Yapı ve Kredi Bankası A.Ş.

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

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

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

Independent audit report

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

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

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

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

Auditor’s responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No: 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, February 10, 2014

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

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

E-Mail: financialreports@yapikredi.com.tr

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

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

Investments in subsidiaries, associates and joint ventures, whose financial statements have been consolidated in this consolidated financial statements are as follows.

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Finansal Kiralama A.O.	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.
2. Yapı Kredi Faktoring A.Ş.	2. Allianz Yaşam ve Emeklilik A.Ş.	
3. Yapı Kredi Yatırım Menkul Değerler A.Ş.		
4. Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.		
5. Yapı Kredi Portföy Yönetimi A.Ş.		
6. Yapı Kredi Holding B.V.		
7. Yapı Kredi Bank Nederland N.V.		
8. Yapı Kredi Bank Moscow		
9. Stiching Custody Services YKB		
10. Yapı Kredi Bank Azerbaijan CJSC		
11. Yapı Kredi Invest LLC		

Although, Yapı Kredi Diversified Payment Rights Finance Company (the Special Purpose Entity) is not a subsidiary of the Bank, it has been included in the consolidation since the Bank has a 100% control.

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

Mustafa V. KOÇ **Chairman of the Board of Directors**	**H. Faik AÇIKALIN** **Chief Executive Officer**	**Marco IANNACCONE** **Chief Financial Officer**	**B. Seda İKİZLER** **Head of Financial Reporting and Accounting**
Gianni F.G. PAPA **Chairman of Audit Committee**	**Francesco GIORDANO** **Member of Audit Committee**	**F. Füsun Akkal BOZOK** **Member of Audit Committee**	
Benedetta NAVARRA **Member of Audit Committee**	**Adil G. ÖZTOPRAK** **Member of Audit Committee**		

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

Name-Surname / Title : Barış Savur / International Reporting and Consolidation Manager
Telephone Number : (0212) 339 63 22
Fax Number : (0212) 339 61 05

Section one

General information

Section two

Consolidated financial statements

Section three

Accounting policies

Section four

Financial Position and Risk Management

Section five

Section six

Section seven

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

Section One

General Information

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

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

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

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

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

In 2005, the Bank’s shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund (“SDIF”) were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from BIST and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries is still under the control of group were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. (“Yapı Kredi Leasing”)	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. (“Yapı Kredi Faktoring”)	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy”)	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. (“Yapı Kredi Menkul”)	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. (“Yapı Kredi NV”)	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

After the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS owns 81,80% of the shares of the Bank.

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

Board of Directors Members:

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

Audit Committee Members:

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

General Manager and Deputy General Manager:

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

General information (continued)

Assistant General Managers:

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

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

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

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

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

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

The Parent Bank's activities summarized from the article 3 of the articles of association are as follows:

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

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

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

General information (continued)

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

As of December 31, 2013, the Parent Bank has 15.683 employees (December 31, 2012 - 14.733 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2013 the Group has 16.680 employees (December 31, 2012 - 17.459 employees).

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

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

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

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

All other subsidiaries are fully consolidated.

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

None.

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

Section two
Consolidated financial statements

I. Consolidated balance sheet (Statement of Financial Position)

					Current Period (31/12/2013)			Prior Period (31/12/2012)
	Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	**Cash and balances with Central Bank**	**I-a**	**1.330.475**	**17.660.274**	**18.990.749**	**1.620.812**	**9.867.136**	**11.487.948**
II.	**Financial assets at fair value through profit or (loss) (net)**	**I-b**	**1.529.329**	**193.835**	**1.723.164**	**752.700**	**250.295**	**1.002.995**
2.1	Trading financial assets		1.529.329	193.835	1.723.164	752.700	250.295	1.002.995
2.1.1	Government debt securities		30.448	24.519	54.967	383.439	110.557	493.996
2.1.2	Share certificates		20.719	-	20.719	34.715	-	34.715
2.1.3	Derivative financial assets held for trading	I-c	1.427.991	168.121	1.596.112	288.626	131.857	420.483
2.1.4	Other marketable securities		50.171	1.195	51.366	45.920	7.881	53.801
2.2	Financial assets designated at fair value through profit /(loss)		-	-	-	-	-	-
2.2.1	Government debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	**Banks**	**I-ç**	**516.091**	**3.493.035**	**4.009.126**	**2.100.567**	**3.241.930**	**5.342.497**
IV.	**Money markets**		**2.879.994**	**48.453**	**2.928.447**	**2.662.002**	**111.234**	**2.773.236**
4.1	Interbank money market placements		-	-	-	330.046	-	330.046
4.2	Receivables from Istanbul Stock Exchange Money Market		1.701.131	48.453	1.749.584	1.399.562	111.234	1.510.796
4.3	Receivables from reverse repurchase agreements		1.178.863	-	1.178.863	932.394	-	932.394
V.	**Financial assets available-for-sale (net)**	**I-e**	**9.293.502**	**3.915.860**	**13.209.362**	**8.050.175**	**7.600.273**	**15.650.448**
5.1	Share certificates		37.381	392	37.773	18.315	312	18.627
5.2	Government debt securities		7.859.125	3.419.501	11.278.626	6.457.686	7.252.759	13.710.445
5.3	Other marketable securities		1.396.996	495.967	1.892.963	1.574.174	347.202	1.921.376
VI.	**Loans and receivables**	**I-f**	**66.274.045**	**34.349.885**	**100.623.930**	**55.268.236**	**23.520.611**	**78.788.847**
6.1	Loans and receivables		65.336.611	34.099.247	99.435.858	54.400.213	23.412.445	77.812.658
6.1.1	Loans to bank's risk group		586.364	414.459	1.000.823	406.497	700.003	1.106.500
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		64.750.247	33.684.788	98.435.035	53.993.716	22.712.442	76.706.158
6.2	Loans under follow-up		3.056.127	576.946	3.633.073	2.202.516	371.587	2.574.103
6.3	Specific provisions (-)		(2.118.693)	(326.308)	(2.445.001)	(1.334.493)	(263.421)	(1.597.914)
VII.	**Factoring receivables**		**1.165.611**	**976.724**	**2.142.335**	**879.902**	**760.165**	**1.640.067**
VIII.	**Held-to-maturity investments (net)**	**I-g**	**3.577.663**	**3.311.940**	**6.889.603**	**3.318.507**	**2.509.187**	**5.827.694**
8.1	Government debt securities		3.562.986	2.964.382	6.527.368	3.315.536	2.450.123	5.765.659
8.2	Other marketable securities		14.677	347.558	362.235	2.971	59.064	62.035
IX.	**Investments in associates (net)**	**I-ğ**	**198.002**	**253.462**	**451.464**	**4.503**	**193.934**	**198.437**
9.1	Consolidated based on equity method		193.499	253.462	446.961	-	193.934	193.934
9.2	Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1	Investments in financial associates		-	-	-	-	-	-
9.2.2	Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X.	**Subsidiaries (net)**	**I-h**	**2.300**	**-**	**2.300**	**2.300**	**-**	**2.300**
10.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI.	**Joint ventures (net)**	**I-ı**	**10.376**	**-**	**10.376**	**18.459**	**-**	**18.459**
11.1	Accounted based on equity method		10.376	-	10.376	18.459	-	18.459
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial joint ventures		-	-	-	-	-	-
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	**Lease receivables**	**I-i**	**1.024.174**	**2.953.198**	**3.977.372**	**735.697**	**2.360.796**	**3.096.493**
12.1	Financial lease receivables		1.257.705	3.359.983	4.617.688	882.245	2.713.673	3.595.918
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(233.531)	(406.785)	(640.316)	(146.548)	(352.877)	(499.425)
XIII.	**Derivative financial assets held for hedging**	**I-j**	**462.819**	**4.808**	**467.627**	**94.166**	**-**	**94.166**
13.1	Fair value hedge		307.375	-	307.375	93.996	-	93.996
13.2	Cash flow hedge		155.444	4.808	160.252	170	-	170
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	**Property and equipment (net)**	**I-k**	**970.323**	**46.218**	**1.016.541**	**1.021.111**	**34.352**	**1.055.463**
XV.	**Intangible assets (net)**	**I-l**	**1.380.633**	**12.957**	**1.393.590**	**1.353.964**	**7.427**	**1.361.391**
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		401.140	12.957	414.097	374.471	7.427	381.898
XVI.	**Investment property (net)**	**I-m**	-	-	-	**-**	**-**	-
XVII.	**Tax asset**		**86.010**	**8.235**	**94.245**	**164.140**	**4.091**	**168.231**
17.1	Current tax asset		7.407	3.746	11.153	-	753	753
17.2	Deferred tax asset	I-n	78.603	4.489	83.092	164.140	3.338	167.478
XVIII.	**Assets held for resale and related to discontinued operations (net)**	**I-o**	**158.298**	**1.097**	**159.395**	**139.078**	**575**	**139.653**
18.1	Held for sale purposes		158.298	1.097	159.395	139.078	575	139.653
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	**Other assets**	**I-ö**	**1.337.874**	**882.344**	**2.220.218**	**1.640.539**	**1.208.897**	**2.849.436**
	Total assets		**92.197.519**	**68.112.325**	**160.309.844**	**79.826.858**	**51.670.903**	**131.497.761**

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

I. Consolidated balance sheet (Statement of Financial Position)

			Current Period (31/12/2013)			Prior Period (31/12/2012)		
	Liabilities	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Deposits**	**II-a**	**44.470.043**	**44.011.738**	**88.481.781**	**41.016.265**	**30.127.126**	**71.143.391**
1.1	Deposits of the Bank's risk group		3.963.042	7.089.348	11.052.390	4.179.284	4.916.255	9.095.539
1.2	Other		40.507.001	36.922.390	77.429.391	36.836.981	25.210.871	62.047.852
II.	**Derivative financial liabilities held for trading**	**II-b**	**775.535**	**88.098**	**863.633**	**286.978**	**97.503**	**384.481**
III.	**Funds borrowed**	**II-c**	**2.049.478**	**17.242.089**	**19.291.567**	**1.340.562**	**12.953.769**	**14.294.331**
IV.	**Money markets**		**2.461.502**	**3.143.784**	**5.605.286**	**3.365.822**	**3.107.853**	**6.473.675**
4.1	Funds from interbank money market		-	-	-	-	-	-
4.2	Funds from Istanbul stock exchange money market		2.211.064	-	2.211.064	1.654.814	-	1.654.814
4.3	Funds provided under repurchase agreements		250.438	3.143.784	3.394.222	1.711.008	3.107.853	4.818.861
V.	**Marketable securities issued (net)**	**II-ç**	**1.659.777**	**6.763.066**	**8.422.843**	**1.419.407**	**2.527.098**	**3.946.505**
5.1	Bills		1.165.920	827.050	1.992.970	716.171	-	716.171
5.2	Asset backed securities		-	2.576.083	2.576.083	-	1.641.731	1.641.731
5.3	Bonds		493.857	3.359.933	3.853.790	703.236	885.367	1.588.603
VI.	**Funds**		-	-	-	**-**	**-**	**-**
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	**Miscellaneous payables**		**5.690.683**	**1.577.616**	**7.268.299**	**5.007.655**	**767.827**	**5.775.482**
VIII.	**Other liabilities**	**II-d**	**1.158.174**	**762.297**	**1.920.471**	**1.650.397**	**1.056.655**	**2.707.052**
IX.	**Factoring payables**		-	-	-	**-**	**-**	**-**
X.	**Lease payables (net)**	**II-e**	-	-	-	**-**	**-**	**-**
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		-	-	-	-	-	-
XI.	**Derivative financial liabilities held for hedging**	**II-f**	**30.573**	**355.822**	**386.395**	**412.001**	**492.686**	**904.687**
11.1	Fair value hedge		-	-	-	90.233	-	90.233
11.2	Cash flow hedge		30.573	355.822	386.395	321.768	492.686	814.454
11.3	Foreign net investment hedge		-	-	-	-	-	-
XII.	**Provisions**	**II-g**	**2.507.561**	**572.442**	**3.080.003**	**3.413.375**	**780.821**	**4.194.196**
12.1	General loan loss provision		1.010.544	510.329	1.520.873	941.376	398.305	1.339.681
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		224.456	13.579	238.035	235.694	10.701	246.395
12.4	Insurance technical provisions (net)		-	-	-	883.156	296.060	1.179.216
12.5	Other provisions		1.272.561	48.534	1.321.095	1.353.149	75.755	1.428.904
XIII.	**Tax liability**	**II-ğ**	**221.065**	**2.010**	**223.075**	**436.602**	**2.179**	**438.781**
13.1	Current tax liability		221.065	689	221.754	436.602	2.179	438.781
13.2	Deferred tax liability		-	1.321	1.321	-	-	-
XIV.	**Liabilities for property and equipment held for sale and related to discontinued operations (net)**		-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
XV.	**Subordinated loans**	**II-h**	**-**	**6.480.981**	**6.480.981**	**-**	**5.195.642**	**5.195.642**
XVI.	**Shareholders' equity**	**II-ı**	**18.756.080**	**(470.570)**	**18.285.510**	**15.388.361**	**651.177**	**16.039.538**
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		845.508	(472.863)	372.645	1.016.289	651.177	1.667.466
16.2.1	Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities valuation differences	II-ı	(241.315)	123.197	(118.118)	273.173	1.214.250	1.487.423
16.2.4	Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus shares from investments in associates, subsidiaries and joint ventures		4.503	-	4.503	-	-	-
16.2.8	Hedging funds (effective portion)		239.825	(596.060)	(356.235)	(94.470)	(563.073)	(657.543)
16.2.9	Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		298.614	-	298.614	293.705	-	293.705
16.3	Profit reserves		8.974.058	2.293	8.976.351	7.118.712	-	7.118.712
16.3.1	Legal reserves		463.786	-	463.786	359.847	-	359.847
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		8.051.473	-	8.051.473	6.546.849	-	6.546.849
16.3.4	Other profit reserves		458.799	2.293	461.092	212.016	-	212.016
16.4	Income or (loss)		4.586.936	-	4.586.936	2.841.517	-	2.841.517
16.4.1	Prior years' income or (loss)		927.984	-	927.984	753.844	-	753.844
16.4.2	Current year income or (loss)		3.658.952	-	3.658.952	2.087.673	-	2.087.673
16.5	Minority interest	II-i	2.527	-	2.527	64.792	-	64.792
	Total liabilities and shareholders' equity		**79.780.471**	**80.529.373**	**160.309.844**	**73.737.425**	**57.760.336**	**131.497.761**

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

II. Consolidated off-balance sheet commitments

					Current period (31/12/2013)			Prior Period (31/12/2012)
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	**Off-balance sheet commitments (I+II+III)**		**101.237.404**	**124.763.142**	**226.000.546**	**113.308.694**	**116.216.598**	**229.525.292**
I.	**Guarantees and warranties**	**III-a-2, 3**	**12.898.958**	**25.188.958**	**38.087.916**	**11.376.121**	**17.268.280**	**28.644.401**
1.1	Letters of guarantee		12.818.400	14.828.899	27.647.299	11.271.953	9.347.999	20.619.952
1.1.1	Guarantees subject to state tender law		482.038	657.448	1.139.486	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations		1.521.868	13.927.101	15.448.969	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee		10.814.494	244.350	11.058.844	9.573.268	108.294	9.681.562
1.2	Bank acceptances		-	118.686	118.686	-	121.325	121.325
1.2.1	Import letter of acceptance		-	118.686	118.686	-	121.325	121.325
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		1.208	6.709.273	6.710.481	13.789	5.770.136	5.783.925
1.3.1	Documentary letters of credit		1.208	6.698.180	6.699.388	13.789	5.756.593	5.770.382
1.3.2	Other letters of credit		-	11.093	11.093	-	13.543	13.543
1.4	Prefinancing given as guarantee		-	-	-	143	2.377	2.520
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		79.350	2.016.957	2.096.307	90.236	1.057.479	1.147.715
1.9	Other warranties		-	1.515.143	1.515.143	-	968.964	968.964
II.	**Commitments**	**III-a-1**	**37.495.938**	**7.785.077**	**45.281.015**	**75.280.393**	**28.504.711**	**103.785.104**
2.1	Irrevocable commitments		37.495.938	7.552.103	45.048.041	29.934.837	7.109.874	37.044.711
2.1.1	Asset purchase and sale commitments		1.816.025	6.966.286	8.782.311	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments		-	9	9	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		5.884.104	510.050	6.394.154	4.992.286	385.966	5.378.252
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		5.385.711	-	5.385.711	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments		41.007	-	41.007	38.106	-	38.106
2.1.9	Commitments for credit card limits		21.610.762	-	21.610.762	17.856.081	44.716	17.900.797
2.1.10	Commitments for credit cards and banking services promotions		7.365	-	7.365	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		2.750.964	75.758	2.826.722	1.754.294	18.130	1.772.424
2.2	Revocable commitments		-	232.974	232.974	45.345.556	21.394.837	66.740.393
2.2.1	Revocable loan granting commitments		-	167.212	167.212	45.345.556	21.394.837	66.740.393
2.2.2	Other revocable commitments		-	65.762	65.762	-	-	-
III.	**Derivative financial instruments**	**III-b-c**	**50.842.508**	**91.789.107**	**142.631.615**	**26.652.180**	**70.443.607**	**97.095.787**
3.1	Derivative financial instruments for hedging purposes		12.176.363	25.452.330	37.628.693	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge		1.104.763	1.506.212	2.610.975	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge		11.071.600	23.946.118	35.017.718	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		38.666.145	66.336.777	105.002.922	12.527.722	43.786.350	56.314.072
3.2.1	Forward foreign currency buy/sell transactions		3.876.427	5.587.189	9.463.616	2.554.504	5.708.082	8.262.586
3.2.1.1	Forward foreign currency transactions-buy		1.106.191	4.008.168	5.114.359	955.972	3.141.413	4.097.385
3.2.1.2	Forward foreign currency transactions-sell		2.770.236	1.579.021	4.349.257	1.598.532	2.566.669	4.165.201
3.2.2	Swap transactions related to foreign currency and interest rates		27.448.282	48.100.440	75.548.722	5.757.882	26.467.192	32.225.074
3.2.2.1	Foreign currency swap-buy		11.841.762	20.657.942	32.499.704	2.630.863	11.682.759	14.313.622
3.2.2.2	Foreign currency swap-sell		15.606.520	16.876.174	32.482.694	3.127.019	11.088.661	14.215.680
3.2.2.3	Interest rate swap-buy		-	5.283.162	5.283.162	-	1.847.886	1.847.886
3.2.2.4	Interest rate swap-sell		-	5.283.162	5.283.162	-	1.847.886	1.847.886
3.2.3	Foreign currency, interest rate and securities options		6.483.436	12.273.834	18.757.270	3.508.336	10.956.972	14.465.308
3.2.3.1	Foreign currency options-buy		2.028.284	4.303.805	6.332.089	1.263.301	3.558.308	4.821.609
3.2.3.2	Foreign currency options-sell		3.064.188	3.250.977	6.315.165	1.701.389	3.233.041	4.934.430
3.2.3.3	Interest rate options-buy		70.800	2.359.526	2.430.326	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell		70.800	2.359.526	2.430.326	145.800	2.047.816	2.193.616
3.2.3.5	Securities options-buy		820.104	-	820.104	215.704	-	215.704
3.2.3.6	Securities options-sell		429.260	-	429.260	111.342	-	111.342
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		858.000	375.314	1.233.314	707.000	654.104	1.361.104
B.	**Custody and pledges received (IV+V+VI)**		**138.707.195**	**34.562.522**	**173.269.717**	**120.933.383**	**25.498.477**	**146.431.860**
IV.	**Items held in custody**		**61.314.014**	**5.884.148**	**67.198.162**	**57.125.421**	**4.264.804**	**61.390.225**
4.1	Customer fund and portfolio balances		-	12	12	2.273	117	2.390
4.2	Investment securities held in custody		48.922.433	5.160.024	54.082.457	45.448.129	3.646.706	49.094.835
4.3	Checks received for collection		9.765.253	139.746	9.904.999	9.375.958	91.571	9.467.529
4.4	Commercial notes received for collection		2.618.553	553.829	3.172.382	2.288.833	502.434	2.791.267
4.5	Other assets received for collection		-	30.537	30.537	-	23.976	23.976
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		7.775	-	7.775	10.228	-	10.228
4.8	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**76.079.903**	**27.193.253**	**103.273.156**	**62.639.447**	**20.650.913**	**83.290.360**
5.1	Marketable securities		204.521	237	204.758	220.994	193	221.187
5.2	Guarantee notes		681.445	439.491	1.120.936	703.951	376.676	1.080.627
5.3	Commodity		22.983	7.336	30.319	28.559	18.416	46.975
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		52.696.177	19.792.832	72.489.009	41.434.412	15.279.209	56.713.621
5.6	Other pledged items		22.474.777	6.949.452	29.424.229	20.251.531	4.973.254	25.224.785
5.7	Pledged items-depository		-	3.905	3.905	-	3.165	3.165
VI.	**Accepted independent guarantees and warranties**		**1.313.278**	**1.485.121**	**2.798.399**	**1.168.515**	**582.760**	**1.751.275**
	Total off-balance sheet commitments (A+B)		**239.944.599**	**159.325.664**	**399.270.263**	**234.242.077**	**141.715.075**	**375.957.152**

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

III. Consolidated income statement

	Income and expense items	Note (Section Five)	Current Period 01/01-31/12/2013	Restated Prior Period 01/01-31/12/2012
I.	**Interest income**	**IV-a**	**9.952.563**	**10.076.193**
1.1	Interest on loans	IV-a-1	7.776.582	7.791.862
1.2	Interest received from reserve deposits		118	186
1.3	Interest received from banks	IV-a-2	106.288	118.855
1.4	Interest received from money market transactions		123.056	145.982
1.5	Interest received from marketable securities portfolio	IV-a-3	1.539.839	1.623.839
1.5.1	Trading financial assets		11.146	23.979
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		1.104.052	649.913
1.5.4	Held to maturity investments		424.641	949.947
1.6	Financial lease income		284.050	237.891
1.7	Other interest income		122.630	157.578
II.	**Interest expense**	**IV-b**	**(4.886.128)**	**(5.197.298)**
2.1	Interest on deposits	IV-b-4	(3.557.677)	(4.063.058)
2.2	Interest on funds borrowed	IV-b-1	(778.265)	(625.356)
2.3	Interest expense on money market transactions		(263.274)	(278.109)
2.4	Interest on securities issued	IV-b-3	(270.222)	(220.804)
2.5	Other interest expenses		(16.690)	(9.971)
III.	**Net interest income (I + II)**		**5.066.435**	**4.878.895**
IV.	**Net fees and commissions income**		**2.136.188**	**1.864.760**
4.1	Fees and commissions received		2.548.931	2.288.051
4.1.1	Non-cash loans		282.175	249.197
4.1.2	Other	IV-j	2.266.756	2.038.854
4.2	Fees and commissions paid		(412.743)	(423.291)
4.2.1	Non-cash loans		(10.184)	(7.562)
4.2.2	Other		(402.559)	(415.729)
V.	**Dividend income**	**IV-c**	**15.243**	**1.661**
VI.	**Trading gain/(loss) (net)**	**IV-ç**	**387.726**	**30.244**
6.1	Trading gains/(losses) on securities		571.819	318.899
6.2	Derivative financial transactions gains/(losses)	IV-d	1.612.067	(766.936)
6.3	Foreign exchange gains/(losses)		(1.796.160)	478.281
VII.	**Other operating income**	**IV-e**	**445.166**	**354.425**
VIII.	**Total operating income / loss (III+IV+V+VI+VII)**		**8.050.758**	**7.129.985**
IX.	**Provision for impairment of loans and other receivables (-)**	**IV-f**	**(1.552.121)**	**(1.400.142)**
X.	**Other operating expenses (-)**	**IV-g**	**(3.543.346)**	**(3.158.639)**
XI.	**Net operating income/(loss) (VIII-IX-X)**		**2.955.291**	**2.571.204**
XII.	**Excess amount recorded as income after merger**		**-**	**-**
XIII.	**Income/(loss) from investments accounted based on equity method**		**7.688**	**17.791**
XIV.	**Income/(loss) on net monetary position**		**-**	**-**
XV.	**Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)**	**IV-ğ**	**2.962.979**	**2.588.995**
XVI.	**Tax provision for continuing operations (±)**	**IV-h**	**(629.802)**	**(598.179)**
16.1	Current tax provision		(223.229)	(745.772)
16.2	Deferred tax provision		(406.573)	147.593
XVII.	**Net profit/loss from continuing operations (XV±XVI)**		**2.333.177**	**1.990.816**
XVIII.	**Income from discontinued operations**		**1.581.831**	**502.617**
18.1	Income from non-current assets held for resale		237.009	502.617
18.2	Profit from sales of associates, subsidiaries and joint ventures		1.344.822	-
18.3	Other income from discontinued operations		-	-
XIX.	**Expenses from discontinued operations (-)**		**(174.034)**	**(368.917)**
19.1	Expenses for non-current assets held for resale		(174.034)	(368.917)
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	**Profit /losses before taxes from discontinued operations (XVIII-XIX)**	**IV-ğ**	**1.407.797**	**133.700**
XXI.	**Tax provision for discontinued operations (±)**	**IV-h**	**(81.785)**	**(26.756)**
21.1	Current tax provision		(81.785)	(26.134)
21.2	Deferred tax provision		-	(622)
XXII.	**Net profit/loss from discontinued operations (XX±XXI)**		**1.326.012**	**106.944**
XXIII.	**Net profit/loss (XVII+XXII)**	**IV-ı**	**3.659.189**	**2.097.760**
23.1	Group's profit/loss		3.658.952	2.087.673
23.2	Minority interest profit/losses (-)	IV-i	237	10.087
	Earnings/(loss) per share (in TL full)		0,0084	0,0048

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

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

	Income and expense items accounted under shareholders' equity	Current Period (31/12/2013)	Prior Period (31/12/2012)
I.	**Transfers to marketable securities valuation differences from financial assets available for sale**	**(2.289.674)**	**2.000.536**
II.	**Property and equipment revaluation differences**	**-**	**-**
III.	**Intangible assets revaluation differences**	**-**	**-**
IV.	**Currency translation differences for foreign currency transactions**	**411.320**	**(10.938)**
V.	**Profit/loss on cash flow hedges (effective part of the fair value changes)**	**661.738**	**(336.707)**
VI.	**Profit/loss on foreign net investment hedges(effective part of the fair value changes)**	**(180.485)**	**20.055**
VII.	**Effects of changes in accounting policy and adjustment of errors**	**-**	**-**
VIII.	**Other income and expense items accounted under shareholders' equity according to TAS**	**25.201**	**269**
IX.	**Deferred tax on valuation differences**	**320.866**	**(341.371)**
X.	**Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)**	**(1.051.034)**	**1.331.844**
XI.	**Current year profit/loss**	**3.659.189**	**2.097.760**
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	449.939	17.791
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(247.017)	(209.965)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	3.456.267	2.289.934
XII.	**Total income/loss accounted for the period (X+XI)**	**2.608.155**	**3.429.604**

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders’ equity as of December 31, 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

V. Consolidated statement of changes in shareholders’ equity

	Prior Period December 31, 2012	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)[1]	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders’ equity
I.	**Period opening balance**		4.347.051	-	543.881	-	266.973	-	4.930.128	392.631	2.284.704	338.858	(114.866)	-	-	(421.304)	-	12.568.056	67.178	12.635.234
II.	**Changes in accounting policies according to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		4.347.051	-	543.881	-	266.973	-	4.930.128	392.631	2.284.704	338.858	(114.866)	-	-	(421.304)	-	12.568.056	67.178	12.635.234
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	**Increase/decrease due to the merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	1.599.013	-	-	-	-	1.599.013	595	1.599.608
VI.	**Hedging transactions funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	(253.322)	-	(253.322)	-	(253.322)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(269.366)	-	(269.366)	-	(269.366)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	16.044	-	16.044	-	16.044
VII.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Foreign exchange differences**		-	-	-	-	-	-	-	(35.070)	-	-	3.276	-	-	17.083	-	(14.711)	-	(14.711)
XI.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Effect of the changes in equity of investment in associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	**Paid in-capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	**Other**		-	-	-	-	-	-	-	269	-	-	-	-	-	-	-	269	-	269
XIX.	**Current year income or loss**		-	-	-	-	-	-	-	-	2.087.673	-	-	-	-	-	-	2.087.673	10.087	2.097.760
XX.	**Profit distribution**		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	(3.066)	(3.066)
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.066)	(3.066)
20.2	Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	**Transactions with minority**		-	-	-	-	-	-	-	-	-	(12.232)	-	-	-	-	-	(12.232)	(10.002)	(22.234)
	Period end balance (III+IV+V+…..+VIII+XIX+XX+ XXI)		4.347.051	-	543.881	-	359.847	-	6.546.849	505.721	2.087.673	753.844	1.487.423	-	-	(657.543)	-	15.974.746	64.792	16.039.538

(1) Total legal reserves and extraordinary reserves of the consolidated entities except the Parent Bank’s legal reserves and extraordinary reserves have been presented under prior period net income/ (loss).

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

V. Consolidated statement of changes in shareholders’ equity

	Current Period December 31, 2013	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) (1)	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders’ equity
I.	**Prior period-end balance**		**4.347.051**	**-**	**543.881**	**-**	**359.847**	**-**	**6.546.849**	**505.721**	**2.087.673**	**753.844**	**1.487.423**	**-**	**-**	**(657.543)**	**-**	**15.974.746**	**64.792**	**16.039.538**
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	**Increase/decrease due to the merger**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Marketable securities valuation differences**		-	-	-	-	-	-	-	-	-	-	**(1.832.122)**	-	-	-	-	**(1.832.122)**	**(380)**	**(1.832.502)**
IV.	**Hedging transactions funds (effective portion)**		-	-	-	-	-	-	-	-	-	-	-	-	-	**385.003**	-	**385.003**	-	**385.003**
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391	-	529.391
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(144.388)	-	(144.388)	-	(144.388)
V.	**Property and equipment revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Intangible assets revaluation differences**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Bonus shares from investments in associates, subsidiaries and joint ventures**		-	-	-	-	-	-	-	-	-	-	-	-	**4.503**	-	-	**4.503**	-	**4.503**
VIII.	**Foreign exchange differences**		-	-	-	-	-	-	-	**232.495**	-	-	**226.581**	-	-	**(83.695)**	-	**375.381**	-	**375.381**
IX.	**Changes due to the disposal of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(28.092)**	**(28.092)**
X.	**Changes due to the reclassification of assets**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Effect of the changes in equity of investment in associates**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	**Share premium**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	**Share cancellation profits**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	**Paid in-capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	**Other**		-	-	-	-	-	-	-	**16.581**	-	-	-	-	-	-	-	**16.581**	-	**16.581**
XVII.	**Current year income or loss**		-	-	-	-	-	-	-	-	**3.658.952**	-	-	-	-	-	-	**3.658.952**	**237**	**3.659.189**
XVIII.	**Profit distribution**		-	-	-	-	**103.939**	-	**1.504.624**	**4.909**	**(2.087.673)**	**174.201**	-	-	-	-	-	**(300.000)**	**(678)**	**(300.678)**
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	(300.000)	(678)	(300.678)
18.2	Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	474.201	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	**Transactions with minority**		-	-	-	-	-	-	-	-	-	**(61)**	-	-	-	-	-	**(61)**	**(33.352)**	**(33.413)**
	Period end balance (I+II+III+……+XVII+XVIII+XIX)		**4.347.051**	**-**	**543.881**	**-**	**463.786**	**-**	**8.051.473**	**759.706**	**3.658.952**	**927.984**	**(118.118)**	**-**	**4.503**	**(356.235)**	**-**	**18.282.983**	**2.527**	**18.285.510**

(1) Total legal reserves and extraordinary reserves of the consolidated entities except the Parent Bank’s legal reserves and extraordinary reserves have been presented under prior period net income/ (loss).

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

VI. Consolidated statement of cash flows

		Note (Section Five)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A.	**Cash flows from banking operations**			
1.1	Operating profit before changes in operating assets and liabilities		3.224.212	6.818.339
1.1.1	Interest received		10.959.486	8.263.036
1.1.2	Interest paid		(4.869.308)	(4.998.689)
1.1.3	Dividend received		11.002	1.661
1.1.4	Fees and commissions received		2.548.931	2.340.801
1.1.5	Other income		1.466.475	311.327
1.1.6	Collections from previously written-off loans and other receivables		1.226.236	1.588.590
1.1.7	Payments to personnel and service suppliers		(2.812.384)	(2.774.753)
1.1.8	Taxes paid		(522.041)	(768.750)
1.1.9	Other	VI-c	(4.784.185)	2.855.116
1.2	Changes in operating assets and liabilities		(7.195.796)	(8.390.416)
1.2.1	Net (increase)/decrease in trading securities		438.112	(287.388)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		(6.676.502)	(4.542.544)
1.2.4	Net (increase)/decrease in loans		(23.798.054)	(11.473.714)
1.2.5	Net (increase)/decrease in other assets		599.076	(415.895)
1.2.6	Net increase /(decrease) in bank deposits		923.320	(89.492)
1.2.7	Net increase /(decrease) in other deposits		16.354.669	5.051.392
1.2.8	Net increase /(decrease) in funds borrowed		4.126.020	(1.396.580)
1.2.9	Net increase /(decrease) in payables		-	-
1.2.10	Net increase /(decrease) in other liabilities	VI-c	837.563	4.763.805
I.	**Net cash flows from banking operations**		**(3.971.584)**	**(1.572.077)**
B.	**Cash flows from investing activities**			
II.	**Net cash flows from investing activities**		**(392.363)**	**444.301**
2.1	Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(259.237)	(22.236)
2.2	Cash obtained from disposal of investments in associates subsidiaries and joint ventures		1.358.266	-
2.3	Purchases of property and equipment		(305.050)	(316.509)
2.4	Disposals of property and equipment		61.846	46.126
2.5	Purchase of investments available-for-sale		(11.273.077)	(3.768.824)
2.6	Sale of investments available-for -sale		10.402.960	3.609.598
2.7	Purchase of investment securities		(504.486)	(50.325)
2.8	Sale of investment securities		126.415	946.471
2.9	Other		-	-
C.	**Cash flows from financing activities**			
III.	**Net cash flows from financing activities**		**3.175.953**	**729.130**
3.1	Cash obtained from funds borrowed and securities issued		11.659.816	7.791.928
3.2	Cash used for repayment of funds borrowed and securities issued		(8.183.185)	(7.059.732)
3.3	Issued capital instruments		-	-
3.4	Dividends paid		(300.678)	(3.066)
3.5	Payments for finance leases		-	-
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rates on cash and cash equivalents**	**VI-c**	**836.133**	**(233.440)**
V.	**Net increase / (decrase) in cash and cash equivalents (I+II+III+IV)**		**(351.861)**	**(632.086)**
VI.	**Cash and cash equivalents at beginning of the period**	**VI-a**	**10.832.289**	**11.464.375**
VII.	**Cash and cash equivalents at end of the period**	**VI-a**	**10.480.428**	**10.832.289**

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

VII. Profit appropriation statement (1), (2)

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

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

(2) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

Section Three

Accounting policies

I. Explanations on basis of presentation:

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

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

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

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

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

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

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.

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 Kredi Sigorta A.Ş. ("YKS") and Yapı Kredi Emeklilik A.Ş. ("YKE") owned by YKS, which were in the consolidation scope of the Group as of December 31, 2012, are sold to Allianz SE on July 12, 2013; resulting in loss of control over these subsidiaries however, with reinvesting to YKE (the new name "Allianz Yaşam ve Emeklilik A.Ş." ("Allianz")) with 20% share, the Group gained a significant influence on YKE.

Until the date of the sale both YKS and YKE are consolidated and their operating results and the profit from the sale are presented under the discontinued operations in the accompanying consolidated financial statements.

The share in Allianz is accounted with its fair value at the date the control is lost.

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

Accounting policies (continued)

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) December 31, 2013	Direct and indirect rates (%) December 31, 2013
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	95,36	95,36
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company [(1)]	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Parent Bank.

2. Consolidation principles of associates:

The associates are entities in which the Parent Bank participates in their capital and has significant influence on them, although the Parent Bank has no capital or management control, is established in domestic and abroad. The related associates are consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % December 31, 2013	Direct and indirect rates % December 31, 2013
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	İstanbul/Türkiye	Insurance	20,00	20,00

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 % December 31, 2013	Direct and indirect rates % December 31, 2013
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	REIT	30,45	30,45

4. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

b. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements" ("TAS 27") in the consolidated financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

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. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or the recognition of the hedged item.

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

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

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

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

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

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

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

Credit default swaps are contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract.Credit default swaps are valued daily by the valuation model of the Parent Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

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

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

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

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.

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.

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.

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.

Accounting policies (continued)

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

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 (TAS 16) "Tangible Assets". Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment.

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from financial leasing contracts are accounted under "financial lease payables".

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 the consolidated financial statements. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

Allowances for impairment of lease receivables

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Group has set this provision in accordance with the Communiqué of BRSA named "The Procedures Regarding the Provisions to Be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies" ("Provisions Communiqué") which was published in the Official Gazette dated December 24, 2013, numbered 28861. According to the Communiqué, specific provisions are set in following proportions: minimum 20% for collateralized lease receivables for which related collections are delayed between 150 and 240 days, minimum 50% for collateralized lease receivables for which related collections are delayed between 240 and 360 day and 100% for collateralized lease receivables for which related collections are delayed more than 1 year.

In accordance with the related Communiqué of Provision, the Group also recognizes specific provision even if the overdue days are less than the days stated above or receivables are not over due at all, by taking into account all the existing data regarding the creditor and based on the principals of reliability and prudence.

In the Communiqué of Provisions, it is stated that although it is not mandatory, a general provision which is not related to a specific transaction can be recognised for the losses arising from the principal or interest of lease receivables that are not over due or overdue less than 150 days but the amount of loss is not certain. In accordance with the Communiqué of Provisions, the Group sets a general provision for the lease receivables that have not been considered as doubtful yet.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

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.

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.

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 deductable 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.

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

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 December 31, 2013 are as follows:

Netherlands	25,00%
Russia	20,00%
Azerbaijan	20,00%

b. Deferred tax:

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

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

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS 12. The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

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

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

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 1.203 (December 31, 2012 - TL 1.096).

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

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.

	Current Period	Prior Period
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	2.333.177	1.990.816
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	**0,0054**	**0,0046**

	Current Period	Prior Period
Net Income/(loss) from discontinued operations to be appropriated to ordinary shareholders	1.326.012	106.944
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from discontinued operations (full TL)	**0,0030**	**0,0002**

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

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

XXIV. Related parties:

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

(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%. With the permission of Capital Markets Board ("CMB"), Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. has completed the registration process of liquidation on December 27, 2013 and from that day on received a new tittle as "Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı A.Ş.".

The Group has sold its 9.581.514.570 shares with a notional amount of full TL 95.815.145,70 representing 93,94% of its shares in YKS for full TL 1.738.931.000 to Allianz.

Yapı Kredi Finansal Kiralama A.O has bought 115.574.715 shares with a notional amount of full TL 11.557.471,5 representing %19,93 of shares of Allianz for full TL 188.107.812 on July 12, 2013.

According to the TFRS 5, above mentioned subsidiaries' activities classified as discontinued operations and the consolidated income statement as of December 31, 2012 are restated in order to present comparative presentation and are summarized in the table below.

December 31, 2012	Published	Adjustment	Restated
Interest income	10.117.090	(40.897)	10.076.193
Interest expense	(5.169.506)	(27.792)	(5.197.298)
Net interest income(I + II)	4.947.584	(68.689)	4.878.895
Net fees and commissions income	1.791.167	73.593	1.864.760
Trading gain/(loss) (net)	33.315	(3.071)	30.244
Other operating income	609.336	(254.911)	354.425
Total operating income / loss(III+IV+V+VI+VII)	7.383.063	(253.078)	7.129.985
Provision for impairment of loans and other receivables(-)	(1.400.192)	50	(1.400.142)
Other operating expenses (-)	(3.277.968)	119.329	(3.158.639)
Net operating income/(loss) (VIII+IX+X)	2.704.903	(133.700)	2.571.204
Profit/(loss) before taxes from continuing operations (XI+...+XIV)	2.722.694	(133.700)	2.588.995
Tax provision for continuing operations (±)	(624.934)	26.756	(598.179)
Net profit/loss from continuing operations (XV±XVI)	2.097.760	(106.944)	1.990.816
Income from discontinued operations	-	502.617	502.617
Expenses from discontinued operations (-)	-	(368.917)	(368.917)
Profit /losses before taxes from discontinued operations (XVIII-XIX)	-	133.700	133.700
Tax provision for discontinued operations (±)	-	(26.756)	(26.756)
Net profit/loss from discontinued operations	-	106.944	106.944

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.

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

a. The consolidated capital adequacy ratio of the Group is 15,32% (December 31,2012 – 15,19%) and the Parent Bank is 16,00% (December 31,2012 – 16,30%).

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

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

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

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

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

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

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

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

	Risk Weights								
	Consolidated								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	**29.750.165**	**7.372.153**	**20.396.563**	**34.338.963**	**76.793.949**	**3.776.678**	**6.926.484**	**827.921**	**180.182.876**
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	27.625.933	12.074	4.706.726	-	46.580	-	-	-	**32.391.313**
Conditional and unconditional receivables from regional or local governments	-	139	1.744	-	-	-	-	-	**1.883**
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	894	-	-	-	**894**
Conditional and unconditional receivables from multilateral development banks	3.211	-	-	-	-	-	-	-	**3.211**
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	**-**
Conditional and unconditional receivables from banks and brokerage houses	-	7.353.863	4.707.635	-	680.483	-	-	-	**12.741.981**
Conditional and unconditional receivables from corporates	-	2.344	42.772	-	64.847.184	121.457	-	-	**65.013.757**
Conditional and unconditional retail receivables	-	-	-	34.338.963	8.608.957	-	-	-	**42.947.920**
Conditional and unconditional receivables secured by mortgages	-	-	10.936.385	-	-	-	-	-	**10.936.385**
Past due receivables	-	-	-	-	481.000	1.024.146	-	-	**1.505.146**
Receivables defined as high risk category by the Regulator	-	-	1.301		4.759	2.631.075	6.926.484	827.921	**10.391.540**
Secured by mortgages	-	-	-	-	-	-	-	-	**-**
Securitization positions	-	-	-	-	-	-	-	-	**-**
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	**-**
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	**-**
Other receivables	2.121.021	3.733	-	-	2.124.092	-	-	-	**4.248.846**
Credit Risk Weighted Amounts	**-**	**1.474.431**	**10.198.282**	**25.754.222**	**76.793.949**	**5.665.017**	**13.852.968**	**2.069.803**	**135.808.672**

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

Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank Current Period	Consolidated Current Period	The Parent Bank Prior Period	Consolidated Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10.042.902	10.864.694	8.639.259	9.246.931
Capital requirement for market risk (MRCR)	197.468	310.892	134.553	220.278
Capital requirement for operational risk (ORCR)	802.350	910.617	746.900	854.231
Shareholders’ equity	**22.084.113**	**23.141.967**	**19.397.778**	**19.600.066**
Shareholders’ equity / (CRCR+ MRCR+ORCOR) * 12.5*100	**16,00**	**15,32**	**16,30**	**15,19**

e. Information about shareholders’ equity items:

	Current Period	Prior Period
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Adjustment to paid in capital	-	-
Share premium	543.881	543.881
Share repeal	-	-
Legal reserves	8.976.351	7.118.712
Adjustment to legal reserves	-	-
Profit	4.586.936	2.841.517
Net Current period profit	3.658.952	2.087.673
Prior period profit	927.984	753.844
Provisions for possible losses up to 25% of core capital	209.470	246.317
Profit on sale of associates, subsidiaries and buildings (1)	298.614	293.705
Primary subordinated loans	-	-
Minority shares	2.527	64.792
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	101.133	96.067
Intangible assets (-)	1.393.590	1.361.391
Deferred- assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Goodwill (Net)	-	-
Total core capital	**17.470.107**	**13.998.517**

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

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

Information related to financial position of the Group (continued)

	Current Period	Prior Period
Supplementary capital	**1.520.873**	**1.339.681**
General provisions	-	-
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	4.503	-
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary subordinated loans (2)	5.078.223	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	(172.325)	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	-	-
Total supplementary capital	**6.431.274**	**6.013.921**
Capital	**23.901.381**	**20.012.438**
Deductions from the capital	**759.414**	**412.372**
Partnership share on non-consolidated banks and financial institutions.	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	162.443	-
Banks and financial institutions to which equity method is applied, however, assets and liabilities are not consolidated	457.337	212.393
Loans extended being noncompliant with articles 50 and 51of the Law	3.221	3.190
Net book value of properties owned, exceeding 50% bank’s equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.638	6.844
Securitisations positions that is deducted-preferably-from the shareholders’ equity	-	-
Other	129.775	189.945
Total shareholders’ equity	**23.141.967**	**19.600.066**

(2) In accordance with the Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

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

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

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

Information related to financial position of the Group (continued)

II. Explanations on consolidated credit risk:

a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty can not fulfill its obligations stated in agreements where the Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

The Parent Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations. Loans and other receivables are monitored in terms of the credit worthiness of borrowers in accordance with the relevant legislation. In addition, the account status documents for new loans is controlled, and updated where if necessary.

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

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

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

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

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower.

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

Information related to financial position of the Group (continued)

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

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

Risk classifications:	Current Period Risk Amount(1)	Average Risk Amount
Conditional and unconditional receivables from central governments or central banks	35.392.165	35.250.131
Conditional and unconditional receivables from regional or local governments	1.883	1.685
Conditional and unconditional receivables from administrative units and non-commercial enterprises	894	714
Conditional and unconditional receivables from multilateral development banks	3.211	2.593
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.735.851	12.955.530
Conditional and unconditional receivables from corporates	67.042.831	64.338.469
Conditional and unconditional retail receivables	43.134.226	37.125.522
Conditional and unconditional receivables secured by mortgages	10.936.385	9.849.872
Past due receivables	1.505.146	1.304.792
Receivables defined as high risk category by the Regulator	10.396.109	9.019.065
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	4.248.846	4.653.602
Total	**185.397.547**	**174.501.975**

(1) Represents amounts before taking risk mitigating factors into considerations. Off balance sheet items are included after using the conversion factors stated in the Regulation.

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

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

Information related to financial position of the Group (continued)

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

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

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

e.
1. The proportion of the Parent Bank’s top 100 and 200 cash loan balances in total cash loans is 20% and 26%.
2. The proportion of the Parent Bank’s top 100 and 200 non-cash loan balances in total non-cash loans is 47% and 58%.
3. The proportion of the Parent Bank’s cash and non-cash loan balances with the first 100 and 200 customers comprises of 21% and 28% of total cash loans and non-cash loans.

f. The Group provided a general loan loss provision amounting to TL 1.520.873 (December 31, 2012 - TL 1.339.681).

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

Information related to financial position of the Group (continued)

ğ. Risk profile according to the geographical concentration:

	Risk Classifications(1) (2)											
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	Total
Current Period												
Domestic	35.023.621	299	894	-	5.586.695	62.207.225	43.065.060	10.910.834	1.429.909	10.395.996	4.100.088	172.720.621
EU countries	306.888	-	-	2.302	5.363.676	1.577.994	23.484	2.605	4.216	84	-	7.281.249
OECD countries(3)	-	-	-	-	251.856	62.117	835	-	24.640	-	-	339.448
Off-shore banking regions	-	-	-	-	259	-	21.055	-	-	-	-	21.314
USA, Canada	-	-	-	909	1.061.249	405.618	6.305	187	1.679	-	-	1.475.947
Other countries	61.656	1.584	-	-	472.116	2.789.877	17.487	22.759	44.702	29	141.955	3.552.165
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	6.803	6.803
Undistributed Assets / Liabilities(4)	-	-	-	-	-	-	-	-	-	-	-	-
Total	**35.392.165**	**1.883**	**894**	**3.211**	**12.735.851**	**67.042.831**	**43.134.226**	**10.936.385**	**1.505.146**	**10.396.109**	**4.248.846**	**185.397.547**

	Risk Classifications(1) (2)											
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	Total
PriorPeriod												
Domestic	32.051.168	277	4.438	-	5.311.757	58.959.712	30.815.645	8.528.549	1.169.033	7.069.530	5.133.441	**149.043.550**
EU countries	504.173	-	-	1.335	5.409.395	886.615	4.480	18.868	1.305	-	-	**6.826.171**
OECD countries(3)	14.088	-	-	-	385.837	33.553	233	-	7.280	-	-	**440.991**
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	**22.059**
USA, Canada	-	-	-	1.431	557.587	152.494	6.533	141	3	-	-	**718.189**
Other countries	35.674	1.376	-	-	413.361	1.863.285	2.272	433	10.311	-	6.393	**2.333.105**
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	6.803	**6.803**
Undistributed Assets / Liabilities(4)	-	-	-	-	-	-	-	-	-	-	-	**-**
Total	**32.605.103**	**1.653**	**4.438**	**2.766**	**12.079.698**	**61.915.949**	**30.829.171**	**8.547.991**	**1.187.932**	**7.069.530**	**5.146.637**	**159.390.868**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.

(2) Includes credit risk amounts of total exposure before credit risk mitigation.

(3) OECD Countries other than EU countries, USA and Canada.

(4) Assets and liabilities are not allocated on a consistent basis.

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

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

Information related to financial position of the Bank (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications[1],[2]													
	1	2	3	4	5	6	7	8	9	10	11	TL	FC	Total
Agricultural	-	-	-	-	-	1.624.936	951.522	237.527	26.473	94.918	-	561.724	2.373.652	2.935.376
Farming and raising livestock	-	-	-	-	-	1.522.834	803.717	207.380	22.204	90.735	-	482.156	2.164.714	2.646.870
Forestry	-	-	-	-	-	43.671	109.199	22.730	1.549	1.824	-	30.026	148.947	178.973
Fishing	-	-	-	-	-	58.431	38.606	7.417	2.720	2.359	-	49.542	59.991	109.533
Manufacturing	-	162	20	-	-	36.542.194	10.984.727	2.259.217	670.257	262.776	4.188	32.834.656	17.888.885	50.723.541
Mining	-	-	-	-	-	7.279.169	1.460.337	241.586	201.718	14.592	43	6.322.856	2.874.589	9.197.445
Production	-	162	12	-	-	22.322.426	8.997.694	1.926.544	457.908	245.274	4.145	19.597.904	14.356.261	33.954.165
Electric, gas and water	-	-	8	-	-	6.940.599	526.696	91.087	10.631	2.910	-	6.913.896	658.035	7.571.931
Construction	5	101	-	-	-	7.881.110	4.311.708	1.186.609	107.794	48.017	-	7.090.305	6.445.039	13.535.344
Services	34.958.345	60	627	909	9.527.882	15.962.681	7.129.156	1.632.662	212.180	272.174	2.798.688	39.602.232	32.893.132	72.495.364
Wholesale and retail trade	-	1	3	-	73.158	4.910.077	3.454.241	621.807	43.833	106.106	-	2.824.943	6.384.283	9.209.226
Hotel, food and beverage services	-	-	18	-	-	1.677.200	945.099	492.967	20.376	40.058	-	2.131.451	1.044.267	3.175.718
Transportation and telecommunication	-	-	2	-	-	4.271.773	1.072.039	174.960	45.964	52.104	-	4.021.299	1.595.543	5.616.842
Financial institutions	34.958.345	7	8	909	9.449.673	3.096.871	316.185	41.950	28.716	10.413	2.795.935	29.042.730	21.656.282	50.699.012
Real estate and renting services	-	-	-	-	-	204.663	121.126	24.807	2.181	5.636	-	184.099	174.314	358.413
Self-employement services	-	-	-	-	-	341.996	342.009	61.117	46.023	20.036	95	235.500	575.776	811.276
Education services	-	-	416	-	-	40.999	133.528	22.249	1.543	3.601	-	16.535	185.801	202.336
Health and social services	-	52	180	-	5.051	1.419.102	744.929	192.805	23.544	34.220	2.658	1.145.675	1.276.866	2.422.541
Other	433.815	1.560	247	2.302	3.207.969	5.031.910	19.757.113	5.620.370	488.442	9.718.224	1.445.970	7.039.428	38.668.494	45.707.922
Total	**35.392.165**	**1.883**	**894**	**3.211**	**12.735.851**	**67.042.831**	**43.134.226**	**10.936.385**	**1.505.146**	**10.396.109**	**4.248.846**	**87.128.345**	**98.269.202**	**185.397.547**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.

(2) Includes credit risk amounts of total exposure before credit risk mitigation.

1- Claims on sovereigns and Central Banks
2- Claims on regional governments or local authorities
3- Claims on administrative bodies and other non-commercial undertakings
4- Claims on multilateral development banks
5- Claims on banks and intermediary institutions
6- Claims on corporates
7- Claims included in the regulatory retail portfolios
8- Claims secured by residential property
9- Past due loans
10- Higher risk categories decided by the Board
11- Other receivables

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

Information related to financial position of the Group (continued)

h. Risk profile according to remaining maturities:

Risk classifications[1]	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Total
Conditional and unconditional receivables from central governments or central banks	17.387.835	1.674.262	334.618	894.482	15.074.509	**35.365.706**
Conditional and unconditional receivables from regional or local governments	-	-	299	1.584	-	**1.883**
Conditional and unconditional receivables from administrative units and non-commercial enterprises	314	-	501	-	79	**894**
Conditional and unconditional receivables from multilateral development banks	725	204	1.044	1.238	-	**3.211**
Conditional and unconditional receivables from international organizations	-	-	-	-	-	**-**
Conditional and unconditional receivables from banks and brokerage houses	3.671.352	1.419.018	1.979.717	417.140	2.392.222	**9.879.449**
Conditional and unconditional receivables from corporates	6.481.625	5.926.710	14.741.329	7.547.553	32.345.614	**67.042.831**
Conditional and unconditional retail receivables	1.001.996	3.111.751	12.308.184	3.693.680	21.922.583	**42.038.194**
Conditional and unconditional receivables secured by mortgages	172.658	347.333	691.414	569.395	9.155.585	**10.936.385**
Past due receivables	16.319	36.936	65.480	26.491	196.596	**341.822**
Receivables defined as high risk category by the Regulator	226	646	18.292	1.988.424	8.388.521	**10.396.109**
Secured by mortgages	-	-	-	-	-	**-**
Securitization positions	-	-	-	-	-	**-**
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	**-**
Investments similar to collective investment funds	-	-	-	-	-	
Other receivables	32.249	-	4.129	-	-	**36.378**
General Total	**28.765.299**	**12.516.860**	**30.145.007**	**15.139.987**	**89.475.709**	**176.042.862**

(1) Includes credit risk amounts of total exposure before credit risk mitigation

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

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

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

Information related to financial position of the Group (continued)

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

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

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

Information related to financial position of the Group (continued)

i. Risk balances according to risk weights:

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

	Risk Weights	0%	20%	50%	75%	100%	150%	200%	%250	Total	Deductions from the shareholders' equity
1	Total exposure before credit risk mitigation	29.720.413	7.444.370	23.345.989	34.525.271	78.825.910	3.779.445	6.928.228	827.921	185.397.547	759.414
2	Total exposure after credit risk mitigation	29.750.165	7.372.153	20.396.563	34.338.963	76.793.949	3.776.678	6.926.484	827.921	180.182.876	759.414

j. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; “Specific Provision” is set aside in the accompanying financial statements as of December 31, 2013.

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; “General Provision” is set aside in the accompanying financial statements as of December 31, 2013.

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
Agricultural	**102.476**	**139.800**	**11.548**	**66.784**
Farming and raising livestock	92.815	126.252	10.145	60.788
Forestry	5.843	3.852	543	3.885
Fishing	3.818	9.696	860	2.111
Manufacturing	**1.264.195**	**499.732**	**227.363**	**839.189**
Mining	54.970	11.170	13.271	35.803
Production	1.200.659	476.360	213.468	797.492
Electric, gas and water	8.566	12.202	624	5.894
Construction	**293.417**	**267.002**	**48.963**	**160.120**
Services	**606.105**	**497.502**	**54.804**	**421.342**
Wholesale and retail trade	280.074	181.593	26.941	182.056
Hotel, food and beverage services	48.725	79.761	3.720	28.486
Transportation and telecommunication	125.677	162.080	10.518	100.490
Financial institutions	25.991	11.468	4.616	14.812
Real estate and renting services	67.728	13.395	1.385	54.206
Self-employment services	-	-	-	-
Education services	5.247	6.005	331	3.340
Health and social services	52.663	43.200	7.293	37.952
Other	**1.700.993**	**1.221.484**	**75.492**	**1.031.356**
Total	**3.967.186**	**2.625.520**	**418.170**	**2.518.791**

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

Information related to financial position of the Group (continued)

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

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

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

		Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments[1]	Close out balance
1	Specific provisions	1.597.914	1.107.823	(47.742)	(212.994)	2.445.001
2	General provisions	1.339.681	233.042	(58.978)	7.128	1.520.873

(1) Figure represents the written off loans, foreign exchange differences and also includes non performing loan sales.

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

Information related to financial position of the Group (continued)

III. Explanations on consolidated market risk:

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

In order to comply with the regulations, the Parent Bank set its activities related with market risk management in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

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

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

(1) Explanations on consolidated market risk:

a. Information on market risk:

		Current Period	Prior Period
(I)	Capital requirement against general market risk - standard method	65.237	28.424
(II)	Capital requirement against specific risks - standard method	40.521	28.588
	Capital requirement against specific risks of securitization positions– standard method	-	-
(III)	Capital requirement against currency exchange risk - standard method	120.679	139.660
(IV)	Capital requirement against commodity risks - standard method	667	3.024
(V)	Capital requirement against exchange risks - standard method	-	-
(VI)	Capital requirement against market risks of options - standard method	6.308	1.277
(VII)	Capital requirement against counterparty credit risks - standard method	77.480	19.305
(VIII)	Capital requirement against market risks of banks applying risk measurement model	-	-
(IX)	Total capital requirement against market risk (I+II+III+IV+V+VI+VII+VIII)	310.892	220.278
(X)	**Value-at-market risk ((12.5*VIII) or (12.5*IX))**	**3.886.150**	**2.753.475**

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

Information related to financial position of the Group (continued)

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

	Current Period			Prior Period		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Interest rate risk	53.268	66.725	35.987	24.539	28.424	20.653
Share price risk	43.410	71.561	22.150	27.076	28.588	25.564
Currency risk	157.521	215.201	120.679	83.764	139.660	27.868
Commodity risk	1.354	2.565	667	2.513	3.024	2.002
Settlement risk	-	-	-	-	-	-
Option risk	2.049	6.308	318	828	1.277	379
Counterparty credit risk	46.576	77.480	16.702	23.056	26.807	19.305
Total amount subject to risk	**304.178**	**439.840**	**196.503**	**161.776**	**227.780**	**95.771**

(2) Quantitative information on counterparty risk;

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

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

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

Information related to financial position of the Group (continued)
The Bank uses the same policy and procedures applicable to credit collateral and provisioning for counterparty credit risk.

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

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

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

Total counterparty credit risk from trading activities is TL 968.500 for the year ended December 31, 2013.

	Current Period [1]	Prior Period
Interest rate contracts	182.300	56.795
Foreign exchange rate contracts	3.082.637	538.089
Commodity contracts	3.708	-
Equity shares related contracts	52.943	6.768
Other	2.080	-
Gross Positive Fair Value	998.783	291.112
Netting benefits	-	-
Net current exposure amount	-	-
Collateral received	-	-
Net derivative position	998.783	291.112

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

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

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

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

Information related to financial position of the Group (continued)

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on “Basic Indicator Method” by using 2012, 2011 and 2010 year-end gross income balances of the Bank, in accordance with Section 4 of the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely “The Calculation of the Amount Subject to Operational Risk”. As of December 31, 2013, the total amount subject to operational risk is TL 11.382.718 (December 31, 2012 - TL 10.677.893) and the amount of the related capital requirement is TL 910.617 (December 31, 2012 - TL 854.231).

	2 Prior Period value	1 Prior Period value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5.773.505	5.390.463	7.048.382	6.070.783	15	910.617
Amount subject to operational risk (Total*12,5)						11.382.718

V. Explanations on consolidated currency risk:

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

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

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

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

(Exchange rates presented as full TL)

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

(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[4]	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.631.298	7.934.630	3.094.346	17.660.274
Banks	1.415.402	1.675.151	402.482	3.493.035
Financial assets at fair value through profit or loss	75.037	116.992	1.806	193.835
Money market placements	48.453	-	-	48.453
Available-for-sale financial assets	375.958	3.472.618	67.284	3.915.860
Loans [1]	12.460.359	25.585.053	1.018.480	39.063.892
Investments in associates, subsidiaries and joint ventures	-	-	253.462	253.462
Held-to-maturity investments	400.555	2.911.385	-	3.311.940
Hedging derivative financial assets	-	4.808	-	4.808
Tangible assets	1.935	-	44.283	46.218
Intangible assets	-	-	-	-
Other assets [2]	2.715.240	1.799.200	246.524	4.760.964
Total assets	**24.124.237**	**43.499.837**	**5.128.667**	**72.752.741**
Liabilities				
Bank deposits	490.020	405.759	21.431	917.210
Foreign currency deposits	15.464.682	25.451.394	2.178.452	43.094.528
Funds from money market	-	3.143.784	-	3.143.784
Funds borrowed from other financial institutions	9.443.867	7.656.733	141.489	17.242.089
Marketable securities issued	1.254.482	5.490.929	17.655	6.763.066
Miscellaneous payables	1.197.439	359.971	20.206	1.577.616
Hedging derivative financial liabilities	85.582	270.240	-	355.822
Other liabilities[3]	2.345.302	5.026.045	10.573	7.381.920
Total liabilities	**30.281.374**	**47.804.855**	**2.389.806**	**80.476.035**
Net on balance sheet position[5]	**(6.157.137)**	**(4.305.018)**	**2.738.861**	**(7.723.294)**
Net off balance sheet position	**6.679.854**	**4.310.856**	**(2.254.260)**	**8.736.450**
Financial derivative assets	9.972.379	19.485.667	1.599.119	31.057.165
Financial derivative liabilities	3.292.525	15.174.811	3.853.379	22.320.715
Net position	**522.717**	**5.838**	**484.601**	**1.013.156**
Non-cash loans	**9.460.817**	**13.877.395**	**1.850.746**	**25.188.958**
December 31, 2012				
Total assets	15.002.997	36.300.397	3.547.096	54.850.490
Total liabilities	21.591.823	32.878.321	2.230.009	56.700.153
Net on-balance sheet position	**(6.588.826)**	**3.422.076**	**1.317.087**	**(1.849.663)**
Net off-balance sheet position	**6.793.461**	**(2.450.573)**	**(1.125.486)**	**3.217.402**
Financial derivative assets	8.414.043	8.012.504	498.265	16.924.812
Financial derivative liabilities	1.620.582	10.463.077	1.623.751	13.707.410
Net position	**204.635**	**971.503**	**191.601**	**1.367.739**
Non-cash loans	**6.646.932**	**10.302.197**	**319.151**	**17.268.280**

(1) Includes FX indexed loans amounting to TL 4.714.007 (December 31, 2012 - TL 3.221.773) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 60.634 (December 31, 2012 - TL 42.186).
(3) Does not include foreign currency denominated general provisions for foreign currencies, hedged funds and marketable securities valuation differences under equity.
(4) Other FC column also includes gold balance.
(5) Forward transactions classified as commitments are also included.
(6) In accordance with the principles of the "Regulation on the calculation and implementation of foreign currency net general position/equity standard ratio by banks on consolidated and non-consolidated basis" foreign currency intangible assets amounted TL 12.957 is not considered in the calculation.

Information related to financial position of the Group (continued)

Currency risk sensitivity analysis [(1)]:

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

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

	Current Period	Prior Period
Change in currency exchange rates[(1)]	**Profit/loss effect [(2)]**	**Profit/loss effect [(2)]**
(+) 15%	(67.460)	(27.818)
(-) 15%	67.460	27.818

(1) Disclosed above is that of the Parent Bank.
(2) Excluding tax effect.

VI. Explanations on consolidated interest rate risk:

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

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

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

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

Information related to financial position of the Group (continued)

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

Curret Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	18.990.749	18.990.749
Banks	1.576.200	595.363	160.720	268.580	-	1.408.263	4.009.126
Financial assets at fair value through profit/loss	608.910	302.170	646.595	78.505	16.094	70.890	1.723.164
Money market placements	2.928.447	-	-	-	-	-	2.928.447
Available-for-sale financial assets	1.480.255	1.812.665	3.020.550	3.394.855	3.376.746	124.291	13.209.362
Loans	21.973.749	23.795.066	27.748.966	19.201.312	6.716.765	1.188.072	100.623.930
Held-to-maturity investments	428.297	1.858.200	1.379.856	213.437	3.009.813	-	6.889.603
Other assets	1.858.357	868.024	1.674.081	2.093.455	291.986	5.149.560	11.935.463
Total assets	**30.854.215**	**29.231.488**	**34.630.768**	**25.250.144**	**13.411.404**	**26.931.825**	**160.309.844**
Liabilities							
Bank deposits	593.418	668.674	436.095	134.031	-	540.702	2.372.920
Other deposits	51.418.875	13.295.777	6.169.525	964.820	333.389	13.926.475	86.108.861
Funds from money market	3.085.947	1.558.317	673.882	287.140	-	-	5.605.286
Miscellaneous payables	-	-	-	-	-	7.268.299	7.268.299
Marketable securities issued	42.903	914.694	2.459.188	3.649.025	1.357.033	-	8.422.843
Funds borrowed from other financial institutions	4.382.703	8.251.969	5.071.658	1.361.128	224.109	-	19.291.567
Other liabilities and shareholders' equity	307.644	4.132.076	3.274.692	35.018	3.001	23.487.637	31.240.068
Total liabilities	**59.831.490**	**28.821.507**	**18.085.040**	**6.431.162**	**1.917.532**	**45.223.113**	**160.309.844**
Balance sheet long position	**-**	**409.981**	**16.545.728**	**18.818.982**	**11.493.872**	**-**	**47.268.563**
Balance sheet short position	**(28.977.275)**	**-**	**-**	**-**	**-**	**(18.291.288)**	**(47.268.563)**
Off-balance sheet long position	5.300.906	10.419.510	424.881	-	-	-	16.145.297
Off-balance sheet short position	-	-	-	(14.324.820)	(1.247.341)	-	(15.572.161)
Total position	**(23.676.369)**	**10.829.491**	**16.970.609**	**4.494.162**	**10.246.531**	**(18.291.288)**	**573.136**

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	11.487.948	11.487.948
Banks	2.392.151	432.471	554.909	234.203	-	1.728.763	5.342.497
Financial assets at fair value through profit/loss	143.366	129.234	226.709	131.175	297.895	74.616	1.002.995
Money market placements	2.664.118	109.118	-	-	-	-	2.773.236
Available-for-sale financial assets	1.687.065	1.608.723	2.450.574	3.206.361	6.679.098	18.627	15.650.448
Loans	17.633.269	18.762.035	20.163.124	15.503.331	4.821.813	1.905.275	78.788.847
Held-to-maturity investments	17.390	1.614.522	1.462.174	326.880	2.406.728	-	5.827.694
Other assets	1.565.677	733.369	981.945	1.489.414	123.421	5.730.270	10.624.096
Total assets	**26.103.036**	**23.389.472**	**25.839.435**	**20.891.364**	**14.328.955**	**20.945.499**	**131.497.761**
Liabilities							
Bank deposits	173.294	363.879	406.122	124.776	66.040	315.172	1.449.283
Other deposits	42.197.427	12.674.271	2.692.833	669.909	9.385	11.450.283	69.694.108
Funds from money market	4.871.821	1.601.854	-	-	-	-	6.473.675
Miscellaneous payables	31	-	-	-	-	5.775.451	5.775.482
Marketable securities issued	170.578	1.673.832	1.233.009	869.086	-	-	3.946.505
Funds borrowed from other financial institutions	1.528.821	3.746.112	6.369.533	2.032.146	617.719	-	14.294.331
Other liabilities and shareholders' equity	319.467	2.780.837	1.750.754	350.692	1.877.374	22.785.253	29.864.377
Total liabilities	**49.261.439**	**22.840.785**	**12.452.251**	**4.046.609**	**2.570.518**	**40.326.159**	**131.497.761**
Balance sheet long position	-	548.687	13.387.184	16.844.755	11.758.437	-	42.539.063
Balance sheet short position	(23.158.403)	-	-	-	-	(19.380.660)	(42.539.063)
Off-balance sheet long position	4.790.681	13.604.142	-	-	-	-	18.394.823
Off-balance sheet short position	-	-	(1.488.734)	(16.149.146)	(1.356.983)	-	(18.994.863)
Total position	**(18.367.722)**	**14.152.829**	**11.898.450**	**695.609**	**10.401.454**	**(19.380.660)**	**(600.040)**

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

Information related to financial position of the Group (continued)

b. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets[1]				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,01	-	-	-
Banks	2,43	1,22	-	8,18
Financial assets at fair value through profit/loss	2,34	4,59	-	8,53
Money market placements	0,50	-	-	8,48
Available-for-sale financial assets	5,41	6,75	-	9,36
Loans	4,88	4,97	4,93	12,35
Held-to-maturity investments	4,26	5,47	-	8,93
Liabilities [1]				
Bank deposits	1,38	2,03	-	8,02
Other deposits	2,76	2,86	2,72	9,05
Funds from money market	-	0,89	-	9,01
Miscellaneous payables	-	-	-	-
Marketable securities issued	1,50	4,55	-	8,13
Funds borrowed from other financial institutions	2,05	3,38	2,99	8,90

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

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

Information related to financial position of the Group (continued)

Prior Period	EUR	USD	Yen	TL
Assets[(1)]	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	0,15	-	-	-
Banks	0,68	2,17	-	7,92
Financial assets at fair value through profit/loss	0,89	3,80	-	6,81
Money market placements	-	0,60	-	6,16
Available-for-sale financial assets	4,49	7,05	-	9,16
Loans	5,24	5,15	4,40	12,48
Held-to-maturity Investments	4,68	5,51	-	8,97
Liabilities [(1)]				
Bank deposits	3,49	0,90	-	6,23
Other deposits	2,98	2,95	0,30	8,34
Funds from money market	0,71	1,41	-	6,21
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,34	3,81	2,46	8,29

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

c. Interest rate risk arising from banking accounts:

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

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

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

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

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

Currency[(1)]	Applied shock (+/- x basis points)	Gains/Losses	Gains/SE-Losses/SE
TRY	(+)500 bp	(1.811.334)	%(8,14)
TRY	(-)400 bp	1.766.615	%7,94
EUR	(+)200 bp	(76.652)	%(0,34)
EUR	(-)200 bp	90.661	%0,41
USD	(+)200 bp	196.480	%0,88
USD	(-)200 bp	(142.278)	%(0,64)
Total (for negative shock)		**1.714.998**	**%7,77**
Total (for positive shock)		**(1.691.507)**	**% (7,66)**

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

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 December 31, 2013.

2. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals:

None.

VIII. Explanations on consolidated liquidity risk:

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

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

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

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

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

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

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

Information related to financial position of the Group (continued)

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

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

(1)The table disclosed above is that of the Parent Bank.

Breakdown of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1) (2)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	4.029.665	14.961.084	-	-	-	-	-	18.990.749
Banks	1.408.263	1.576.204	595.357	160.734	268.568	-	-	4.009.126
Financial assets at fair value through profit or loss	50.171	497.914	249.427	549.025	280.910	74.998	20.719	1.723.164
Money market placements	-	2.928.447	-	-	-	-	-	2.928.447
Available-for-sale financial assets	86.518	608.100	61.296	520.642	4.974.043	6.920.990	37.773	13.209.362
Loans	-	15.379.843	11.299.609	21.776.855	29.905.453	21.074.098	1.188.072	100.623.930
Held-to-maturity Investments	-	5.652	1.585.455	789.062	1.226.876	3.282.558	-	6.889.603
Other assets(1)	1.906.912	1.617.348	922.823	1.675.542	2.402.896	367.273	3.042.669	11.935.463
Total assets	**7.481.529**	**37.574.592**	**14.713.967**	**25.471.860**	**39.058.746**	**31.719.917**	**4.289.233**	**160.309.844**
Liabilities								
Bank deposits	540.702	593.418	668.674	436.095	134.031	-	-	2.372.920
Other deposits	13.926.475	51.267.855	13.299.401	6.169.661	1.112.080	333.389	-	86.108.861
Funds borrowed from other financial institutions	-	1.547.081	632.124	10.547.410	4.954.997	1.609.955	-	19.291.567
Funds from money market	-	3.085.947	1.558.317	673.882	287.140	-	-	5.605.286
Marketable securities issued	-	42.903	883.533	1.996.491	4.142.883	1.357.033	-	8.422.843
Miscellaneous payables	1.506.565	5.475.320	140.546	138.864	384	46	6.574	7.268.299
Other liabilities(2)	273.547	473.615	287.967	904.727	3.721.377	4.953.467	20.625.368	31.240.068
Total liabilities	**16.247.289**	**62.486.139**	**17.470.562**	**20.867.130**	**14.352.892**	**8.253.890**	**20.631.942**	**160.309.844**
Net liquidity gap	**(8.765.760)**	**(24.911.547)**	**(2.756.595)**	**4.604.730**	**24.705.854**	**23.466.027**	**(16.342.709)**	**-**
Prior Period								
Total assets	7.530.823	29.798.398	10.068.427	21.920.922	32.417.757	25.743.070	4.018.364	131.497.761
Total liabilities	12.861.831	53.708.314	15.709.770	13.431.360	11.564.588	4.795.814	19.426.084	131.497.761
Net liquidity gap	**(5.331.008)**	**(23.909.916)**	**(5.641.343)**	**8.489.562**	**20.853.169**	**20.947.256**	**(15.407.720)**	**-**

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

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

Information related to financial position of the Group (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

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

Current Period[1]	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	68.537.766	14.643.476	6.818.324	1.363.732	421.669	91.784.967
Funds borrowed from other financial institutions	1.576.953	680.871	10.768.294	4.998.264	1.655.275	19.679.657
Funds from money market	3.096.150	1.567.308	678.563	298.811	-	5.640.832
Subordinated loans	-	75.410	287.226	3.277.800	5.465.517	9.105.953
Marketable securities issued	64.493	919.819	2.115.859	4.722.781	1.421.062	9.244.014
Total	**73.275.362**	**17.886.884**	**20.668.266**	**14.661.388**	**8.963.523**	**135.455.423**

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

Prior Period[1]	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	54.142.891	13.250.322	3.220.517	1.122.603	83.901	71.820.234
Funds borrowed from other financial institutions	1.389.694	673.331	8.081.360	3.734.421	1.316.431	15.195.237
Funds from money market	4.883.739	1.605.242	-	-	-	6.488.981
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	219.245	1.247.226	2.540.568	112.173	4.289.790
Total	**60.586.902**	**15.790.378**	**12.809.772**	**10.918.280**	**5.130.746**	**105.236.078**

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

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

Information related to financial position of the Group (continued)

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.

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

Information related to financial position of the Group (continued)

Information about guarantees according to risk classifications:

Risk classifications	Amount [1]	Financial guarrantees[2]	Other / Physical guarrantees[2]	Guarantees and credit derivatives[2]
Conditional and unconditional receivables from central governments or central banks	36.074.804	3.134.436	-	-
Conditional and unconditional receivables from regional or local governments	2.459	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.037	-	-	-
Conditional and unconditional receivables from multilateral development banks	170.744	-	-	-
Conditional and unconditional receivables from international organizations		-	-	-
Conditional and unconditional receivables from banks and brokerage houses	32.472.986	87.516	-	-
Conditional and unconditional receivables from corporates	175.302.802	3.098.035	-	77.605
Conditional and unconditional retail receivables	125.197.377	222.959	-	22.709
Conditional and unconditional receivables secured by mortgages	11.196.714	-	-	-
Past due receivables	1.505.146	5.868	-	-
Receivables defined in high risk category by the Regulator	10.467.959	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	4.248.847	-	-	-
Total	**396.652.875**	**6.548.814**	**-**	**100.314**

(1) Figures represent the total amount of credit risks prior to the risk mitigating calculations as per the "Regulation on Credit Risk Mitigation Techniques".

(2) Figures represent the total amount of collaterals which are taken into consideration for the risk mitigating calculations. Other risk reducing items are not included in this table such as; mortgages, pledges, guarantees and warranties.

(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:

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Group. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	**127.660.468**	**108.382.722**	**129.086.493**	**110.127.482**
Due from money market	2.928.447	2.773.236	2.928.447	2.773.236
Banks	4.009.126	5.342.497	4.017.743	5.366.421
Available-for-sale financial assets	13.209.362	15.650.448	13.209.362	15.650.448
Held-to-maturity investments	6.889.603	5.827.694	6.888.193	6.192.442
Loans	100.623.930	78.788.847	102.042.748	80.144.935
Financial liabilities	**129.945.471**	**100.355.351**	**130.146.903**	**101.538.028**
Bank deposits	2.372.920	1.449.283	2.378.151	1.546.848
Other deposits	86.108.861	69.694.108	86.180.373	69.694.108
Funds borrowed from other financial institutions	19.291.567	14.294.331	19.307.177	14.377.989
Subordinated loans	6.480.981	5.195.642	6.556.485	6.166.951
Marketable securities issued	8.422.843	3.946.505	8.456.418	3.976.650
Miscellaneous payables	7.268.299	5.775.482	7.268.299	5.775.482

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

Information related to financial position of the Group (continued)

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

TFRS 7, "Financial Instruments: Disclosures", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**125.857**	**1.597.307**	**-**	**1.723.164**
Government debt securities	54.967	-	-	54.967
Share certificates	20.719	-	-	20.719
Trading derivative financial assets	-	1.596.112	-	1.596.112
Other marketable securities	50.171	1.195	-	51.366
Available-for-sale financial assets	**11.389.340**	**1.813.832**	-	**13.203.172**
Government debt securities	11.278.626	-	-	11.278.626
Other marketable securities(1)	110.714	1.813.832	-	1.924.546
Hedging derivative financial assets	**-**	**467.627**	**-**	**467.627**
Total assets	**11.515.197**	**3.878.766**	**-**	**15.393.963**
Trading derivative financial liabilities	-	863.633	-	863.633
Hedging derivative financial liabilities	-	386.395	-	386.395
Total liabilities	**-**	**1.250.028**	**-**	**1.250.028**

(1) As of December 31, 2013, non-listed share certificates accounted at cost in accordance with TAS 39 amounting to TL 6.190 is not included.

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

Information related to financial position of the Group (continued)

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	**565.441**	**437.554**	**-**	**1.002.995**
Government debt securities	493.996	-	-	493.996
Share certificates	31.365	3.350	-	34.715
Trading derivative financial assets	-	420.483	-	420.483
Other marketable securities	40.080	13.721	-	53.801
Available-for-sale financial assets	**13.967.588**	**1.664.233**	**-**	**15.631.821**
Government debt securities	13.704.705	5.740	-	13.710.445
Other marketable securities(1)	262.883	1.658.493	-	1.921.376
Hedging derivative financial assets	**-**	**94.166**	**-**	**94.166**
Total assets	**14.533.029**	**2.195.953**	**-**	**16.728.982**
Trading derivative financial liabilities	-	384.481	-	384.481
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	**-**	**1.289.168**	**-**	**1.289.168**

(1) As of December 31, 2012, non-listed share certificates accounted at cost in accordance with TAS 39 amounting to TL 18.627 is not included.

In the current year, there is no transfer between Level 1 and Level 2.

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of December 31, 2013:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

Cross currency interest rate swaps are used as hedging instrument in FVH and interest rate swaps are used as hedging instrument in CFH.

Contractual amounts and the fair values as at December 31, 2013 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional(1)	**Asset**	**Liability**	**Notional(1)**	**Asset**	**Liability**
Hedging instrument						
Interest rate swap	17.508.859	160.252	386.395	18.479.953	170	814.454
Cross currency interest rate swap	1.104.763	307.375	-	1.772.858	93.996	90.233
Total	**18.613.622**	**467.627**	**386.395**	**20.252.811**	**94.166**	**904.687**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 19.015.071 (December 31, 2012 - TL 20.528.904) the total notional of derivative financial assets amounting to TL 37.628.693 (December 31, 2012 - TL 40.781.715) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

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(1)	Net fair value of the(2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(5.113)	307.375	-	(153.748)

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.

(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.

(3) The ineffective portion of the mentioned hedging transaction is TL 10.397.

Priod Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value of the hedged item(1)	Net fair value of the (2)		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses)(3)
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.

(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.

(3) The ineffective portion of the mentioned hedging transaction is TL 5.689.

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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(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	160.252	386.395	(115.117)	445.696

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 434.

Priod Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds(1)	Net gain/(loss) reclassified to equity(2)(3)
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

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 December 31, 2013 is EUR 275 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 241.119 net-off tax (December 31, 2012 - TL 96.731 foreign exchange loss), on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

XIV. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no fiduciary transactions.

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 managemet's results, operations of supporting business units and other unallocated transactions.

The below table is prepared in accordance with the Management Information System (MIS) data of the Bank.

Major balance sheet and income statement items based on operating segments:

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance Business	Treasury, Asset-Liability Management and Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue continuing	3.041.777	1.705.313	159.474	194.003	790.654	-	2.331.393	(187.099)	8.035.515
Operating expenses continuing	(2.522.807)	(470.916)	(72.996)	(106.292)	(180.820)	-	(1.747.698)	6.062	(5.095.467)
Net operating income continuing	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**583.695**	**(181.037)**	**2.940.048**
Dividend income (2)	-	-	-	-	-	-	15.243	-	15.243
Income/Loss from Investments accounted based on equity method							7.688	-	7.688
Profit before tax	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**606.626**	**(181.037)**	**2.962.979**
Tax expense(2)	-	-	-	-	-	-	(629.802)	-	(629.802)
Net period income from continuing operations	518.970	1.234.397	86.478	87.711	609.834	-	**(23.176)**	**(181.037)**	**2.333.177**
Minority interest (-)	-	-	-	-	-	-	(237)	-	(237)
Net period income from discontinued operations	-	-	-	-	-	-	1.326.012	-	1.326.012
Group income/loss	**518.970**	**1.234.397**	**86.478**	**87.711**	**609.834**	**-**	**1.302.599**	**(181.037)**	**3.658.952**
Segment assets (3)	47.229.794	41.802.945	177.420	6.151.505	9.992.267	-	57.237.856	(2.746.083)	159.845.704
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	464.140	-	464.140
Total assets	**47.229.794**	**41.802.945**	**177.420**	**6.151.505**	**9.992.267**	**-**	**57.701.996**	**(2.746.083)**	**160.309.844**
Segment liabilities (3)	34.135.357	35.600.735	18.846.849	5.007.946	8.235.977	-	42.989.422	(2.791.952)	142.024.334
Shareholders' equity	-	-	-	-	-	-	18.285.510	-	18.285.510
Total liabilities	**34.135.357**	**35.600.735**	**18.846.849**	**5.007.946**	**8.235.977**	**-**	**61.274.932**	**(2.791.952)**	**160.309.844**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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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 Business	Treasury, Asset-Liability Management and Other	Consolidation adjustments (1)	Total operations of the Group
Operating revenue continuing	3.003.309	1.565.201	123.909	159.724	434.233	-	1.859.786	(17.838)	7.128.324
Operating expenses continuing	(2.283.382)	(424.478)	(67.650)	(72.831)	(173.799)	-	(1.510.830)	(25.811)	(4.558.781)
Net operating income continuing	719.927	1.140.723	56.259	86.893	260.434	**-**	**348.956**	**(43.649)**	**2.569.543**
Dividend income (2)	-	-	-	-	-	-	1.661	-	1.661
Income/Loss from Investments accounted based on equity method(4)	-	-	-	-	-	-	17.791	-	17.791
Profit before tax	719.927	1.140.723	56.259	86.893	260.434	**-**	**368.408**	**(43.649)**	**2.588.995**
Tax expense (2)	-	-	-	-	-	-	(598.179)	-	(598.179)
Net period income from continuing operations	719.927	1.140.723	56.259	86.893	260.434	**-**	**(229.771)**	**(43.649)**	**1.990.816**
Minority interest (-)	-	-	-	-	-		(10.087)	-	(10.087)
Net period income from discontinued operations	-	-	-	-	-	106.944	-	-	106.944
Group income/loss	**719.927**	**1.140.723**	**56.259**	**86.893**	**260.434**	**106.944**	**(239.858)**	**(43.649)**	**2.087.673**
Segment assets (3)	38.170.950	31.191.828	169.225	4.955.523	7.149.217	2.019.163	48.760.496	(1.137.837)	131.278.565
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	219.196	-	219.196
Total assets	**38.170.950**	**31.191.828**	**169.225**	**4.955.523**	**7.149.217**	**2.019.163**	**48.979.692**	**(1.137.837)**	**131.497.761**
Segment liabilities (3)	30.189.733	25.936.583	17.125.662	4.095.876	5.626.880	1.578.500	32.066.188	(1.161.199)	115.458.223
Shareholders' equity	-	-	-	-	-	-	16.039.538	-	16.039.538
Total liabilities	**30.189.733**	**25.936.583**	**17.125.662**	**4.095.876**	**5.626.880**	**1.578.500**	**48.105.726**	**(1.161.199)**	**131.497.761**

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
(2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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

Section five

Explanations and notes related to consolidated financial statements

I. Explanations and notes related to consolidated assets:

a. Information related to cash and the account of the Central Bank:

1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Cash	1.287.182	519.407	1.206.771	339.996
The CBRT[(1)]	43.293	16.984.910	414.040	9.147.081
Other	-	155.957	1	380.059
Total	**1.330.475**	**17.660.274**	**1.620.812**	**9.867.136**

(1) The balance of gold amounting to TL 2.923.543 is accounted for under the Central Bank foreign currency account (December 31, 2012 – TL 1.398.753).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Demand unrestricted amount [(1)]	43.293	2.023.825	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement[(2)]	-	14.961.085	-	7.830.548
Total	**43.293**	**16.984.910**	**414.040**	**9.147.081**

(1) The TL reserve requirement has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA letter as of January 3, 2008.

(2) The Bank keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits".

As of December 31, 2013, the Group's reserve deposits, including those at foreign banks, amount to TL 17.068.838 (December 31, 2012 - TL 9.591.973).

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

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	79.156	19.853	53.199	13.903
Swap transactions[1]	1.188.546	125.987	226.076	95.622
Futures transactions	-	-	-	-
Options	160.289	22.281	9.351	22.332
Other	-	-	-	-
Total	**1.427.991**	**168.121**	**288.626**	**131.857**

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

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	474.953	915.461	2.100.562	857.187
Foreign[1]	41.138	2.577.574	5	2.384.743
Head quarters and branches abroad	-	-	-	-
Total	**516.091**	**3.493.035**	**2.100.567**	**3.241.930**

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 314.557 (December 31, 2012 - 451.315 TL).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.130.877	1.528.022	187.412	100.349
USA, Canada	1.063.292	488.017	-	-
OECD countries (1)	56.753	46.218	-	-
Off-shore banking regions	206	109	-	-
Other	164.065	191.713	16.107	30.320
Total	**2.415.193**	**2.254.079**	**203.519**	**130.669**

(1) OECD countries except EU countries, USA and Canada.

(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:

Carrying values of available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

Available-for-sale financial assets given as collateral/blocked amount to TL 718.291 (December 31, 2012 - TL 1.586.077) and available-for-sale financial assets subject to repo transactions amounts to TL 2.320.047 (December 31, 2012 - TL 2.639.269).

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

	Current Period	Prior Period
Debt securities	13.455.271	15.703.687
Quoted on stock exchange	11.761.398	14.067.931
Not quoted[1]	1.693.873	1.635.756
Share certificates	87.220	63.927
Quoted on stock exchange	163	133
Not quoted	87.057	63.794
Impairment provision (-)[2]	(425.276)	(198.106)
Other [3]	92.147	80.940
Total	**13.209.362**	**15.650.448**

(1) Includes credit linked notes amounting to TL 989.937 (December 31, 2012 - TL 895.659).

(2) The figure includes the negative differences between the cost and the market price of the securities and the impairment provisions, if any.

(3) Other available-for-sale financial assets include mutual funds amounting to TL 92.147 (December 31, 2012 - TL 80.940).

f. Explanations on loans:

1. Information on all types of loans or advance balances given to shareholders and employees of the Group:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	**-**	**-**	**-**	**-**
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	**20.756**	**450.294**	**5.390**	**403.915**
Loans granted to employees	**110.494**	**470**	**104.931**	**68**
Total	**131.250**	**450.764**	**110.321**	**403.983**

(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 (Total)	Standard loans and other receivables: of which, terms & conditions are changed – Payment plan extensions	Other	Loans and other receivables under close monitoring: Loans and other receivables (Total)	Loans and other receivables under close monitoring: of which, terms & conditions are changed – Payment plan extensions	Other
Non-specialized loans	**97.018.251**	**1.455.719**	**-**	**2.417.607**	**553.948**	**14.434**
Loans given to enterprises	40.544.353	441.843	-	455.835	173.500	4.310
Export loans	4.151.507	196.088	-	78.987	56.025	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.875.113	-	-	-	-	-
Consumer loans	17.618.500	475.478	-	887.111	103.393	5.781
Credit cards	18.488.941	95.871	-	293.682	17.721	3.887
Other[1]	13.339.837	246.439	-	701.992	203.309	456
Specialized lending	**-**	**-**	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**	**-**	**-**
Total	**97.018.251**	**1.455.719**	**-**	**2.417.607**	**553.948**	**14.434**

Number of modifications made to extend payment plan[1] [2] [3]	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	1.378.735	420.938
Extended by 3,4 or 5 times	28.129	117.487
Extended by more than 5 times	48.855	15.523
Total	**1.455.719**	**553.948**

Extended period of time[1] [2] [3]	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	138.562	81.497
6 - 12 Months	190.158	51.659
1 - 2 Years	434.572	119.702
2 - 5 Years	421.105	178.709
5 Years and over	271.322	122.381
Total	**1.455.719**	**553.948**

(1) There is no loan which is subject to the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated on April 09, 2011

(2) There are seven loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 1 to 5 years. One of them was restructured three times, one was twice and rest of the five are restructed once.

(3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012

(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:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	**40.074.037**	**324.870**	**569.618**	**73.148**
Non-specialised loans	40.074.037	324.870	569.618	73.148
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	**55.488.495**	**1.130.849**	**1.279.607**	**495.234**
Non-specialised loans	55.488.495	1.130.849	1.279.607	495.234
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

4.(i) Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	60.910.810	17.618.500	18.488.941	3.813.930	2.091.266	102.923.447
Watch list	1.236.814	887.111	293.682	92.780	43.659	2.554.046
Loans under legal follow-up	2.356.081	839.916	437.076	240.940	80.419	3.954.432
Specific provisions (-)	(1.599.397)	(557.204)	(288.400)	(170.278)	(73.009)	(2.688.288)
Total	**62.904.308**	**18.788.323**	**18.931.299**	**3.977.372**	**2.142.335**	**106.743.637**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	46.876.167	14.209.929	14.143.219	2.853.576	1.542.319	79.625.210
Watch list	1.195.319	1.100.817	287.207	131.268	86.760	2.801.371
Loans under legal follow-up	1.580.473	565.084	428.546	251.433	62.048	2.887.584
Specific provisions (-)	(1.042.729)	(291.018)	(264.167)	(139.784)	(51.060)	(1.788.758)
Total	**48.609.230**	**15.584.812**	**14.594.805**	**3.096.493**	**1.640.067**	**83.525.407**

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

Explanations and notes related to consolidated financial statements (continued)

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	369.311	410.304	-	40.425	-	820.040
Loans under legal follow-up[1]	373.350	42.900	-	50.917	-	467.167
Toplam	**742.661**	**453.204**	**-**	**91.342**	**-**	**1.287.207**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	378.696	541.309	-	65.429	-	985.434
Loans under legal follow-up[1]	293.403	37.981	-	94.300	-	425.684
Toplam	**672.099**	**579.290**	**-**	**159.729**	**-**	**1.411.118**

(1) Fair values of collaterals received for non-performing loans are calculated by using hair-cuts over their nominal values in accordance with the "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside".

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

Explanations and notes related to consolidated financial statements (continued)

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	**164.206**	**17.565.640**	**17.729.846**
Real estate loans	3.478	8.887.493	8.890.971
Automotive loans	8.222	1.110.200	1.118.422
Consumer loans	1.438	56.715	58.153
Other	151.068	7.511.232	7.662.300
Consumer loans-FC indexed	**-**	**99.590**	**99.590**
Real estate loans	-	98.831	98.831
Automotive loans	-	-	-
Consumer loans	-	759	759
Other	-	-	-
Consumer loans-FC	**30.776**	**195.345**	**226.121**
Real estate loans	155	18.285	18.440
Automotive loans	5.683	58.702	64.385
Consumer loans	12.164	89.012	101.176
Other	12.774	29.346	42.120
Individual credit cards-TL	**14.368.053**	**824.366**	**15.192.419**
With installments	9.189.994	821.186	10.011.180
Without installments	5.178.059	3.180	5.181.239
Individual credit cards-FC	**800**	**47.061**	**47.861**
With installments	800	47.061	47.861
Without installments	-	-	-
Personnel loans-TL	**4.775**	**48.363**	**53.138**
Real estate loans	-	664	664
Automotive loans	44	933	977
Consumer loans	-	-	-
Other	4.731	46.766	51.497
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**243**	**344**	**587**
Real estate loans	27	-	27
Automotive loans	-	-	-
Consumer loans	92	218	310
Other	124	126	250
Personnel credit cards-TL	**54.721**	**428**	**55.149**
With installments	29.133	428	29.561
Without installments	25.588		25.588
Personnel credit cards-FC	**3**	**513**	**516**
With installments	3	513	516
Without installments	-	-	-
Credit deposit account-TL (real person)(1)	**396.296**	**-**	**396.296**
Credit deposit account-FC (real person)	**33**	**-**	**33**
Total	**15.019.906**	**18.781.650**	**33.801.556**

(1) TL 1.104 of the credit deposit account belongs to the loans used by personnel.

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period		
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	**748.299**	**6.077.287**	**6.825.586**
Business loans	1.441	478.606	480.047
Automotive loans	34.962	1.902.764	1.937.726
Consumer loans	-	46	46
Other	711.896	3.695.871	4.407.767
Commercial installments loans-FC indexed	**25.998**	**306.384**	**332.382**
Business loans	-	21.496	21.496
Automotive loans	900	73.968	74.868
Consumer loans	-	-	-
Other	25.098	210.920	236.018
Commercial installments loans-FC	**-**	**-**	**-**
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	**3.473.999**	**12.679**	**3.486.678**
With installment	2.813.639	12.645	2.826.284
Without installment	660.360	34	660.394
Corporate credit cards-FC	**-**	**-**	**-**
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	**698.545**	**-**	**698.545**
Credit deposit account-FC (legal person)	**-**	**-**	**-**
Total	**4.946.841**	**6.396.350**	**11.343.191**

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

Explanations and notes related to consolidated financial statements (continued)

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	997.751	1.153.905
Private	98.438.107	76.658.753
Total	**99.435.858**	**77.812.658**

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

	Current Period	Prior Period
Domestic loans	95.921.730	76.571.527
Foreign loans	3.514.128	1.241.131
Total	**99.435.858**	**77.812.658**

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	88.320	35.480
Indirect loans granted to associates and subsidiaries	-	-
Total	**88.320**	**35.480**

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	117.677	95.603
Loans and other receivables with doubtful collectibility	428.790	360.082
Uncollectible loans and other receivables	1.898.534	1.142.229
Total	**2.445.001**	**1.597.914**

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

Explanations and notes related to consolidated financial statements (continued)

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**1.042.729**	**291.018**	**264.167**	**1.597.914**
Allowance for impairment	781.016	578.849	310.325	1.670.190
Amount recovered during the period	(213.101)	(313.342)	(83.666)	(610.109)
Loans written off during the period as uncollectible [(1)]	(20.526)	(400)	(202.472)	(223.398)
Exchange difference	9.279	1.079	46	10.404
December 31	**1.599.397**	**557.204**	**288.400**	**2.445.001**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	**977.538**	**156.082**	**259.601**	**1.393.221**
Allowance for impairment	579.894	480.246	244.706	1.304.846
Amount recovered during the period	(183.090)	(278.827)	(75.801)	(537.718)
Loans written off during the period as uncollectible [(1)]	(329.169)	(66.306)	(164.331)	(559.806)
Exchange difference	(2.444)	(177)	(8)	(2.629)
December 31	**1.042.729**	**291.018**	**264.167**	**1.597.914**

(1) Also includes the effects of the sales of non-performing loan portfolios

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	**8.048**	**52.709**	**236.784**
Restructured loans and other receivables	8.048	52.709	236.784
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	**21.912**	**40.704**	**142.421**
Restructured loans and other receivables	21.912	40.704	142.421
Rescheduled loans and other receivables	-	-	-

(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	IV. Group	V. Group
	Loans and other receivables With limited collectibility	Loans and other receivables with Doubtful collectibility	Uncollectible Loans and other receivables
Prior Period	**554.524**	**738.879**	**1.280.700**
Additions (+)	2.154.274	167.606	175.334
Transfers from other categories of non- performing loans (+)	-	1.545.714	1.253.246
Transfer to other categories of non-performing loans (-)	(1.545.714)	(1.253.246)	-
Collections (-)	(532.975)	(269.839)	(423.422)
FX valuation differences	476	-	10.914
Write-offs (-)	-	-	(223.398)
Corporate and commercial loans	-	-	(20.526)
Consumer loans	-	-	(400)
Credit cards	-	-	(202.472)
Other	-	-	-
Current Period	**630.585**	**929.114**	**2.073.374**
Specific provision (-)	(117.677)	(428.790)	(1.898.534)
Net balance on balance sheet	**512.908**	**500.324**	**174.840**

The Parent Bank sold part of its non-performing loans (from credit cards portfolio) amounting to TL 214.815 on December 6, 2013 to LBT Varlık Yönetimi A.Ş., Finansal Varlık Yönetimi A.Ş. and Anadolu Varlık Yönetimi A.Ş. for TL 39.650, in accordance with the Board of Directors’ decision dated December 18, 2013. Total amount of provision for the sold portfolio was TL 202.472

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
Period end balance	120.948	22.122	433.876
Specific provision (-)	(23.691)	(12.633)	(289.984)
Net balance on-balance sheet	**97.257**	**9.489**	**143.892**
Prior Period			
Period end balance	1.340	3.381	366.866
Specific provision (-)	(184)	(1.952)	(261.285)
Net balance on-balance sheet	**1.156**	**1.429**	**105.581**

(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:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (net)	**512.908**	**500.324**	**174.840**
Loans granted to real persons and corporate entities (gross)	630.585	929.114	1.964.796
Specific provision amount (-)	(117.677)	(428.790)	(1.789.956)
Loans granted to real persons and corporate entities (net)	512.908	500.324	174.840
Banks (gross)	-	-	24.582
Specific provision amount (-)	-	-	(24.582)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net)[1]	-	-	-
Prior Period (net)	**458.921**	**378.797**	**138.471**
Loans granted to real persons and corporate entities (gross)	554.524	738.879	1.172.116
Specific provision amount (-)	(95.603)	(360.082)	(1.033.645)
Loans granted to real persons and corporate entities (Net)	458.921	378.797	138.471
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) [1]	-	-	-

(1) The figure represents the total loans and receivables of Agrosan Kimya Sanayi Ticaret A.Ş., Tümteks Tekstil Sanayi Ticaret A.Ş and balances from Boyasan Tekstil Sanayi ve Ticaret A.Ş. in accordance with the Article 6 Paragraph 9 of regulation for provisions taken into account classification of loans and receivables.

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

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected through legal follow-up, voluntary payments and liquidation of collaterals.

13. Explanation on "Write-off" policies:

The Bank's general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

(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 1.398.334 (December 31, 2012 - TL 1.299.927). Held-to-maturity investments subject to repurchase agreements amount to TL 1.968.378 (December 31, 2012 - TL 2.986.312).

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

	Current Period	Prior Period
Government bond	6.527.368	5.765.659
Treasury bill	-	-
Other debt securities	362.235	62.035
Total	**6.889.603**	**5.827.694**

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

	Current Period	Prior Period
Debt securities	7.020.246	5.867.172
Quoted on stock exchange	7.020.246	5.867.172
Not quoted	-	-
Impairment provision (-)(1)	(130.643)	(39.478)
Total	**6.889.603**	**5.827.694**

(1) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

4. Movement of held-to-maturity investments within the period:

	Current Period	Prior Period
Beginning balance	**5.827.694**	**12.710.622**
Foreign currency differences on monetary assets(1)	645.086	(574.402)
Purchases during the year(4)	634.403	50.325
Disposals through sales and redemptions(3)	(126.415)	(6.358.851)
Impairment provision (-)(2)	(91.165)	-
Period end balance	**6.889.603**	**5.827.694**

(1) Also includes the changes in the interest income accruals.

(2) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

(3) As per the legislation on capital adequacy (Basel II) effective starting from July 1, 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the prior period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378.400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes. As of the date of these financial statements, sales have been realized from the portfolio classified.

(4) In the current period, Yapı Kredi NV has classified its USD 63,385 and EUR 7,250 nominal value of foreign currency denominated securities from available for sale portfolio to held to maturity portfolio in accordance with the TAS 39 relevant paragraphs.

(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(1)	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş.(1)	Istanbul/Türkiye	9,98	9,98

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	91.353	78.926	48.824	1.368	-	28.149	24.043	-
2	33.001	23.773	19.197	347	-	4.171	4.238	-

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

2. Consolidated investments in associates:

(i). Information on consolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)(2)
1	Banque de Commerce et de Placements S.A. (1)	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş. .(1)	İstanbul/Türkiye	-	20,00

(1) Financial statement information disclosed above shows September 30, 2013 results.
(2) The other shareholders represent the consolidated Group companies.

(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	890.653	230.921	24.240	18.312	7.958	48.239	-	-

(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:

	Current Period	**Prior Period**
Balance at the beginning of the period	**193.934**	**183.940**
Movements during the period	**253.027**	**9.994**
Purchases[1]	188.108	-
Bonus shares obtained	-	-
Share of current year income	15.773	18.982
Sales	-	-
Revaluation (decrease)/increase[3]	49.146	(8.988)
Impairment provision	-	-
Balance at the end of the period	**446.961**	**193.934**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

(1) Includes repurchase of 19,93% of YKE.
(2) Includes value increase/(decrease) due to equity pick up

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

	Current Period	**Prior Period**
Banks	253.462	193.934
Insurance companies	193.499	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	**446.961**	**193.934**

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

(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 Nederland N.V.
Core Capital					
Paid-in capital	98.918	60.714	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Marketable Securities Valuation Differences	13.614	-	-	-	(4.349)
Legal reserves	69.400	8.034	79.305	20.469	-
Extraordinary reserves	13.878	-	484.964	-	331.465
Other reserves	119	12	40	-	279.810
Profit/loss	199.121	193.352	412.296	23.408	41.778
Current period net profit	269.067	147.894	139.445	23.408	41.778
Prior period profit	(69.946)	45.458	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	711	64	3.426	340	94
Total core capital	**394.339**	**262.048**	**1.363.107**	**49.244**	**761.052**
Supplementary capital	**-**	**9.024**	**19.847**	**-**	**164**
Capital	**394.339**	**271.072**	**1.382.954**	**49.244**	**761.216**
Deductions from the capital	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity	**394.339**	**271.072**	**1.382.954**	**49.244**	**761.216**

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of December 31, 2013.

There is no internal capital adequacy assessment process (ICAAP) for the subsidiaries.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

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.

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

Explanations and notes related to consolidated financial statements (continued)

2. Unconsolidated subsidiaries

(i). Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value
1	17.806	13.701	928	4	-	1.412	1.405	-
2	38.404	25.562	3.848	1.213	-	932	1.311	-

(1) Financial statement information disclosed above shows December 31, 2013 results.

3. Consolidated subsidiaries:

(i). Information on consolidated subsidiaries:

	Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Nederlands	100,00	100,00
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5	Yapı Kredi Leasing	Istanbul/Turkey	99,99	99,99
6	Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
7	Yapı Kredi NV (1)	Amsterdam/Nederlands	67,24	100,00
8	Yapı Kredi Azerbaycan (2)	Bakü/Azerbaijan	99,80	100,00
9	Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	95,36	95,36

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation as the Bank has a control of 100%.

(1) Includes the balances for Stiching Custody Services YKB.
(2) Includes the balances for Yapı Kredi Invest LLC.

(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 [1] :

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value [2]	Required equity
1	133.135	133.021	-	-	-	(211)	(130)	318.560	-
2	3.306.679	492.977	5.232	111.568	2.652	269.067	75.722	468.271	-
3	2.191.475	262.112	649	110.031	-	147.894	24.861	375.529	-
4	519.527	159.029	11.401	24.379	2.823	20.311	11.045	98.375	-
5	4.634.023	1.149.429	33.540	284.635	-	139.445	130.074	917.951	-
6	57.130	49.584	1.085	3.969	227	23.408	23.734	178.327	-
7	4.720.949	761.147	2.029	184.134	12.505	41.778	47.617	319.649	-
8	855.018	167.487	45.744	61.417	463	3.219	7.664	84.962	-
9	47.678	45.981	21	4.229	(1.779)	1.154	6.676	41.481	-

(1) The above financial information is extracted from the financial statements of companies included in the preparation of consolidated financial statements are used as of December 31, 2013.
(2) Determined based on the amounts determined through valuation models.

(iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**3.817.879**	**3.349.666**
Movements during the period	**(1.454.412)**	**468.213**
Purchases [1]	71.129	22.236
Free shares obtained profit from current years share[2] [3]	15.107	35.738
Share of current year income	-	-
Sales	-	-
Transfers[4]	(1.410.080)	410.239
Revaluation (decrease) / increase	(130.568)	-
Impairment provision	-	-
Balance at the end of the period	**2.363.467**	**3.817.879**
Capital commitments	**-**	**-**
Share holding percentage at the end of the period (%)	**-**	**-**

(1) Yapı Kredi Leasing has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99,99% purchasing the shares of Yapı Kredi Leasing through calling of these shares. The Bank has decided to cancel the signed agreement to sell its shares on Tasfiye halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of Tasfiye halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. through a call in accordance with CMB decree series IV numbered 44. As of the date of these consolidated financial statements, total shareholding of the Bank increased to 95,36%.
(2) During the General Assembly meeting of Yapı Kredi Faktoring registered on December 2, 2013 it was decided to increase the share capital by TL 15.114 by using internal sources (inflation accounting differences).
(3) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012 it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.
(4) The Group has sold its 9.581.514.570 shares with a notional amount of full TL 95.815.145,70 representing 93,94% of its shares in YKS for full TL 1.738.931.000 to Allianz".

(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:

Financial Subsidiaries	Current Period	Prior Period
Banks	397.955	421.937
Insurance companies	-	1.223.132
Factoring companies	375.349	345.301
Leasing companies	917.855	1.020.417
Finance companies	-	-
Other financial subsidiaries	672.308	807.092
Total financial subsidiaries	**2.363.467**	**3.817.879**

(v). Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges	-	1.231.950
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted on stock exchanges	**-**	**1.231.950**

ı. Information on joint ventures (net):

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures:

(i). Information on consolidated Joint Ventures:

	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non-current assets	Long term debts	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	79.111	43.321	31.970	45.381	64.588
Total	**30,45**	**30,45**	**79.111**	**43.321**	**31.970**	**45.381**	**64.588**

The above figures are extracted from the financial statements on at December 31, 2013

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.895.389	1.618.416	1.290.027	1.075.226
Between 1- 4 years	2.452.443	2.120.668	1.827.960	1.588.013
More than 4 years	269.856	238.288	477.931	433.254
Total	**4.617.688**	**3.977.372**	**3.595.918**	**3.096.493**

(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	1.257.705	3.359.983	882.245	2.713.673
Unearned financial income from leases (-)	(233.531)	(406.785)	(146.548)	(352.877)
Amount of cancelled leases (-)	-	-	-	-
Total	**1.024.174**	**2.953.198**	**735.697**	**2.360.796**

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair value hedge[(1)]	307.375	-	93.996	-
Cash flow hedge[(1)]	155.444	4.808	170	-
Foreign net investment hedge	-	-	-	-
Total	**462.819**	**4.808**	**94.166**	**-**

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

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	2.005.413	457.338	2.612	922.153	3.387.516
Accumulated depreciation (-)	(1.355.206)	(327.356)	(2.354)	(647.137)	(2.332.053)
Net book value	**650.207**	**129.982**	**258**	**275.016**	**1.055.463**
Current Period					
Net book value at beginning of the period	**650.207**	**129.982**	**258**	**275.016**	**1.055.463**
Additions	388	5.794	1.632	165.907	173.721
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(2.933)	(1.409)	(151)	(19.789)	(24.282)
Sale of a subsidary	(17.929)	-	(50)	(12.249)	(30.228)
Reversal of impairment, net	131	-	19	229	379
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.949)	(38.720)	(129)	(85.949)	(164.747)
Foreign exchange differences,net	1.262	3.227	177	1.569	6.235
Net book value at end of the period	**591.177**	**98.874**	**1.756**	**324.734**	**1.016.541**
Cost at the end of the period	1.977.369	422.378	3.745	942.201	3.345.693
Accumulated depreciation at the period end (-)	(1.386.192)	(323.504)	(1.989)	(617.467)	(2.329.152)
December 31, 2012	**591.177**	**98.874**	**1.756**	**324.734**	**1.016.541**

As of December 31, 2013, the Parent Bank had total provision for impairment amounting to TL 327.673 (December 31, 2012 – TL 327.804) for the property and equipment.

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

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	**1.361.391**	**1.284.165**
Additions during the period	131.329	157.074
Unused and disposed items (-)	(183)	(6.762)
Sales of a subsidiary	(19.669)	-
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(80.594)	(72.957)
Foreign exchange valuation differences	1.316	(129)
Balance at the end of the period	**1.393.590**	**1.361.391**

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	237.738	47.723	246.395	49.590
Provision for the actuarial deficit of the pension fund	767.131	153.426	827.177	165.435
Derivative financial liabilities	1.262.940	276.380	1.299.005	248.606
Securities portfolio valuation differences	18.499	3.700	642.366	128.474
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.587	24.517
Other	562.614	113.756	614.870	122.521
Total deferred tax asset	**2.971.039**	**619.408**	**3.752.400**	**739.143**
Derivative financial assets	(2.176.864)	(447.867)	(767.365)	(137.826)
Valuation difference of securities portfolio	(206.816)	(41.366)	(1.887.272)	(377.192)
Property, equipment and intangibles, net	(225.745)	(34.602)	(258.926)	(41.322)
Other	(62.408)	(12.481)	(76.509)	(15.325)
Total deferred tax liability	**(2.671.833)**	**(536.316)**	**(2.990.072)**	**(571.665)**
Deferred tax asset, net	**299.206**	**83.092**	**762.328**	**167.478**

Deferred tax expense amounting to TL 406.573 was recognized in profit and loss statement, whereas deferred tax income amounting to TL 320.866 was recognized directly in equity accounts for the period ended December 31, 2013.

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Net book value at the beginning of the period	**139.653**	**103.572**
Additions	66.982	72.707
Transfers[1]	1.410.080	-
Disposals (-), net	(1.453.446)	(33.608)
Impairment provision reversal	934	983
Impairment provision (-)	(302)	(235)
Depreciation (-)	(4.586)	(3.766)
Translation diffrences	80	-
Net book value at the end of the period	**159.395**	**139.653**
Cost at the end of the period	171.377	148.942
Accumulated depreciation at the end of the period (-)	(11.982)	(9.289)
Net book value at the end of the period	**159.395**	**139.653**

(1) As of July 12, 2013, the transfer of YKS's shares is completed.

As of December 31, 2013, the Group booked impairment provision on assets held for resale with an amount of TL 8.411 (December 31, 2012 - TL 9.043).

ö. Information on other assets:

As of December 31, 2013, other assets do not exceed 10% of the total assets.

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

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

1. Information on maturity structure of deposits/collected funds:

(i). Current Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	2.767.927	3	900.126	18.933.100	781.300	180.664	221.297	23.784.417
Foreign currency deposits	5.614.849	31.425	2.254.769	26.196.898	3.111.597	1.302.867	3.404.436	41.916.841
Residents in Turkey	4.643.375	26.860	2.128.111	25.732.386	1.577.097	784.777	1.526.998	36.419.604
Residents abroad	971.474	4.565	126.658	464.512	1.534.500	518.090	1.877.438	5.497.237
Public sector deposits	715.021	-	206.687	151	1.778	2.387.769	30	3.311.436
Commercial deposits	4.006.380	10	3.245.660	5.628.503	269.711	165.109	85.976	13.401.349
Other institutions deposits	75.070	-	198.765	1.132.227	255.756	851.554	3.759	2.517.131
Precious metals vault	747.228	-	1.579	114.459	43.762	96.790	173.869	1.177.687
Bank deposits	540.702	100.613	31.559	1.100.399	78.748	375.131	145.768	2.372.920
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	365.130	-	-	848.726	32.740	37.795	11.802	1.296.193
Foreign banks	9.110	100.613	31.559	251.673	46.008	337.336	133.966	910.265
Participation banks	166.462	-	-	-	-	-	-	166.462
Other	-	-	-	-	-	-	-	-
Total	**14.467.177**	**132.051**	**6.839.145**	**53.105.737**	**4.542.652**	**5.359.884**	**4.035.135**	**88.481.781**

(ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.989.253	21	1.449.688	18.992.918	1.125.611	132.465	409.769	24.099.725
Foreign currency deposits	4.850.304	97.757	3.955.412	13.700.918	1.940.964	389.794	2.936.105	27.871.254
Residents in Turkey	4.072.979	-	3.847.280	12.287.829	1.059.186	264.835	1.098.881	22.630.990
Residents abroad	777.325	97.757	108.132	1.413.089	881.778	124.959	1.837.224	5.240.264
Public sector deposits	598.082	-	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.124.645	2.602	1.941.039	6.355.783	2.049.293	156.353	191.445	13.821.160
Other institutions deposits	31.789	-	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	315.172	87.454	71.838	352.113	68.683	448.365	105.658	1.449.283
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	1.868	-	55.042	155.268	65.190	51.170	6.836	335.374
Foreign banks	209.357	87.454	16.796	196.845	3.493	397.195	98.822	1.009.962
Participation banks	103.947	-	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-	-
Total	**11.765.455**	**187.834**	**7.573.895**	**40.363.210**	**6.258.225**	**1.206.937**	**3.787.835**	**71.143.391**

(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:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Saving deposits[1]	12.724.262	9.048.545	11.119.884	15.038.237
Foreign currency savings deposit[1]	3.417.838	2.775.243	14.100.882	8.934.590
Other deposits in the form of savings deposits[1]	638.262	607.610	423.714	663.011
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) As per the decision published in the Official Gazette no. 28560 dated February 15, 2013, the deposit insurance limit has been increased from TL 50 thousand to TL 100 thousand.

(ii). Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.329	6.128
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	75.661	43.604
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

b. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Forward transactions	54.945	735	90.951	3.526
Swap transactions[1]	585.846	62.338	177.425	68.929
Futures transactions	-	-	-	-
Options	134.744	25.025	18.602	25.048
Other	-	-	-	-
Total	**775.535**	**88.098**	**286.978**	**97.503**

(1) The effects of credit default swaps are included.

(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	1.155.299	349.000	830.303	259.396
From foreign banks, institutions and funds	894.179	16.893.089	510.259	12.694.373
Total	**2.049.478**	**17.242.089**	**1.340.562**	**12.953.769**

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term	1.627.155	8.733.133	918.643	5.999.319
Medium and long-term	422.323	8.508.956	421.919	6.954.450
Total	**2.049.478**	**17.242.089**	**1.340.562**	**12.953.769**

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bills	1.165.920	827.050	716.171	-
Asset backed securities	-	2.576.083	-	1.641.731
Bonds	493.857	3.359.933	703.236	885.367
Collateralized securities	*462.691*	-	*462.720*	-
Total	**1.659.777**	**6.763.066**	**1.419.407**	**2.527.098**

(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 December 31, 2013, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

None (December 31, 2012 - None).

2. Information on operational leasing agreements:

The Parent Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets".

f. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair value hedge(1)			90.233	-
Cash flow hedge(1)	30.573	355.822	321.768	492.686
Foreign net investment hedge			-	-
Total	**30.573**	**355.822**	**412.001**	**492.686**

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

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
I. Provisions for first group loans and receivables	1.205.781	974.242
of which, Provision for Loans and Receivables with Extended Maturity	*60.329*	*149.950*
II. Provisions for second group loans and receivables	104.333	123.769
of which, Provision for Loans and Receivables with Extended Maturity	*26.777*	*16.103*
Provisions for non cash loans	65.880	73.205
Others	144.879	168.465
Total	**1.520.873**	**1.339.681**

2. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial valuation methods to calculate the liabilities of enterprises.

(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:

	Current Period	Prior Period
Discount rate (%)	4,78	3,86
Possibility of being eligible for retirement (%)	94,59	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.438,22 effective from January 1, 2014 (January 1, 2013 - full TL 3.129,25) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	**142.207**	**113.983**
Changes during the period	14.674	60.055
Paid during the period	(36.712)	(31.673)
Foreign currency differences	2.549	(158)
Balance at the end of the period	**122.718**	**142.207**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 115.317 as of December 31, 2013 (December 31, 2012 - TL 104.188).

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

As of December 31, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 691 (December 31, 2012 - TL 65.231). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

(i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	767.131	827.177
Provisions on unindemnified non cash loans	73.790	125.749
Provisions on credit cards and promotion campaigns related to banking services	28.804	36.708
Provision on export commitment tax and funds liability	41.007	38.106
Other	200.893	154.847
Total	**1.111.625**	**1.182.587**

(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:

	Current Period	Prior Period
General reserves for possible losses	209.470	246.317
Total	**209.470**	**246.317**

5. Pension fund provision:

The Parent Bank provided provision amounting to TL 767.131 (December 31, 2012 – TL 827.177) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	Current Period	Prior Period
Income statement (charge)/benefit	60.046	(51.891)

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	1.635.549	1.538.766
- Pension benefits transferable to SSI	1.543.740	1.564.411
- Post employment medical benefits transferable to SSI	91.809	(25.645)
Fair value of plan assets	(868.418)	(711.589)
Provision for the actuarial deficit of the pension fund	**767.131**	**827.177**

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	%9,80	%9,80
- Post employment medical benefits transferable to SSI	%9,80	%9,80

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 13 years for men and 18 years for women who retire at the age of 66 and 64, respectively.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Government bonds and treasury bills	178.678	21	173.291	24
Premises and equipment	304.423	35	229.547	32
Bank placements	339.980	39	265.346	37
Short term receivables	30.219	3	19.000	3
Other	15.118	2	24.405	4
Total	**868.418**	**100**	**711.589**	**100**

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

Explanations and notes related to consolidated financial statements (continued)

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	30.573	231.592
Taxation of Marketable Securities	71.659	80.757
Property Tax	2.000	1.709
Banking Insurance Transaction Tax ("BITT")	62.360	64.110
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	7.122	6.870
Other	25.650	30.658
Total	**199.364**	**415.696**

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	187	1.218
Social security premiums - employer	219	1.435
Bank pension fund premiums - employee	9.751	8.946
Bank pension fund premiums - employer	10.146	9.327
Pension fund deposit and provisions - employee	-	-
Pension f eposit and und d provisions - employer	-	-
Unemployment insurance - employee	695	719
Unemployment insurance - employer	1.392	1.440
Other	-	-
Total	**22.390**	**23.085**

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 1.321 as of December 31, 2013 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2012 - None).

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

Explanations and notes related to consolidated financial statements (continued)

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.480.981	-	5.195.642
From other foreign institutions	-	-	-	-
	-			
Total	**-**	**6.480.981**	**-**	**5.195.642**

At March 31, 2006, the Parent Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years and EURIBOR+3% for the remaining 5 years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor.

In addition, the Parent Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years and EURIBOR+2,78% for the remaining 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. The Parent Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements.

With the written approvals of the BRSA dated May 2, 2006 and June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation considered in the supplementary capital calculation at the rate of 40% since the remaining maturity of these loans is less than 3 years. Subordinated loans obtained from Citibank, N.A. London Branch is considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of this loan is less than 4 years.

Subordinated borrowing through bond issuance amounting to USD 1 billion with an interest rate of 5,50% and maturity of 10 years was finalized on December 6, 2012 and considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

The Parent Bank had early repaid its borrowing for USD 585 million on January 9, 2013 which was received from Unicredit Bank Austria AG on February 22, 2012 with an interest rate of 3 months Libor + 8,30% and received another subordinated borrowing from the same counterparty for USD 585 million with 10 years of maturity (payable after 5 years) and 5,5% of fixed interest rate. The Parent Bank incurred an early payment fee for TL 57 million with respect to early closing of this subordinated loan. As per the approval of BRSA dated December 31, 2012 this loan is accepted as subordinated loan.

The Parent Bank had early repaid its borrowing for EUR 350 million on 21, 2013 which was received from Goldman Sachs International Bank and received another subordinated borrowing from the Bank Austria for USD 470 million with 10 years of maturity (payable after 5 years) and with an interest rate 6,35% for the first 5 years and midswap+%4,68 for the remaining 5 years. This loan considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

Explanations and notes related to consolidated financial statements (continued)

I. Information on shareholders' equity:

1. Presentation of paid-in capital

	Current Period	Prior Period
Common stock	4.347.051	4.347.051
Preferred stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

   The Parent Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Parent Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

3. Information on the share capital increases during the period and the sources:
   None (December 31, 2012 - None).

4. Information on transfers from capital reserves to capital during the current period: None.

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.

6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

   The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

(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
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference[1]	-	-	-	-
Available for sale securities	**(241.315)**	**123.197**	**273.173**	**1.214.250**
Valuation differences[2]	(241.315)	(118.997)	255.568	1.216.242
Foreign currency differences[1]	-	242.194	17.605	(1.992)
Total	**(241.315)**	**123.197**	**273.173**	**1.214.250**

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

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	**64.792**	**67.178**
Current period income/(loss)	237	10.087
Dividends paid	(678)	(3.066)
Translation differences	(380)	595
Transaction done with minority[1]	(33.352)	(10.002)
Other[1]	(28.092)	-
Period ending balance	**2.527**	**64.792**

(1) Includes the changes in consolidation due to sale of the shares of YKS and also includes the changes occurring after the acquisition of the shares of non-group companies of consolidated Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı A.Ş..

(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:

	Current Period	Prior Period
Commitments on credit card limits	21.610.762	17.900.797
Loan granting commitments	6.394.154	5.378.252
Commitments for cheques	5.385.711	5.258.480
Other irrevocable commitments	11.657.414	8.507.182
Total	**45.048.041**	**37.044.711**

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its non-cash loans amounting to TL 65.880 (December 31, 2012 - TL 73.205) and specific provision amounting to TL 334.113 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet amounting to TL 73.790 (December 31, 2012 - TL 125.749).

2(i). Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	118.686	121.325
Letter of credits	6.710.481	5.783.925
Other guarantees and collaterals	3.611.450	2.119.199
Total	**10.440.617**	**8.024.449**

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

	Current Period	Prior Period
Temporary letter of guarantees	1.275.206	1.572.512
Definite letter of guarantees	18.915.412	14.503.571
Advance letter of guarantees	4.459.399	2.677.145
Letter of guarantees given to customs	1.373.468	1.032.686
Other letter of guarantees	1.623.814	834.038
Total	**27.647.299**	**20.619.952**

(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:

	Current Period	Prior Period
Non-cash loans given against cash loans	1.384.229	635.957
With original maturity of 1 year or less than 1 year	146.909	103.986
With original maturity of more than 1 year	1.237.320	531.971
Other non-cash loans	36.703.687	28.008.444
Total	**38.087.916**	**28.644.401**

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**149.219**	**1,15**	**286.469**	**1,14**	**167.706**	**1,48**	**336.850**	**1,95**
Farming and raising livestock	120.504	0,93	250.704	1,00	133.845	1,18	315.460	1,83
Forestry	23.781	0,18	15.860	0,06	29.706	0,26	16.222	0,09
Fishing	4.934	0,04	19.905	0,08	4.155	0,04	5.168	0,03
Manufacturing	**5.435.621**	**42,14**	**11.128.192**	**44,17**	**4.363.236**	**38,35**	**8.093.851**	**46,87**
Mining	784.397	6,08	823.901	3,27	528.278	4,64	1.018.901	5,90
Production	4.052.815	31,42	8.794.606	34,91	3.313.134	29,12	5.904.088	34,19
Electric, gas and water	598.409	4,64	1.509.685	5,99	521.824	4,59	1.170.862	6,78
Construction	**3.395.001**	**26,32**	**6.347.603**	**25,20**	**3.264.824**	**28,70**	**3.901.814**	**22,60**
Services	**2.791.833**	**21,64**	**5.097.488**	**20,25**	**2.475.221**	**21,76**	**2.706.915**	**15,67**
Wholesale and retail trade	1.171.783	9,08	2.327.424	9,24	1.095.298	9,63	1.039.520	6,02
Hotel, food and beverage services	120.130	0,93	136.859	0,54	122.334	1,08	92.529	0,54
Transportation and telecommunication	332.783	2,58	568.268	2,26	470.803	4,14	351.926	2,04
Financial institutions	722.895	5,60	1.066.851	4,24	412.537	3,63	510.290	2,96
Real estate and leasing services	144.743	1,12	419.479	1,67	99.138	0,87	413.127	2,39
Self-employment services	-	0,00	-	0,00	-	-	-	-
Education services	18.745	0,15	4.124	0,02	14.901	0,13	1.495	0,01
Health and social services	280.754	2,18	574.483	2,28	260.210	2,28	298.028	1,71
Other	**1.127.284**	**8,75**	**2.329.206**	**9,24**	**1.105.134**	**9,71**	**2.228.850**	**12,91**
Total	**12.898.958**	**100,00**	**25.188.958**	**100,00**	**11.376.121**	**100,00**	**17.268.280**	**100,00**

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

Explanations and notes related to consolidated financial statements (continued)

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

Current Period	**Group I**		**Group II**	
	TL	**FC**	**TL**	**FC**
Non-cash loans				
Letters of guarantee	12.663.136	14.776.419	155.264	52.480
Bank acceptances	-	118.517	-	169
Letters of credit	1.208	6.709.273	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	79.350	3.532.100		
Total	**12.743.694**	**25.136.309**	**155.264**	**52.649**

Prior Period	**Group I**		**Group II**	
	TL	**FC**	**TL**	**FC**
Non-cash loans				
Letters of guarantee	11.136.586	9.286.177	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.769.495	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	**11.240.754**	**17.202.371**	**135.367**	**65.909**

3(iv) Maturity distribution of non cash loans:

Current Period (1)	**Indefinite**	**Up to 1 year**	**1-5 years**	**Above 5 years**	**Total**
Letter of credit	4.200.894	2.203.350	305.441	796	6.710.481
Letter of guarantee	14.985.676	3.699.173	8.030.583	931.867	27.647.299
Bank acceptances	118.686	-	-	-	118.686
Other	328.556	1.731.701	1.156.224	394.969	3.611.450
Total	**19.633.812**	**7.634.224**	**9.492.248**	**1.327.632**	**38.087.916**

Prior Period (1)	**Indefinite**	**Up to 1 year**	**1-5 years**	**Above 5 years**	**Total**
Letter of credit	3.369.154	2.204.127	210.644	-	5.783.925
Letter of guarantee	9.619.433	3.350.772	6.596.747	1.053.000	20.619.952
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	**13.361.776**	**6.369.761**	**7.691.851**	**1.221.013**	**28.644.401**

(1) The distribution is based on the original maturities.

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

Explanations and notes related to consolidated financial statements (continued)

b. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	87.093.268	46.547.927
FC trading forward transactions	9.463.616	8.262.586
Trading swap transactions	64.982.398	28.529.302
Futures transactions	-	-
Trading option transactions	12.647.254	9.756.039
Interest related derivative transactions (II)	15.426.976	8.077.995
Forward interest rate agreements	-	-
Interest rate swaps	10.566.324	3.695.772
Interest rate options	4.860.652	4.382.223
Interest rate futures	-	-
Other trading derivative transactions (III)	2.482.678	1.688.150
A. Total trading derivative transactions (I+II+III)	**105.002.922**	**56.314.072**
Types of hedging derivative transactions		
Transactions for fair value hedge	2.610.975	3.821.809
Cash flow hedges	35.017.718	36.959.906
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	**37.628.693**	**40.781.715**
Total derivative transactions (A+B)	**142.631.615**	**97.095.787**

c. Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period [1]	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	**403.440**	**90.528**	**318.508**	**(580.365)**	**-**	**232.111**
– Inflow	17.531.762	10.253.258	15.423.001	3.001.496	-	46.209.517
– Outflow	(17.128.322)	(10.162.730)	(15.104.493)	(3.581.861)	-	(45.977.406)
Interest rate derivatives	**3.660**	**1.102**	**(1.692)**	**212.848**	**20.476**	**236.394**
– Inflow	71.149	4.739	1.485.237	4.902.707	896.372	7.360.204
– Outflow	(67.489)	(3.637)	(1.486.929)	(4.689.859)	(875.896)	(7.123.810)
Derivatives held for hedging						
Foreign exchange derivatives	**-**	**-**	**-**	**-**	**-**	**-**
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	**(24.452)**	**113.106**	**144.742**	**109.545**	**90.267**	**433.208**
– Inflow	20.158	1.448.718	2.538.347	13.644.678	424.882	18.076.783
– Outflow	(44.610)	(1.335.612)	(2.393.605)	(13.535.133)	(334.615)	(17.643.575)
Total cash inflow	**17.623.069**	**11.706.715**	**19.446.585**	**21.548.881**	**1.321.254**	**71.646.504**
Total cash outflow	**(17.240.421)**	**(11.501.979)**	**(18.985.027)**	**(21.806.853)**	**(1.210.511)**	**(70.744.791)**

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

Explanations and notes related to consolidated financial statements (continued)

Prior Period [1]	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	**(41.042)**	**(4.474)**	**114.882**	**(528.320)**	**(157.000)**	**(615.954)**
– Inflow	12.467.989	4.357.347	6.920.444	1.975.186	-	25.720.966
– Outflow	(12.509.031)	(4.361.821)	(6.805.562)	(2.503.506)	(157.000)	(26.336.920)
Interest rate derivatives	**259**	**(2.256)**	**39.907**	**53.997**	**30.600**	**122.507**
– Inflow	23.713	259.367	1.547.445	2.950.139	454.205	5.234.869
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.896.142)	(423.605)	(5.112.362)
Derivatives held for hedging						
Foreign exchange derivatives	**-**	**-**	**-**	**-**	**-**	**-**
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	**(41.305)**	**9.547**	**(213.752)**	**(1.463.759)**	**(158.052)**	**(1.867.321)**
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	**12.513.413**	**4.790.490**	**12.563.139**	**20.118.755**	**1.640.546**	**51.626.343**
Total cash outflow	**(12.595.501)**	**(4.787.673)**	**(12.622.102)**	**(22.056.837)**	**(1.924.998)**	**(53.987.111)**

(1) In table above no amortization of the notional amount has been taken into consideration.

ç. Information on credit derivatives and risk exposures:

Derivative portfolio of the Group includes credit default swaps for TL 1.210.160 for the period ended 31 December 2013. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure (31 December 2012 – TL 1.257.334).

d. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 52.576 (December 31, 2012 – TL 48.743) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the “Other provisions” account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

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

The Group’s activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

(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(1)	3.244.278	219.177	3.568.263	246.858
Medium/long-term loans(1)	2.901.328	1.305.086	2.736.626	1.128.172
Interest on loans under follow-up	104.305	2.408	111.893	50
Premiums received from resource utilisation support fund	-	-	-	-
Total	**6.249.911**	**1.526.671**	**6.416.782**	**1.375.080**

(1) Includes fees and commissions received for cash loans.

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From the CBRT	-	-	-	-
From domestic banks	75.974	9.747	77.598	18.206
From foreign banks	3.480	17.087	2.620	20.431
Headquarters and branches abroad	-	-	-	-
Total	**79.454**	**26.834**	**80.218**	**38.637**

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From trading financial assets	8.451	2.695	21.937	2.042
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	726.968	377.084	600.698	49.215
From held-to-maturity investments	266.457	158.184	336.554	613.393
Total	**1.001.876**	**537.963**	**959.189**	**664.650**

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	2.824	1.743

(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	94.565	683.336	98.196	527.160
The CBRT	-	-	-	-
Domestic banks	36.690	11.975	32.486	23.757
Foreign banks	57.875	671.361	65.710	503.403
Headquarters and branches abroad	-	-	-	-
Other institutions	-	364	-	-
Total[(1)]	**94.565**	**683.700**	**98.196**	**527.160**

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	1.188	538

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest expense to marketable securities issued	121.263	148.959	131.641	89.163
Total	**121.263**	**148.959**	**131.641**	**89.163**

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Upto 1 year	More than 1 year	Cumulative deposit	Total	Prior Period
TL									
Bank deposit	298	826	10.189	1.600	603	169	-	13.685	8.395
Saving deposit	1	51.851	1.403.974	81.152	22.238	21.236	-	1.580.452	2.068.553
Public sector deposit	-	11	639	115	28	2	-	795	510
Commercial deposit	22	127.954	575.475	56.858	38.660	9.567	-	808.536	939.802
Other deposit	-	5.881	124.179	12.739	208.848	148	-	351.795	153.190
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**321**	**186.523**	**2.114.456**	**152.464**	**270.377**	**31.122**	**-**	**2.755.263**	**3.170.450**
FC									
Foreign currency deposit	2.228	127.288	494.208	24.732	24.657	91.620	11.940	776.673	858.529
Bank deposit	83	3.435	6.055	7.050	5.271	1.182	-	23.076	31.283
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	633	1.646	179	171	36	-	2.665	2.796
Total	**2.311**	**131.356**	**501.909**	**31.961**	**30.099**	**92.838**	**11.940**	**802.414**	**892.608**
Grand total	**2.632**	**317.879**	**2.616.365**	**184.425**	**300.476**	**123.960**	**11.940**	**3.557.677**	**4.063.058**

(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:

	Current Period	Prior Period
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	3.235	103
Subsidiaries and associates	12.008	1.558
Total	**15.243**	**1.661**

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

	Current Period	Prior Period
Gain	**30.378.541**	**47.699.356**
Gain from capital market transactions	630.378	330.183
Derivative financial transaction gains	10.527.461	20.117.430
Foreign exchange gains	19.220.702	27.251.743
Loss(-)	**(29.990.815)**	**(47.669.112)**
Loss from capital market transactions	(58.559)	(11.284)
Derivative financial transaction losses	(8.915.394)	(20.884.366)
Foreign exchange loss	(21.016.862)	(26.773.462)
Net gain/loss	**387.726**	**30.244**

d. Information on gain/loss from derivative financial transactions:

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 2.213.911 (December 31, 2012 - TL 340.291 loss).

e. Information on other operating income:

Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of fixed assets.

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

Explanations and notes related to consolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1.158.549	867.657
III. Group loans and receivables	33.343	44.004
IV. Group loans and receivables	69.695	175.359
V. Group loans and receivables	1.055.511	648.294
General provision expenses	233.042	357.507
Provision expense for possible risks	57.854	94.730
Marketable securities impairment expenses[1]	31.124	2.251
Financial assets at fair value through profit or loss	1.436	1.693
Available-for-sale financial assets	29.688	558
Impairment of investments in associates, subsidiaries and held-to-maturity securities	32.081	72.886
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments[1]	32.081	72.886
Other	39.471	5.111
Total	**1.552.121**	**1.400.142**

(1) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.456.388	1.348.135
Reserve for employee termination benefits	7.652	20.546
Provision expense for pension fund	-	51.891
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	164.747	158.802
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	80.594	68.198
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	302	235
Depreciation expenses of assets held for resale	4.586	3.766
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.193.135	980.643
Operational lease expenses	172.856	150.179
Repair and maintenance expenses	68.083	54.192
Advertising expenses	114.012	84.140
Other expense	838.184	692.132
Loss on sales of assets	304	147
Other	635.638	526.276
Total	**3.543.346**	**3.158.639**

(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:

Income before tax includes net interest income amounting to TL 5.066.435 (December 31, 2012 -TL 4.878.895), net fee and commission income amounting to TL 2.136.188 (December 31, 2012 - TL 1.864.760) and total other operating expense amounting TL 3.543.346 (December 31, 2012 - TL 3.158.639).

As of December 31, 2013, the Group has TL 1.407.797 (December 31, 2012 – 133.700) profit before tax from discontinued operations.

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

As of December 31, 2013, the Group has current tax expense amounting to TL 223.229 (December 31, 2012 - TL 745.772) and deferred tax expense amounting to TL 406.573 (December 31, 2012 - TL 147.593 deferred tax income).

As at December 31, 2013 the Group has current tax expense amounting to TL TL 81.785 related to discontinued operations (December 31, 2012 – TL 26.134) and the group has no deferred tax income / (expense) related to discontinued operations (December 31, 2012 – TL 622 expense).

	Current Period	**Prior Period**
Profit before tax	4.370.776	2.722.695
Tax calculated at rate of 20%	877.155	544.539
Nondeductible expenses, discounts and other, net	(165.568)	80.396
Total	**711.587**	**624.935**

ı. Information on net income/loss for the period:

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.

2. Information on any change in the accounting estimates concerning the current period or future periods: None

i. Income/loss of minority interest:

	Current Period	**Prior Period**
Income/(loss) of minority interest	237	10.087

Explanations and notes related to consolidated financial statements (continued)

j. Other items in income statement:

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions.

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

a. Information on dividends:

Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

b. Information on increase/decrease amounts resulting from merger:

None.

c. Information on increase/decrease amounts resulting from merger:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

d. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2013 is TL 115.117 loss (December 31, 2012 - TL 560.813 loss).

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2013 is EUR 275 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 241.119 (December 31, 2012 - TL 96.731 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

e. Information on share issue premium:

Explained in details in Note XIX of Section Three.

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

Explanations and notes related to consolidated financial statements (continued)

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

a. Information on cash and cash equivalent:

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

   Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change in the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3 (i). Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	**5.386.164**	**7.647.595**
Cash and effectives	1.546.923	1.033.190
Demand deposits in banks	3.839.241	6.614.405
Cash equivalents	**5.446.125**	**3.816.780**
Interbank money market	2.768.409	2.172.189
Deposits in bank	2.677.716	1.644.591
Total cash and cash equivalents	**10.832.289**	**11.464.375**

3 (ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**5.397.292**	**5.386.164**
Cash and effectives	1.806.589	1.546.923
Demand deposits in banks	3.590.703	3.839.241
Cash equivalents	**5.083.136**	**5.446.125**
Interbank money market	2.922.052	2.768.409
Deposits in bank	2.161.084	2.677.716
Total cash and cash equivalents	**10.480.428**	**10.832.289**

b. Information on cash and cash equivalents those are not in use due to legal limitations and other reasons:

As of December 31, 2013, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 17.068.838 (December 31, 2012 - TL 9.591.973). There is also TL 203.519 blocked amount in foreign banks account (December 31, 2012 - TL 130.530).

Explanations and notes related to consolidated financial statements (continued)

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in "Other account" amounting to TL 4.784.185 (December 31, 2012 - TL 2.855.116 increase) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 837.563 (December 31, 2012 - TL 4.763.805 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 836.133 as of December 31, 2013 (December 31, 2011 - TL 233.440 decrease).

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

None.

(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 Perod	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Group’s risk group [(1) (2)]	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	35.480	2.559	361.814	403.915	777.335	937.437
Balance at the end of the period	88.320	3.769	127.213	450.294	903.056	1.029.707
Interest and commission income received	**2.824**	**30**	**9.817**	**2.348**	**65.738**	**13.047**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes loans and due from banks as well as marketable securities.

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Group’s risk group [(1) (2)]	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	35.480	2.559	361.814	403.915	777.335	937.437
Interest and commission income received	**1.743**	**24**	**12.950**	**2.215**	**65.755**	**14.903**

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.
(2) The information in table above includes loans and due from banks as well as marketable securities.

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

Group’s risk group [(1) (2)]	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Deposit	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	15.788	10.801	8.646.705	7.546.932	8.339.879	4.885.191
End of the period	6.688	15.788	15.480.464	8.646.705	6.544.935	8.339.879
Interest expense on deposits	**1.188**	**538**	**443.293**	**345.778**	**264.308**	**240.433**

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.

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

Explanations and notes related to consolidated financial statements (continued)

3. Information on forward and option agreements and other derivative instruments with the Group's risk group:

Group's risk group[1]	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss[2]						
Beginning of the period [3]	-	-	300.627	216.174	432.403	97.206
End of the period [3]	-	-	442.253	300.627	659.635	432.403
Total profit / loss	**57**	**2.224**	**12.415**	**2.951**	**(32.013)**	**10.317**
Transactions for hedging purposes[2]						
Beginning of the period[3]	-	-	-	-	-	-
End of the period[3]	-	-	-	-	-	-
Total profit / loss	-	-	-	-	-	-

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.
(2) The Bank's derivative instruments are classified as "Financial instruments at fair value through profit or loss" or "Derivative financial instruments held for hedging" according to TAS 39.
(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

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

Salaries and benefits paid to the Group's top management amount to TL 43.220 as of December 31, 2013 (December 31, 2012 - TL 34.709).

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

	Number	Number of Employees			
Domestic Branch	948	15.679			
			Country of incorporation		
Foreign Rep. Office	-	-	-		
				Total asset	Statutory share capital
Foreign Branch	1	4	Bahrain	6.066.223	-
Off-Shore Banking Region Branch[1]	-	-	-	-	-

(1) The values disclosed above are those of the Parent Bank.

X. Explanations and notes related to subsequent events

None.

Section six

Other Explanations and Notes

I. Other explanations on Group’s operations

None

Section Seven

Explanations on independent audit report

I. Explanations on independent auditor’s report

The consolidated financial statements for the period ended December 31, 2013 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor’s report dated February 10, 2014 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.