,2012 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional <sup>(1)</sup>	Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
<b>Hedging instrument</b>						
Interest rate swap	18.858.808	83.713	432.478	18.479.953	170	814.454
Cross currency interest rate swap	1.282.423	299.816	-	1.772.858	93.996	90.233
<b>Total</b>	<b>20.141.231</b>	<b>383.529</b>	<b>432.478</b>	<b>20.252.811</b>	<b>94.166</b>	<b>904.687</b>

(1) Only the “sell” legs of the related derivatives are presented with the addition of the “buy” legs of these derivatives amounting to TL 20.538.482 (December 31, 2012 - TL 20.528.904) the total notional of derivative financial assets amounting to TL 40.679.713 (December 31, 2012 - TL 40.781.715) is accounted for in off-balance sheet under “Hedging Derivative Financial Instruments” line item.

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#### Information related to financial position of the Group (continued)

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 <sup>(1)</sup>	Net fair value of the <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				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	24.656	299.816	-	(123.979)

(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 6.748.

Priod Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value of the hedged item <sup>(1)</sup>	Net fair value of the <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				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.



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**Information related to financial position of the group (continued)**

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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	83.713	432.478	(209.143)	351.670

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 286.

The Parent Bank has replaced part of its hedged instruments with the new hedged instruments. As a result of this replacement the hedging relationship is discontinued.

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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			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.

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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)**

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 September 30, 2013 is EUR 298 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 199.803 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.

**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.

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#### Information related to financial position of the Group (continued)

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 management’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 and retirement	Treasury, Asset-Liability Management and Other	Consolidation adjustments <sup>(1)</sup>	Total operations of the Group
Operating revenue continuing	2.345.280	1.254.524	115.483	136.691	662.091	-	1.636.315	(237.323)	5.913.061
Operating expenses continuing	(1.856.141)	(338.486)	(53.077)	(72.898)	(132.315)	-	(1.212.046)	4.644	(3.660.319)
<b>Net operating income continuing</b>	<b>489.139</b>	<b>916.038</b>	<b>62.406</b>	<b>63.793</b>	<b>529.776</b>	-	<b>424.269</b>	<b>(232.679)</b>	<b>2.252.742</b>
Dividend income <sup>(2)</sup>	-	-	-	-	-	-	15.575	-	15.575
Income/Loss from Investments accounted based on equity method	-	-	-	-	-	-	2.259	-	2.259
<b>Profit before tax</b>	<b>489.139</b>	<b>916.038</b>	<b>62.406</b>	<b>63.793</b>	<b>529.776</b>	-	<b>442.103</b>	<b>(232.679)</b>	<b>2.270.576</b>
Tax expense <sup>(2)</sup>	-	-	-	-	-	-	(488.528)	-	(488.528)
<b>Net period income from continuing operations</b>	<b>489.139</b>	<b>916.038</b>	<b>62.406</b>	<b>63.793</b>	<b>529.776</b>	-	<b>(46.425)</b>	<b>(232.679)</b>	<b>1.782.048</b>
Minority interest (-)	-	-	-	-	-	-	(173)	-	(173)
<b>Net period income from discontinued operations</b>	-	-	-	-	-	-	-	1.335.833	1.335.833
<b>Group income/loss</b>	<b>489.139</b>	<b>916.038</b>	<b>62.406</b>	<b>63.793</b>	<b>529.776</b>	-	<b>(46.598)</b>	<b>1.103.154</b>	<b>3.117.708</b>
Segment assets <sup>(3)</sup>	45.609.187	37.579.486	177.526	5.887.590	9.149.733	-	56.848.644	(2.479.689)	152.772.477
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	443.161	-	443.161
Assets held for resale and related to discontinued operations	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>45.609.187</b>	<b>37.579.486</b>	<b>177.526</b>	<b>5.887.590</b>	<b>9.149.733</b>	-	<b>57.291.805</b>	<b>(2.479.689)</b>	<b>153.215.638</b>
Segment liabilities <sup>(3)</sup>	32.592.883	31.586.232	17.631.604	4.835.937	7.458.344	-	43.684.961	(2.521.190)	135.268.771
Shareholders’ equity	-	-	-	-	-	-	17.946.867	-	17.946.867
Assets held for resale and related to discontinued operations	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>32.592.883</b>	<b>31.586.232</b>	<b>17.631.604</b>	<b>4.835.937</b>	<b>7.458.344</b>	-	<b>61.631.828</b>	<b>(2.521.190)</b>	<b>153.215.638</b>

(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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#### 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 and retirement	Treasury, Asset-Liability Management and Other	Consolidation adjustments <sup>(1)</sup>	Total operations of the Group
Operating revenue continuing <sup>(4)</sup>	2.141.984	1.184.841	92.222	119.273	318.087	225.994	1.104.588	(252.382)	4.934.607
Operating expenses continuing <sup>(4)</sup>	(1.526.741)	(218.782)	(43.365)	(47.167)	(133.669)	(138.625)	(1.145.554)	131.107	(3.122.796)
<b>Net operating income continuing</b>	<b>615.243</b>	<b>966.059</b>	<b>48.857</b>	<b>72.106</b>	<b>184.418</b>	<b>87.369</b>	<b>(40.966)</b>	<b>(121.275)</b>	<b>1.811.811</b>
Dividend income <sup>(2)(4)</sup>	-	-	-	-	-	-	1.661	-	1.661
Income/Loss from Investments accounted based on equity method <sup>(5)</sup>	-	-	-	-	-	-	12.535	-	12.535
<b>Profit before tax</b>	<b>615.243</b>	<b>966.059</b>	<b>48.857</b>	<b>72.106</b>	<b>184.418</b>	<b>87.369</b>	<b>(26.770)</b>	<b>(121.275)</b>	<b>1.826.007</b>
Tax expense <sup>(2)(4)</sup>	-	-	-	-	-	-	(418.304)	-	(418.304)
<b>Net period income from continuing operations</b>	<b>615.243</b>	<b>966.059</b>	<b>48.857</b>	<b>72.106</b>	<b>184.418</b>	<b>87.369</b>	<b>(445.074)</b>	<b>(121.275)</b>	<b>1.407.703</b>
Minority interest <sup>(-)(4)</sup>	-	-	-	-	-	-	(7.100)	-	(7.100)
<b>Net period income from discontinued operations <sup>(4)</sup></b>	-	-	-	-	-	-	-	<b>69.808</b>	<b>69.808</b>
<b>Group income/loss</b>	<b>615.243</b>	<b>966.059</b>	<b>48.857</b>	<b>72.106</b>	<b>184.418</b>	<b>87.369</b>	<b>(452.174)</b>	<b>(51.467)</b>	<b>1.470.411</b>
Segment assets <sup>(3)</sup>	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
<b>Total assets</b>	<b>38.170.950</b>	<b>31.191.828</b>	<b>169.225</b>	<b>4.955.523</b>	<b>7.149.217</b>	<b>2.019.163</b>	<b>48.979.692</b>	<b>(1.137.837)</b>	<b>131.497.761</b>
Segment liabilities <sup>(3)</sup>	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
<b>Total liabilities</b>	<b>30.189.733</b>	<b>25.936.583</b>	<b>17.125.662</b>	<b>4.095.876</b>	<b>5.626.880</b>	<b>1.578.500</b>	<b>48.105.726</b>	<b>(1.161.199)</b>	<b>131.497.761</b>

- (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).
- (4) Income statement figures represent balances for the 9 months period ended September 30, 2012.

(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	1.419.684	455.862	1.206.771	339.996
The CBRT <sup>(1)</sup>	272.468	15.573.008	414.040	9.147.081
Other	-	443.529	1	380.059
<b>Total</b>	<b>1.692.152</b>	<b>16.472.399</b>	<b>1.620.812</b>	<b>9.867.136</b>

- (1) The balance of gold amounting to TL 2.897.463 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 <sup>(1)</sup>	272.468	2.128.618	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement <sup>(2)</sup>	-	13.444.390	-	7.830.548
<b>Total</b>	<b>272.468</b>	<b>15.573.008</b>	<b>414.040</b>	<b>9.147.081</b>

- (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 September 30, 2013, the Group’s reserve deposits, including those at foreign banks, amount to TL 15.884.276 (December 31, 2012 - TL 9.591.973).

(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)**

**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	90.382	16.848	53.199	13.903
Swap transactions <sup>(1)</sup>	787.523	88.609	226.076	95.622
Futures transactions	-	-	-	-
Options	124.879	16.489	9.351	22.332
Other	-	-	-	-
<b>Total</b>	<b>1.002.784</b>	<b>121.946</b>	<b>288.626</b>	<b>131.857</b>

(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
<b>Banks</b>				
Domestic	939.626	1.024.628	2.100.562	857.187
Foreign <sup>(1)</sup>	14.950	1.153.050	5	2.384.743
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>954.576</b>	<b>2.177.678</b>	<b>2.100.567</b>	<b>3.241.930</b>

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 212.799 (December 31, 2012 - 451.315 TL).

2. Information on foreign banks account:

This footnote is not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period financial statements.

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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)**

**d. Information on available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:**

1. 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 1.046.378 (December 31, 2012 - TL 1.118.165) and available-for-sale financial assets subject to repo transactions amounts to TL 3.305.810 (December 31, 2012 - TL 2.639.269).

**e. Information on available-for-sale financial assets:**

	<b>Current Period</b>	<b>Prior Period</b>
Debt securities	14.511.128	15.703.687
Quoted on stock exchange	12.600.655	14.067.931
Not quoted <sup>(1)</sup>	1.910.473	1.635.756
Share certificates	81.486	63.927
Quoted on stock exchange	156	133
Not quoted	81.330	63.794
Impairment provision (-) <sup>(2)</sup>	(322.891)	(198.106)
Other <sup>(3)</sup>	135.786	80.940
<b>Total</b>	<b>14.405.509</b>	<b>15.650.448</b>

(1) Includes credit linked notes amounting to TL 992.657 (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 135.786 (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:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>72.156</b>	<b>334.066</b>	<b>5.390</b>	<b>403.915</b>
<b>Loans granted to employees</b>	<b>122.311</b>	<b>253</b>	<b>104.931</b>	<b>68</b>
<b>Total</b>	<b>194.467</b>	<b>334.319</b>	<b>110.321</b>	<b>403.983</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

2. Information on the first and second group loans and other receivables and loans and other receivables that have been restructured or rescheduled:

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	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
<b>Non-specialized loans</b>	<b>90.729.920</b>	<b>1.344.315</b>	-	<b>2.354.757</b>	<b>328.786</b>	<b>15.363</b>
Loans given to enterprises	34.555.189	-	-	378.492	-	4.541
Export loans	4.041.678	106.621	-	51.426	8.970	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.398.406	-	-	-	-	-
Consumer loans	16.869.263	730.270	-	914.610	70.519	5.591
Credit cards	18.182.387	-	-	239.439	-	4.726
Other <sup>(1)</sup>	14.682.997	507.424	-	770.790	249.297	505
<b>Specialized lending</b>	-	-	-	-	-	-
<b>Other receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>90.729.920</b>	<b>1.344.315</b>	-	<b>2.354.757</b>	<b>328.786</b>	<b>15.363</b>

- (1) As explained in the Note XIII of Section IV, TL 24.656 of fair value difference of hedged items is classified under other loans.

Number of modifications made to extend payment plan <sup>(1)</sup>	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	1.272.640	324.291
Extended by 3,4 or 5 times	29.310	2.774
Extended by more than 5 times	42.365	1.721
<b>Total</b>	<b>1.344.315</b>	<b>328.786</b>

Extended period of time	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	212.538	14.497
6 - 12 Months	179.262	22.466
1 - 2 Years	223.929	164.422
2 - 5 Years	660.090	124.367
5 Years and over	68.496	3.034
<b>Total</b>	<b>1.344.315</b>	<b>328.786</b>

- (2) There is only one loan restructured twice in accordance with the temporary article 5 subsections 2 of the amendment of Provisioning Regulation dated April 9, 2011 with a maturity between 6 months to 1 year.
- (3) 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.
- (4) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012



(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 September 30, 2013

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

#### Explanations and notes related to consolidated financial statements (continued)

3. Loans according to their maturity structure:

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>169.270</b>	<b>16.899.112</b>	<b>17.068.382</b>
Real estate loans	4.455	8.629.139	8.633.594
Automotive loans	8.771	1.064.840	1.073.611
Consumer loans	2.281	55.180	57.461
Other	153.763	7.149.953	7.303.716
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>104.713</b>	<b>104.713</b>
Real estate loans	-	103.965	103.965
Automotive loans	-	-	-
Consumer loans	-	748	748
Other	-	-	-
<b>Consumer loans-FC</b>	<b>26.792</b>	<b>168.031</b>	<b>194.823</b>
Real estate loans	114	12.026	12.140
Automotive loans	5.173	53.862	59.035
Consumer loans	10.489	77.224	87.713
Other	11.016	24.919	35.935
<b>Individual credit cards-TL</b>	<b>14.231.089</b>	<b>826.121</b>	<b>15.057.210</b>
With installments	9.873.463	822.394	10.695.857
Without installments	4.357.626	3.727	4.361.353
<b>Individual credit cards-FC</b>	<b>613</b>	<b>38.428</b>	<b>39.041</b>
With installments	613	38.428	39.041
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>4.729</b>	<b>46.866</b>	<b>51.595</b>
Real estate loans	-	761	761
Automotive loans	29	859	888
Consumer loans	-	-	-
Other	4.700	45.246	49.946
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>335</b>	<b>433</b>	<b>768</b>
Real estate loans	-	31	31
Automotive loans	-	-	-
Consumer loans	158	272	430
Other	177	130	307
<b>Personnel credit cards-TL</b>	<b>67.479</b>	<b>789</b>	<b>68.268</b>
With installments	39.318	789	40.107
Without installments	28.161	-	28.161
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>617</b>	<b>617</b>
With installments	-	617	617
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>363.535</b>	<b>-</b>	<b>363.535</b>
<b>Credit deposit account-FC (real person)</b>	<b>57</b>	<b>-</b>	<b>57</b>
<b>Total</b>	<b>14.863.899</b>	<b>18.085.110</b>	<b>32.949.009</b>

(1) TL 1.063 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)

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

5. Information on commercial installment loans and corporate credit cards:

	Current Period		Total
	Short-term	Medium and long-term	
<b>Commercial installments loans-TL</b>	<b>575.628</b>	<b>5.596.497</b>	<b>6.172.125</b>
Business loans	741	376.009	376.750
Automotive loans	31.890	1.843.417	1.875.307
Consumer loans	-	17	17
Other	542.997	3.377.054	3.920.051
<b>Commercial installments loans-FC indexed</b>	<b>24.987</b>	<b>306.429</b>	<b>331.416</b>
Business loans	-	22.206	22.206
Automotive loans	680	76.516	77.196
Consumer loans	-	-	-
Other	24.307	207.707	232.014
<b>Commercial installments loans-FC</b>	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>3.247.455</b>	<b>9.235</b>	<b>3.256.690</b>
With installment	2.525.315	9.210	2.534.525
Without installment	722.140	25	722.165
<b>Corporate credit cards-FC</b>	-	-	-
With installment	-	-	-
Without installment	-	-	-
<b>Credit deposit account-TL (legal person)</b>	<b>767.464</b>	-	<b>767.464</b>
<b>Credit deposit account-FC (legal person)</b>	-	-	-
<b>Total</b>	<b>4.615.534</b>	<b>5.912.161</b>	<b>10.527.695</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

6. Loans according to types of borrowers:

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

7. Distribution of domestic and foreign loans: Distribution has been disclosed based on the location where the customers operate.

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	90.922.764	76.571.527
Foreign loans	2.161.913	1.241.131
<b>Total</b>	<b>93.084.677</b>	<b>77.812.658</b>

8. Loans granted to associates and subsidiaries:

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to associates and subsidiaries	83.340	35.480
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>83.340</b>	<b>35.480</b>

9. Specific provisions provided against loans:

	<b>Current Period</b>	<b>Prior Period</b>
Loans and other receivables with limited collectibility	107.439	95.603
Loans and other receivables with doubtful collectibility	452.696	360.082
Uncollectible loans and other receivables	1.842.335	1.142.229
<b>Total</b>	<b>2.402.470</b>	<b>1.597.914</b>

10. Information on non-performing loans (net):

(i).Information on non-performing loans restructured or rescheduled by the Group, and other receivables:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period</b>			
<b>(Gross amounts before specific reserves)</b>	<b>10.283</b>	<b>36.406</b>	<b>182.056</b>
Restructured loans and other receivables	10.283	36.406	182.056
Rescheduled loans and other receivables	-	-	-
<b>Prior Period</b>			
<b>(Gross amounts before specific reserves)</b>	<b>21.912</b>	<b>40.704</b>	<b>142.421</b>
Restructured loans and other receivables	21.912	40.704	142.421
Rescheduled loans and other receivables	-	-	-

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

(ii). Information on the movement of total non-performing loans:

	III. Group Loans and other receivables	IV. Group Loans and other receivables with	V. Group Uncollectible
	With limited collectibility	Doubtful collectibility	Loans and other receivables
<b>Prior Period</b>	<b>554.524</b>	<b>738.879</b>	<b>1.280.700</b>
Additions (+)	1.671.723	145.404	150.743
Transfers from other categories of non- performing loans (+)	-	1.178.989	893.647
Transfer to other categories of non-performing loans (-)	(1.178.989)	(893.647)	-
Collections (-)	(464.688)	(182.744)	(307.742)
FX valuation differences	-	1.012	7.066
Write-offs (-)	-	-	(18.023)
Corporate and commercial loans	-	-	(17.997)
Consumer loans	-	-	(26)
Credit cards	-	-	-
Other	-	-	-
<b>Current Period</b>	<b>582.570</b>	<b>987.893</b>	<b>2.006.391</b>
Specific provision (-)	(107.439)	(452.696)	(1.842.335)
<b>Net balance on balance sheet</b>	<b>475.131</b>	<b>535.197</b>	<b>164.056</b>

(iii). Information on non-performing loans granted as foreign currency loans

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
<b>Current Period</b>			
Period end balance	122.465	16.612	408.785
Specific provision (-)	(23.867)	(9.517)	(289.894)
<b>Net balance on-balance sheet</b>	<b>98.598</b>	<b>7.095</b>	<b>118.891</b>
<b>Prior Period</b>			
Period end balance	1.340	3.381	366.866
Specific provision (-)	(184)	(1.952)	(261.285)
<b>Net balance on-balance sheet</b>	<b>1.156</b>	<b>1.429</b>	<b>105.581</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

- (iv). Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (net)</b>	<b>475.131</b>	<b>535.197</b>	<b>164.056</b>
Loans granted to real persons and corporate entities (gross)	582.570	987.893	1.897.813
Specific provision amount (-)	(107.439)	(452.696)	(1.733.757)
Loans granted to real persons and corporate entities (net)	475.131	535.197	164.056
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) <sup>(1)</sup>	-	-	-
<b>Prior Period (net)</b>	<b>458.921</b>	<b>378.797</b>	<b>138.471</b>
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) <sup>(1)</sup>	-	-	-

- (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.

11. Explanation on liquidation policy for uncollectible loans and receivables;

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

12. Explanation on “Write-off” policies:

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**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 1.246.614 (December 31, 2012 - TL 1.299.927). Held-to-maturity investments subject to repurchase agreements amount to TL 3.404.419 (December 31, 2012 - TL 2.986.312).

2. Information on government debt securities held-to-maturity:

	<b>Current Period</b>	<b>Prior Period</b>
Government bond	6.412.822	5.765.659
Treasury bill	-	-
Other debt securities	16.559	62.035
<b>Total</b>	<b>6.429.381</b>	<b>5.827.694</b>

3. Information on investment securities held-to-maturity:

	<b>Current Period</b>	<b>Prior Period</b>
Debt securities	6.547.597	5.867.172
Quoted on stock exchange	6.547.597	5.867.172
Not quoted	-	-
Impairment provision (-) <sup>(1)</sup>	(118.216)	(39.478)
<b>Total</b>	<b>6.429.381</b>	<b>5.827.694</b>

(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:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Beginning balance</b>	<b>5.827.694</b>	<b>12.710.622</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	422.184	(574.402)
Purchases during the year	379.384	50.325
Disposals through sales and redemptions <sup>(3)</sup>	(121.143)	(6.358.851)
Impairment provision (-) <sup>(2)</sup>	(78.738)	-
<b>Period end balance</b>	<b>6.429.381</b>	<b>5.827.694</b>

(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.

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**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 <sup>(1)</sup>	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. <sup>(1)</sup>	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	85.008	71.010	48.040	917	-	20.234	16.175	-
2	27.657	20.724	16.916	239	-	1.116	1.998	-

(1) Financial statement information disclosed above shows June 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 (%)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	69,33
2	Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Türkiye	-	20,00

(ii). Main financial figures of the consolidated investments in associates in 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	Market value
1	4.818.921	773.091	5.840	70.519	15.484	26.162	45.530	-
2	890.651	230.637	24.240	18.312	-	47.956	47.968	-

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

(iii). Movement of consolidated investments in associates:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the beginning of the period</b>	<b>193.934</b>	<b>183.940</b>
<b>Movements during the period</b>	<b>232.992</b>	<b>9.994</b>
Purchases <sup>(1)</sup>	188.108	-
Bonus shares obtained	-	-
Share of current year income	8.095	18.982
Sales	-	-
Revaluation (decrease)/increase <sup>(2) (3)</sup>	36.789	(8.988)
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>426.926</b>	<b>193.934</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	-	-

(1) Includes repurchase of 19,93% of YKE.

(2) Includes TL 2.582 (December 31, 2012 – TL 2.069) of dividend received in the current period.

(3) Includes value increase/(decrease) due to equity pick up

(iv). Information on sectors and the carrying amounts of consolidated investments in associates:

	<b>Current Period</b>	<b>Prior Period</b>
Banks	235.624	193.934
Insurance companies	191.302	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>426.926</b>	<b>193.934</b>

(v). Investments in associates quoted on stock exchange: None.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**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 Nderland N.V.
<b>Core Capital</b>					
Paid-in capital	98.918	45.599	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Marketable Securities Valuation Differences	12.037	-	-	-	(9.672)
Legal reserves	69.400	23.149	79.305	20.469	-
Extraordinary reserves	13.878	-	484.964	-	331.465
Other reserves	-	-	-	-	229.229
Profit/loss	193.168	183.707	372.273	16.440	34.727
Current period net profit	265.782	138.249	99.422	16.440	34.727
Prior period profit	(72.614)	45.458	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	807	18	3.410	207	107
<b>Total core capital</b>	<b>386.594</b>	<b>252.437</b>	<b>1.323.060</b>	<b>42.409</b>	<b>698.084</b>
<b>Supplementary capital</b>	<b>-</b>	<b>8.738</b>	<b>18.247</b>	<b>-</b>	<b>154</b>
<b>Capital</b>	<b>386.594</b>	<b>261.175</b>	<b>1.341.307</b>	<b>42.409</b>	<b>698.238</b>
<b>Deductions from the capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>386.594</b>	<b>261.175</b>	<b>1.341.307</b>	<b>42.409</b>	<b>698.238</b>

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 September 30, 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 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 September 30, 2013

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

#### Explanations and notes related to consolidated financial statements (continued)

##### 1. 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

Financial statement information disclosed above shows September 30, 2013 results.

###### (ii). Main financial figures of the subsidiaries in order of the above table:

	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	18.316	13.812	881	4	-	1.523	1.167	-
2	38.187	25.342	3.860	884	-	713	892	-

(1) Financial statement information disclosed above shows September 30, 2013 results.

##### 2. 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 <sup>(1)</sup>	Amsterdam/Nederlands	67,24	100,00
8 Yapı Kredi Azerbaycan <sup>(2)</sup>	Bakü/Azerbajian	99,80	100,00
9 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 Sticing Custody Services YKB.

(2) Includes the balances for Yapı Kredi Invest LLC.

(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 September 30, 2013

(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 subsidiaries in the order of the below table <sup>(1)</sup> :

	Total assets	Shareholder s' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value <sup>(2)</sup>	Required equity
1	124.714	124.582	-	-	-	(131)	(58)	326.386	-
2	2.950.319	483.492	5.417	85.293	1.688	265.782	63.038	480.361	-
3	2.096.971	252.455	495	78.455	-	138.249	13.534	286.358	-
4	675.592	144.202	11.070	17.566	2.075	12.045	9.411	95.803	-
5	4.246.535	1.109.366	4.217	203.251	-	99.422	97.491	977.985	-
6	50.751	42.616	593	2.716	33	16.440	15.961	196.812	-
7	4.393.496	698.193	1.333	133.622	9.049	34.727	36.887	320.491	-
8	765.972	156.860	35.166	42.802	358	667	8.721	118.825	-
9	47.678	45.981	21	4.229	(1.779)	1.154	6.676	84.219	-

(1) The above financial information above is extracted from the publicly available financial statements of companies for those which are listed and for those which are not listed the financial information included in the preparation of consolidated financial statements are used.

(2) Determined based on the market prices quoted in organized markets or based on the amounts determined through valuation models.

Financial statement information disclosed above has been obtained from the financial statements of subsidiaries as at September 30, 2013.

(iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period <sup>(4)</sup></b>	<b>3.817.879</b>	<b>3.349.666</b>
<b>Movements during the period</b>	<b>(1.396.317)</b>	<b>468.213</b>
Purchases <sup>(1)</sup>	71.126	22.236
Free shares obtained profit from current years share <sup>(2)</sup>	-	35.738
Share of current year income	-	-
Sales	-	-
Transfers <sup>(3)</sup>	(1.410.080)	410.239
Revaluation (decrease) / increase	(57.363)	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>2.421.562</b>	<b>3.817.879</b>
Capital commitments	-	-
<b>Share holding percentage at the end of the period (%)</b>	<b>-</b>	<b>-</b>

(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 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 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.

(3) The Parent 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 SE. ("Allianz").

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

(iv). Sectoral information on financial subsidiaries and the related carrying amounts:

<b>Financial Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	429.748	421.937
Insurance companies	-	1.223.132
Factoring companies	286.221	345.301
Leasing companies	977.881	1.020.417
Finance companies	-	-
Other financial subsidiaries	727.712	807.092
<b>Total financial subsidiaries</b>	<b>2.421.562</b>	<b>3.817.879</b>

(v). Subsidiaries quoted on stock exchange:

	<b>Current Period</b>	<b>Prior Period</b>
Quoted on domestic stock exchanges	80.313	1.231.950
Quoted on foreign stock exchanges	-	-
<b>Total of subsidiaries quoted on stock exchanges</b>	<b>80.313</b>	<b>1.231.950</b>

**i. Information on joint ventures (net):**

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures:

(i). Information on consolidated Joint Ventures:

	<b>The Parent Bank's shareholding percentage</b>	<b>Group's shareholding percentage</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Long term debts</b>	<b>Income</b>	<b>Expense</b>
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	82.608	28.952	39.140	27.880	(53.881)
<b>Total</b>			<b>82.608</b>	<b>28.952</b>	<b>39.140</b>	<b>27.880</b>	<b>(53.881)</b>

The above figures are extracted from the financial statements on at September 30, 2013

**i. Information on lease receivables (net):**

1) Breakdown according to maturities:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	1.614.352	1.373.825	1.290.027	1.075.226
Between 1- 4 years	2.184.786	1.886.444	1.827.960	1.588.013
More than 4 years	496.233	444.431	477.931	433.254
<b>Total</b>	<b>4.295.371</b>	<b>3.704.700</b>	<b>3.595.918</b>	<b>3.096.493</b>

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

2) Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	1.129.676	3.165.695	882.245	2.713.673
Unearned financial income from leases (-)	(202.080)	(388.591)	(146.548)	(352.877)
Amount of cancelled leases (-)	-	-	-	-
<b>Total</b>	<b>927.596</b>	<b>2.777.104</b>	<b>735.697</b>	<b>2.360.796</b>

**j. Information on hedging derivative financial assets:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	299.816	-	93.996	-
Cash flow hedge <sup>(1)</sup>	81.555	2.158	170	-
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>381.371</b>	<b>2.158</b>	<b>94.166</b>	<b>-</b>

(1) Explained in the note XIII of Section IV.

**k. Information on tangible assets:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**l. Information on intangible assets:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**m. Information on investment property:**

None (December 31, 2012 - None).

**n. Information on deferred tax asset:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

(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 September 30, 2013**

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

**Explanations and notes related to unconsolidated financial statements (continued)**

**o. Movement schedule of assets held for resale and related to discontinued operations:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Net book value at the beginning of the period</b>	<b>139.653</b>	<b>103.572</b>
Additions	47.738	72.707
Transfers <sup>(1)</sup>	1.410.080	-
Disposals (-), net	(1.441.313)	(33.608)
Impairment provision reversal	868	983
Impairment provision (-)	(177)	(235)
Depreciation (-)	(3.381)	(3.766)
Translation differences	58	-
<b>Net book value at the end of the period</b>	<b>153.526</b>	<b>139.653</b>
Cost at the end of the period	164.823	148.942
Accumulated depreciation at the end of the period (-)	(11.297)	(9.289)
<b>Net book value at the end of the period</b>	<b>153.526</b>	<b>139.653</b>

(1) As of July 12, 2013, the transfer of YKS's shares is completed. During 2013, YKS was classified as “Assets held for resale and related to discontinued operations”.

As of September 30, 2013, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 8.352 (December 31, 2012 - TL 9.043).

**ö. Information on other assets:**

As of September 30, 2013, other assets do not exceed 10% of the total 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 September 30, 2013

(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	2.590.906	-	680.514	18.965.118	895.111	348.758	231.548	23.711.955
Foreign currency deposits	5.376.329	22.462	1.643.256	21.840.580	2.683.041	1.026.572	3.208.990	35.801.230
Residents in Turkey	4.343.088	43	1.577.738	21.422.091	866.871	535.119	1.220.105	29.965.055
Residents abroad	1.033.241	22.419	65.518	418.489	1.816.170	491.453	1.988.885	5.836.175
Public sector deposits	1.866.574	-	31	254.619	-	1.737	29	3.875.222
Commercial deposits	3.737.076	32.124	2.453.220	6.661.870	378.089	239.979	113.887	13.616.245
Other institutions deposits	74.864	-	52.569	2.221.779	10.777	394.499	3.598	2.758.086
Precious metals vault	808.973	-	46.974	105.742	69.883	94.111	165.662	1.291.345
Bank deposits	286.669	68.341	247.551	555.514	379.481	195.034	129.532	1.862.122
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	4.937	-	100.263	157.594	193.028	72.714	640	529.176
Foreign banks	-	68.341	147.288	397.920	186.453	122.320	128.892	1.051.214
Participation banks	281.732	-	-	-	-	-	-	281.732
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14.741.391</b>	<b>122.927</b>	<b>5.124.115</b>	<b>50.605.222</b>	<b>4.418.119</b>	<b>4.051.185</b>	<b>3.853.246</b>	<b>82.916.205</b>

##### (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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11.765.455</b>	<b>187.834</b>	<b>7.573.895</b>	<b>40.363.210</b>	<b>6.258.225</b>	<b>1.206.937</b>	<b>3.787.835</b>	<b>71.143.391</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

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:

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits <sup>(1)</sup>	12.370.655	9.048.545	11.382.500	15.038.237
Foreign currency savings deposit	3.174.071	2.775.243	10.508.119	8.934.590
Other deposits in the form of savings deposits	660.438	607.610	504.416	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 50.000 to TL 100.000.

(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	6.192	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	75.377	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	-	-

**b. Information on trading derivative financial liabilities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	55.431	3.451	90.951	3.526
Swap transactions <sup>(1)</sup>	561.566	68.704	177.425	68.929
Futures transactions	-	-	-	-
Options	102.212	22.911	18.602	25.048
Other	-	-	-	-
<b>Total</b>	<b>719.209</b>	<b>95.066</b>	<b>286.978</b>	<b>97.503</b>

(1) The effect of Credit Default Swaps are included.



(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**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	1.134.382	311.631	830.303	259.396
From foreign banks, institutions and funds	638.497	15.564.102	510.259	12.694.373
<b>Total</b>	<b>1.772.879</b>	<b>15.875.733</b>	<b>1.340.562</b>	<b>12.953.769</b>

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1.355.323	8.056.476	918.643	5.999.319
Medium and long-term	417.556	7.819.257	421.919	6.954.450
<b>Total</b>	<b>1.772.879</b>	<b>15.875.733</b>	<b>1.340.562</b>	<b>12.953.769</b>

**ç. Information on marketable securities issued**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.249.547	-	716.171	-
Asset backed securities	-	2.628.136	-	1.641.731
Bonds	501.990	2.004.496	703.236	885.367
Collateralized securities	471.606	-	462.720	-
<b>Total</b>	<b>1.751.537</b>	<b>4.632.632</b>	<b>1.419.407</b>	<b>2.527.098</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**d. Information on other liabilities:**

As of September 30, 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 <sup>(1)</sup>	-	-	90.233	-
Cash flow hedge <sup>(1)</sup>	45.730	386.748	321.768	492.686
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>45.730</b>	<b>386.748</b>	<b>412.001</b>	<b>492.686</b>

(1) Explained in Note XIII. of Section IV.

**g. Information on provisions:**

1. Information on general provisions:

	Current Period	Prior Period
I. Provisions for first group loans and receivables	1.115.147	974.242
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	79.473	149.950
II. Provisions for second group loans and receivables	76.835	123.769
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	12.196	16.103
Provisions for non cash loans	70.455	73.205
Others	147.226	168.465
<b>Total</b>	<b>1.409.663</b>	<b>1.339.681</b>

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

The following actuarial assumptions were used in the calculation of total liabilities:

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate (%)	3,86	3,86
Possibility of being eligible for retirement (%)	94,92	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 3.254,44 effective from July 1, 2013 (July 1, 2012 - full TL 3.033,98) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Prior period ending balance</b>	<b>142.207</b>	<b>113.983</b>
Changes during the period	20.280	60.055
Paid during the period	(28.855)	(31.673)
Foreign currency differences	1.903	(158)
<b>Balance at the end of the period</b>	<b>135.535</b>	<b>142.207</b>

In addition, the Group has accounted for unused vacation rights provision amounting to TL 106.441 as of September 30, 2013 (December 31, 2012 - TL 104.188).

3. Information on provisions related with the foreign currency difference of foreign currency indexed loans:

As of September 30, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 932 (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:

	<b>Current Period</b>	<b>Prior Period</b>
Pension fund provision	852.062	827.177
Provisions on unindemnified non cash loans	69.733	125.749
Provisions on credit cards and promotion campaigns related to banking services	26.876	36.708
Provision on export commitment tax and funds liability	40.298	38.106
Other	87.275	154.847
<b>Total</b>	<b>1.076.244</b>	<b>1.182.587</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

(ii) General reserves for possible losses:

	<b>Current Period</b>	<b>Prior Period</b>
General reserves for possible losses	195.978	246.317
<b>Total</b>	<b>195.978</b>	<b>246.317</b>

**ğ. Information on taxes payable:**

(i) Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	113.608	231.592
Taxation of Marketable Securities	84.183	80.757
Property Tax	2.042	1.709
Banking Insurance Transaction Tax ("BITT")	57.679	64.110
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.852	6.870
Other	29.304	30.658
<b>Total</b>	<b>290.668</b>	<b>415.696</b>

(ii) Information on premium payables:

	<b>Current Period</b>	<b>Prior Period</b>
Social security premiums - employee	180	1.218
Social security premiums - employer	212	1.435
Bank pension fund premiums - employee	9.441	8.946
Bank pension fund premiums - employer	9.833	9.327
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	673	719
Unemployment insurance - employer	1.349	1.440
Other	-	-
<b>Total</b>	<b>21.688</b>	<b>23.085</b>

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 228 as of September 30, 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).

(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 September 30, 2013**

(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	-	6.172.908	-	5.195.642
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6.172.908</b>	<b>-</b>	<b>5.195.642</b>

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 subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years and EURIBOR+3.25% for the remaining 5 years. The loan was obtained from Goldman Sachs International Bank with Unicredit 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 three loans which was available as of the date of these financial statements.

With the written approvals of the BRSA dated April 3, 2006, 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 and Goldman Sachs International Bank are 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.

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**Explanations and notes related to unconsolidated financial statements (continued)**

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.

**i. Information on shareholders' equity:**

1. Presentation of paid-in capital

	<b>Current Period</b>	<b>Prior Period</b>
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.

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From investments in associates, subsidiaries, and joint ventures</b>	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference <sup>(1)</sup>	-	-	-	-
<b>Available for sale securities</b>	<b>(136.747)</b>	<b>376.281</b>	<b>273.173</b>	<b>1.214.250</b>
Valuation differences <sup>(2)</sup>	(136.747)	206.561	255.568	1.216.242
Foreign currency differences <sup>(1)</sup>	-	169.720	17.605	(1.992)
<b>Total</b>	<b>(136.747)</b>	<b>376.281</b>	<b>273.173</b>	<b>1.214.250</b>

(1) Includes current period foreign currency differences.

(2) Includes tax effect related to foreign currency valuation differences.

i. **Information on minority interest:**

	Current Period	Prior Period
<b>Period opening balance</b>	<b>64.792</b>	<b>67.178</b>
Current period income/(loss)	173	7.100
Dividends paid	(678)	(3.069)
Translation differences	(383)	522
Transaction done with minority	(33.352)	(9.943)
Other <sup>(1)</sup>	(28.092)	-
<b>Period ending balance</b>	<b>2.460</b>	<b>61.788</b>

(1) Includes the changes in consolidation due to sales of the shares of Yapı Kredi Sigorta A.Ş. and also includes the changes occurring after the acquisition of the shares of non-group companies of consolidated YKYO.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**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:

	<b>Current Period</b>	<b>Prior Period</b>
Commitments on credit card limits	21.307.463	17.900.797
Loan granting commitments	6.046.074	5.378.252
Commitments for cheques	5.365.936	5.258.480
Other irrevocable commitments	20.446.686	8.507.182
<b>Total</b>	<b>53.166.159</b>	<b>37.044.711</b>

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 70.455 (December 31, 2012 - TL 73.205) and specific provision amounting to TL 303.371 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet amounting to TL 69.733 (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:

	<b>Current Period</b>	<b>Prior Period</b>
Bank acceptance loans	105.706	121.325
Letter of credits	6.747.801	5.783.925
Other guarantees and collaterals	3.224.447	2.119.199
<b>Total</b>	<b>10.077.954</b>	<b>8.024.449</b>

- 2(ii). Guarantees, surety ships and other similar transactions:

	<b>Current Period</b>	<b>Prior Period</b>
Temporary letter of guarantees	1.127.133	1.572.512
Definite letter of guarantees	17.728.966	14.503.571
Advance letter of guarantees	4.163.228	2.677.145
Letter of guarantees given to customs	1.034.197	1.032.686
Other letter of guarantees	1.223.610	834.038
<b>Total</b>	<b>25.277.134</b>	<b>20.619.952</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

3(i). Total amount of non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against cash loans	1.001.025	635.957
With original maturity of 1 year or less than 1 year	116.658	103.986
With original maturity of more than 1 year	884.367	531.971
Other non-cash loans	34.354.063	28.008.444
<b>Total</b>	<b>35.355.088</b>	<b>28.644.401</b>

3(ii) Information on sectoral concentration of non-cash loans:

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

3(iii) Information on non-cash loans classified in Group I. and Group II:

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**b. Information on derivative financial instruments:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**c. Information on credit derivatives and risk exposures:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**ç. 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.

**d. Information on services in the name and account of others:**

This footnote is not prepared in compliance with the Article 25 of the communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**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 <sup>(1)</sup>	2.439.956	166.182	2.640.576	201.127
Medium/long-term loans <sup>(1)</sup>	2.151.780	927.883	2.016.105	818.553
Interest on loans under follow-up	75.590	2.370	89.447	19
Premiums received from resource utilisation support fund	-	-	-	-
<b>Total</b>	<b>4.667.326</b>	<b>1.096.435</b>	<b>4.746.128</b>	<b>1.019.699</b>

(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	56.692	9.827	46.088	18.226
From foreign banks	2.597	14.014	1.815	15.050
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>59.289</b>	<b>23.841</b>	<b>47.903</b>	<b>33.276</b>

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	7.817	2.455	14.675	1.174
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	503.209	300.030	419.640	32.002
From held-to-maturity investments	187.783	112.907	274.055	477.135
<b>Total</b>	<b>698.809</b>	<b>415.392</b>	<b>708.370</b>	<b>510.311</b>

4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interests received from associates and subsidiaries	2.016	1.155

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	67.051	511.161	84.013	379.779
The CBRT	-	-	-	-
Domestic banks	24.720	7.331	31.681	8.618
Foreign banks	42.331	503.830	52.332	371.161
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	-
<b>Total<sup>(1)</sup></b>	<b>67.051</b>	<b>511.161</b>	<b>84.013</b>	<b>379.779</b>

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	988	285

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	85.989	98.792	104.438	66.634
<b>Total</b>	<b>85.989</b>	<b>98.792</b>	<b>104.438</b>	<b>66.634</b>

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
<b>TL</b>									
Bank deposit	219	824	1.306	1.600	603	5	-	4.557	6.674
Saving deposit	1	40.968	995.725	63.469	17.717	16.967	-	1.134.847	1.595.989
Public sector deposit	-	11	637	85	22	2	-	757	202
Commercial deposit	17	97.541	434.679	47.125	35.095	7.623	-	622.080	702.450
Other deposit	-	3.425	88.639	9.770	148.860	69	-	250.763	111.091
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>237</b>	<b>142.769</b>	<b>1.520.986</b>	<b>122.049</b>	<b>202.297</b>	<b>24.666</b>		<b>2.013.004</b>	<b>2.416.406</b>
<b>FC</b>									
Foreign currency deposit	1.666	92.625	319.152	16.529	16.704	67.143	7.891	521.710	672.723
Bank deposit	52	3.197	4.034	6.812	2.635	884	-	17.614	24.502
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	529	1.180	150	123	29	-	2.011	2.063
<b>Total</b>	<b>1.718</b>	<b>96.351</b>	<b>324.366</b>	<b>23.491</b>	<b>19.462</b>	<b>68.056</b>	<b>7.891</b>	<b>541.335</b>	<b>699.288</b>
<b>Grand total</b>	<b>1.955</b>	<b>239.120</b>	<b>1.845.352</b>	<b>145.540</b>	<b>221.759</b>	<b>92.722</b>	<b>7.891</b>	<b>2.554.339</b>	<b>3.115.694</b>

(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 September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**c. Information on dividend income:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**ç. Information on trading gain/loss (net):**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gain</b>	<b>24.031.458</b>	<b>34.627.138</b>
Gain from capital market transactions	389.297	82.967
Derivative financial transaction gains	8.092.683	14.431.382
Foreign exchange gains	15.549.478	20.112.789
<b>Loss(-)</b>	<b>(23.771.449)</b>	<b>(34.742.462)</b>
Loss from capital market transactions	(46.713)	(9.346)
Derivative financial transaction losses	(7.325.276)	(15.208.966)
Foreign exchange loss	(16.399.460)	(19.524.150)
<b>Net gain/loss</b>	<b>260.009</b>	<b>(115.324)</b>

**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 1.153.013 (September 30, 2012 - TL 548.748 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 September 30, 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	895.378	544.631
III. Group loans and receivables	29.612	32.865
IV. Group loans and receivables	95.454	152.496
V. Group loans and receivables	770.312	359.270
General provision expenses	123.324	218.860
Provision expense for possible risks	30.953	19.894
Marketable securities impairment expenses <sup>(1)</sup>	31.042	14.409
Financial assets at fair value through profit or loss	1.344	240
Available-for-sale financial assets	29.698	14.169
Impairment of investments in associates, subsidiaries and held-to-maturity securities	23.033	72.381
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments <sup>(1)</sup>	23.033	72.381
Other	9.558	1.103
<b>Total</b>	<b>1.113.288</b>	<b>871.278</b>

(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	1.081.895	943.619
Reserve for employee termination benefits	698	6.189
Provision expense for pension fund	24.885	21.700
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	124.600	118.833
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	59.254	48.857
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	177	150
Depreciation expenses of assets held for resale	3.381	2.825
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	846.606	690.460
Operational lease expenses	124.631	109.995
Repair and maintenance expenses	46.535	37.817
Advertising expenses	80.870	58.288
Other expense	594.570	484.360
Loss on sales of assets	212	31
Other	405.323	418.854
<b>Total</b>	<b>2.547.031</b>	<b>2.251.518</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**ğ. Explanations on income/loss from continuing operations and discontinued operations before tax:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**h. Provision for taxes on income from continuing operations and discontinued operations:**

As of September 30, 2013, the Group has current tax expense amounting to TL 192.425 (September 30, 2012 - TL 513.334) and deferred tax expense amounting to TL 296.103 (September 30, 2012 - TL 95.030 deferred tax expense).

For September 30 2013 the Group has current tax expense amounting to TL TL 85.408 related to discontinued operations (September 30, 2012 – TL 18.836) and the group has no deferred tax income / (expense) related to discontinued operations (September 30, 2012 – TL 1.275 expense).

**i. 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

**i. Income/loss of minority interest:**

	<b>Current Period</b>	<b>Prior Period</b>
Income/(loss) of minority interest	173	7.100

**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**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**VI. Explanations and notes related to consolidated statement of cash flows**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**VII. Explanations and notes related to Group’s merger, transfers and companies acquired by Bank**

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.**

**Notes to consolidated financial statements September 30, 2013**

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

**Explanations and notes related to consolidated financial statements (continued)**

**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 Period	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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Group’s risk group <sup>(1)(2)</sup></b>						
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	83.340	2.760	358.426	334.066	829.641	1.198.040
<b>Interest and commission income received</b>	<b>2.016</b>	<b>21</b>	<b>7.291</b>	<b>1.691</b>	<b>46.012</b>	<b>9.262</b>

(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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
<b>Group’s risk group <sup>(1)(2)</sup></b>						
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
<b>Interest and commission income received <sup>(3)</sup></b>	<b>1.155</b>	<b>16</b>	<b>9.233</b>	<b>1.546</b>	<b>50.756</b>	<b>12.307</b>

(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.

(3) Represent profit / loss figures for the 9 months period ended September 30, 2012.

2. Information on deposits of the Group’s risk group:

Group’s risk group <sup>(1)(2)</sup>	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
<b>Deposit</b>						
Beginning of the period	15.788	10.801	8.646.705	7.546.932	8.339.879	4.885.191
End of the period	14.957	15.788	11.485.335	8.646.705	6.580.736	8.339.879
<b>Interest expense on deposits <sup>(3)</sup></b>	<b>988</b>	<b>285</b>	<b>318.657</b>	<b>241.260</b>	<b>211.033</b>	<b>163.343</b>

(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) Prior period columns represent profit / loss figures for the 9 months period ended September 30, 2012.

(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 September 30, 2013**

(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 <sup>(1)</sup>	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
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	-	-	300.627	216.174	432.403	97.206
End of the period <sup>(3)</sup>	-	-	108.620	300.627	205.665	432.403
<b>Total profit / loss<sup>(4)</sup></b>	<b>938</b>	<b>4.785</b>	<b>3.010</b>	<b>(3.513)</b>	<b>8.553</b>	<b>11.002</b>
<b>Transactions for hedging purposes<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	-	-	-	-	-	-
End of the period <sup>(3)</sup>	-	-	-	-	-	-
<b>Total profit / loss<sup>(4)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(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.

(4) Prior period columns represent profit / loss figures for the 9 months period ended September 30, 2012.

**b. Information regarding benefits provided to the Group’s top management:**

Salaries and benefits paid to the Group’s top management amount to TL 34.178 as of September 30, 2013 (September 30, 2012 - TL 32.357).

**IX. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:**

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim period financial statements.

**X. Explanations and notes related to subsequent events**

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.**

**Notes to consolidated financial statements September 30, 2013**

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

## **Section six**

### **Explanations on independent review report**

#### **I. Explanations on independent auditor’s review report**

The consolidated financial statements for the period ended September 30, 2013 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor’s review report dated November 4, 2013 is presented preceding the consolidated financial statements.

#### **II. Explanations and notes prepared by independent auditor**

None.