

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at September 30, 2014 together with independent auditor's review report

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

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

Independent auditor's review report

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at September 30, 2014 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at September 30, 2014 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Ethem Kutucular
Partner, SMMM

İstanbul, October 27, 2014

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

**The consolidated financial report of
Yapı ve Kredi Bankası A.Ş. as of September 30, 2014**

E-Mail: financialreports@yapikredi.com.tr

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

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

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

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

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

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and
Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

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

Name-Surname / Title : Barış Savur / International Reporting and Consolidation Manager

Telephone Number : (0212) 339 63 22

Fax Number : (0212) 339 61 05

Section one

General information

I.	History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status, if any	1
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	1
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	2
IV.	Information on the individual and corporate shareholders having control shares of the Parent Bank	3
V.	Summary information on the Parent Bank's activities and service types	3
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	4
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	4

Section two

Consolidated financial statements

I.	Consolidated balance sheet (Statement of Financial Position)	5
II.	Consolidated off-balance sheet commitments	7
III.	Consolidated income statements	8
IV.	Consolidated statement of income and expense items accounted under shareholders' equity	10
V.	Consolidated statement of changes in shareholders' equity	11
VI.	Consolidated statement of cash flows	13

Section three

Accounting policies

I.	Explanations on basis of presentation	14
II.	Explanations on strategy of using financial instruments and foreign currency transactions	15
III.	Information on consolidation principles	16
IV.	Explanations on forward and option contracts and derivative instruments	19
V.	Explanations on interest income and expense	21
VI.	Explanations on fee and commission income and expense	21
VII.	Explanations on financial assets	21
VIII.	Explanations on impairment of financial assets	23
IX.	Explanations on offsetting financial assets	24
X.	Explanations on sales and repurchase agreements and securities lending transactions	24
XI.	Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	24
XII.	Explanations on goodwill and other intangible assets	25
XIII.	Explanations on property and equipment	26
XIV.	Explanations on leasing transactions	26
XV.	Explanations on provisions, contingent asset and liabilities	28
XVI.	Explanations on obligations related to employee rights	28
XVII.	Explanations on taxation	30
XVIII.	Explanations on borrowings	32
XIX.	Explanations on issuance of share certificates	32
XX.	Explanations on avalized drafts and acceptances	32
XXI.	Explanations on government grants	32
XXII.	Profit reserves and profit distribution	32
XXIII.	Earnings per share	33
XXIV.	Related parties	33
XXV.	Explanations on operating segments	33
XXVI.	Explanations on other matters	33
XXVII.	Explanations on legal mergers under common control	34

Section four

Financial Position and Risk Management

I.	Explanations on consolidated capital adequacy ratio	35
II.	Explanations on consolidated credit risk	42
III.	Explanations on consolidated market risk	42
IV.	Explanations on consolidated operational risk	43
V.	Explanations on consolidated currency risk	43
VI.	Explanations on consolidated interest rate risk	45
VII.	Explanation on share certificates position risk from banking book	49
VIII.	Explanations on consolidated liquidity risk	49
IX.	Explanations on securitization positions	51
X.	Credit risk mitigation techniques	51
XI.	Strategies and policies of the risk management system	53
XII.	Explanations on the presentation of financial assets and liabilities at fair values	53
XIII.	Explanations on hedge accounting	53
XIV.	Explanations on the activities carried out on behalf of others and fiduciary transactions	56
XV.	Explanations on operating segments	56

Section five

Explanations and notes related to consolidated financial statements	
I. Explanations and notes related to assets	59
II. Explanations and notes related to liabilities	77
III. Explanations and notes related to off-balance sheet accounts	85
IV. Explanations and notes related to income statement	87
V. Explanations and notes related to statement of changes in consolidated shareholders' equity	91
VI. Explanations and notes related to statement of cash flows	92
VII. Explanations and notes related to Group's merger, transfers and companies acquired by Bank	92
VIII. Explanations and notes related to Bank's risk group	92
IX. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank	93
X. Explanations and notes related to subsequent events	93

Section six

Explanations on the independent auditor's review report

I. Explanations on the independent auditor's review report	94
II. Explanations and notes prepared by independent auditor	94

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014

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

Section One

General Information

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

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

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

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of September 30, 2014, 18,20% of the shares of the Bank are publicly traded (December 31, 2013, - 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

General information (continued)

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

As of September 30, 2014, 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 Fadil ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
F. Füsün Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA	Member
Osman Turgay DURAK	Member

Audit Committee Members:

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

General Manager and Deputy General Manager:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

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 ÖZELGIN	Retail Banking Management

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 in 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

General information (continued)

As of September 30, 2014, the Parent Bank has 977 branches operating in Turkey and 1 branch in overseas (December 31, 2013 - 948 branches operating in Turkey, 1 branch in overseas).

As of September 30, 2014, the Parent Bank has 17.734 employees (December 31, 2013 - 15.683 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of September 30, 2014 the Group has 18.813 employees (December 31, 2013 - 16.680 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 Enternasyonal 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.

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of September 30, 2014 and December 31, 2013
(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)

Assets	Note (Section Five)	Current Period (30/09/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	2.699.090	19.573.940	22.273.030	1.330.475	17.660.274	18.990.749
II. Financial assets at fair value through profit or (loss) (net)	I-b	1.225.521	122.006	1.347.527	1.529.329	193.835	1.723.164
2.1 Trading financial assets		1.225.521	122.006	1.347.527	1.529.329	193.835	1.723.164
2.1.1 Government debt securities		10.447	15.762	26.209	30.448	24.519	54.967
2.1.2 Share certificates		5.875	-	5.875	20.719	-	20.719
2.1.3 Derivative financial assets held for trading		1.209.199	106.244	1.315.443	1.427.991	168.121	1.596.112
2.1.4 Other marketable securities	I-c	-	-	-	50.171	1.195	51.366
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	103.974	3.236.571	3.340.545	516.091	3.493.035	4.009.126
IV. Money markets		1.481.911	-	1.481.911	2.879.994	48.453	2.928.447
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		91.435	-	91.435	1.701.131	48.453	1.749.584
4.3 Receivables from reverse repurchase agreements		1.390.476	-	1.390.476	1.178.863	-	1.178.863
V. Financial assets available-for-sale (net)	I-d,e	13.884.372	3.352.111	17.236.483	9.293.502	3.915.860	13.209.362
5.1 Share certificates		43.213	400	43.613	37.381	392	37.773
5.2 Government debt securities		12.412.826	2.336.940	14.749.766	7.859.125	3.419.501	11.278.626
5.3 Other marketable securities		1.428.333	1.014.771	2.443.104	1.396.996	495.967	1.892.963
VI. Loans and receivables	I-f	77.840.845	39.100.443	116.941.288	66.274.045	34.349.885	100.623.930
6.1 Loans and receivables		76.905.992	38.941.870	115.847.862	65.336.611	34.099.247	99.435.858
6.1.1 Loans to bank's risk group		1.336.538	383.509	1.720.047	586.364	414.459	1.000.823
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		75.569.454	38.558.361	114.127.815	64.750.247	33.684.788	98.435.035
6.2 Loans under follow-up		3.422.084	576.400	3.998.484	3.056.127	576.946	3.633.073
6.3 Specific provisions (-)		(2.487.231)	(417.827)	(2.905.058)	(2.118.693)	(326.308)	(2.445.001)
VII. Factoring receivables		1.421.588	1.061.586	2.483.174	1.165.611	976.724	2.142.335
VIII. Held-to-maturity investments (net)	I-g	1.967.314	3.641.773	5.609.087	3.577.663	3.311.940	6.889.603
8.1 Government debt securities		1.957.365	3.331.627	5.288.992	3.562.986	2.964.382	6.527.368
8.2 Other marketable securities		9.949	310.146	320.095	14.677	347.558	362.235
IX. Investments in associates (net)	I-ğ	194.864	266.641	461.505	198.002	253.462	451.464
9.1 Consolidated based on equity method		190.361	266.641	457.002	193.499	253.462	446.961
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	7.057	-	7.057	10.376	-	10.376
11.1 Accounted based on equity method		7.057	-	7.057	10.376	-	10.376
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-ı	1.146.519	3.538.781	4.685.300	1.024.174	2.953.198	3.977.372
12.1 Financial lease receivables		1.430.977	4.118.858	5.549.835	1.257.705	3.359.983	4.617.688
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(284.458)	(580.077)	(864.535)	(233.531)	(406.785)	(640.316)
XIII. Derivative financial assets held for hedging	I-j	553.478	626	554.104	462.819	4.808	467.627
13.1 Fair value hedge		223.712	234	223.946	307.375	-	307.375
13.2 Cash flow hedge		329.766	392	330.158	155.444	4.808	160.252
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	954.906	49.233	1.004.139	970.323	46.218	1.016.541
XV. Intangible assets (net)	I-l	1.386.851	13.980	1.400.831	1.380.633	12.957	1.393.590
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		407.358	13.980	421.338	401.140	12.957	414.097
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		176.874	6.190	183.064	86.010	8.235	94.245
17.1 Current tax asset		-	1.843	1.843	7.407	3.746	11.153
17.2 Deferred tax asset	I-n	176.874	4.347	181.221	78.603	4.489	83.092
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	155.931	1.543	157.474	158.298	1.097	159.395
18.1 Held for sale purposes		155.931	1.543	157.474	158.298	1.097	159.395
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.882.985	927.463	2.810.448	1.337.874	882.344	2.220.218
Total assets		107.086.380	74.892.887	181.979.267	92.197.519	68.112.325	160.309.844

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of September 30, 2014 and December 31, 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

I. Consolidated balance sheet (Statement of Financial Position)

Liabilities	Note (Section Five)	Current Period (30/09/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	53.375.876	49.084.272	102.460.148	44.470.043	44.011.738	88.481.781
1.1 Deposits of the Bank's risk group		6.291.833	7.718.422	14.010.255	3.963.042	7.089.348	11.052.390
1.2 Other		47.084.043	41.365.850	88.449.893	40.507.001	36.922.390	77.429.391
II. Derivative financial liabilities held for trading	II-b	1.079.280	133.430	1.212.710	775.535	88.098	863.633
III. Funds borrowed	II-c	1.942.931	18.514.117	20.457.048	2.049.478	17.242.089	19.291.567
IV. Money markets		4.183.414	1.408.223	5.591.637	2.461.502	3.143.784	5.605.286
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul stock exchange money market		2.482.507	-	2.482.507	2.211.064	-	2.211.064
4.3 Funds provided under repurchase agreements		1.700.907	1.408.223	3.109.130	250.438	3.143.784	3.394.222
V. Marketable securities issued (net)	II-ç	2.996.699	7.069.671	10.066.370	1.659.777	6.763.066	8.422.843
5.1 Bills		2.064.706	1.022.572	3.087.278	1.165.920	827.050	1.992.970
5.2 Asset backed securities		-	2.078.710	2.078.710	-	2.576.083	2.576.083
5.3 Bonds		931.993	3.968.389	4.900.382	493.857	3.359.933	3.853.790
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		7.142.115	1.695.118	8.837.233	5.690.683	1.577.616	7.268.299
VIII. Other liabilities	II-d	1.921.613	1.191.856	3.113.469	1.158.174	762.297	1.920.471
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables	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	64.828	250.205	315.033	30.573	355.822	386.395
11.1 Fair value hedge		321	-	321	-	-	-
11.2 Cash flow hedge		64.507	250.205	314.712	30.573	355.822	386.395
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.542.361	653.714	3.196.075	2.507.561	572.442	3.080.003
12.1 General loan loss provision		1.174.799	586.317	1.761.116	1.010.544	510.329	1.520.873
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		232.655	13.475	246.130	224.456	13.579	238.035
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.134.907	53.922	1.188.829	1.272.561	48.534	1.321.095
XIII. Tax liability	II-ğ	321.097	3.295	324.392	221.065	2.010	223.075
13.1 Current tax liability		321.097	2.513	323.610	221.065	689	221.754
13.2 Deferred tax liability		-	782	782	-	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	-	6.762.304	6.762.304	-	6.480.981	6.480.981
XVI. Shareholders' equity	II-i	19.955.554	(312.706)	19.642.848	18.756.080	(470.570)	18.285.510
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		1.887.635	(314.964)	1.572.671	845.508	(472.863)	372.645
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		(24.008)	164.475	140.467	(241.315)	123.197	(118.118)
16.2.4 Property and equipment revaluation differences		13.070	-	13.070	-	-	-
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	4.503	-	4.503
16.2.8 Hedging funds (effective portion)		177.625	(479.439)	(301.814)	239.825	(596.060)	(356.235)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1.172.564	-	1.172.564	298.614	-	298.614
16.3 Profit reserves		10.894.598	2.258	10.896.856	8.974.058	2.293	8.976.351
16.3.1 Legal reserves		641.000	-	641.000	463.786	-	463.786
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		9.815.284	-	9.815.284	8.051.473	-	8.051.473
16.3.4 Other profit reserves		438.314	2.258	440.572	458.799	2.293	461.092
16.4 Income or (loss)		2.825.820	-	2.825.820	4.586.936	-	4.586.936
16.4.1 Prior years' income or (loss)		1.383.961	-	1.383.961	927.984	-	927.984
16.4.2 Current year income or (loss)		1.441.859	-	1.441.859	3.658.952	-	3.658.952
16.5 Minority interest	II-i	450	-	450	2.527	-	2.527
Total liabilities and shareholders' equity		95.525.768	86.453.499	181.979.267	79.780.471	80.529.373	160.309.844

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of September 30, 2014 and December 31, 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Consolidated off-balance sheet commitments

		Current Period (30/09/2014)			Prior Period (31/12/2013)		
Note (Section Five)		TL	FC	Total	TL	FC	Total
A.	Off-balance sheet commitments (II+III)	125.389.961	160.442.497	285.832.458	101.237.404	124.763.142	226.000.546
I.	Guarantees and warranties	15.025.232	30.028.055	45.053.287	12.898.958	25.188.958	38.087.916
1.1	Letters of guarantee	14.924.153	16.369.824	31.293.977	12.818.400	14.828.899	27.647.299
1.1.1	Guarantees subject to state tender law	482.949	699.851	1.182.800	482.038	657.448	1.139.486
1.1.2	Guarantees given for foreign trade operations	2.199.357	15.423.704	17.623.061	1.521.868	13.927.101	15.448.969
1.1.3	Other letters of guarantee	12.241.847	246.269	12.488.116	10.814.494	244.350	11.058.844
1.2	Bank acceptances	-	159.185	159.185	-	118.686	118.686
1.2.1	Import letter of acceptance	-	159.185	159.185	-	118.686	118.686
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	3	7.842.964	7.842.967	1.208	6.709.273	6.710.481
1.3.1	Documentary letters of credit	3	7.842.668	7.842.671	1.208	6.698.180	6.699.388
1.3.2	Other letters of credit	-	296	296	-	11.093	11.093
1.4	Prefinancing given as guarantee	-	-	-	-	-	-
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	101.076	3.689.383	3.790.459	79.350	2.016.957	2.096.307
1.9	Other warranties	-	1.966.699	1.966.699	-	1.515.143	1.515.143
II.	Commitments	45.239.079	16.398.916	61.637.995	37.495.938	7.785.077	45.281.015
2.1	Irrevocable commitments	45.239.079	16.139.147	61.378.226	37.495.938	7.552.103	45.048.041
2.1.1	Asset purchase and sale commitments	4.776.456	15.194.205	19.970.661	1.816.025	6.966.286	8.782.311
2.1.2	Deposit purchase and sales commitments	-	9	9	-	9	9
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	6.712.599	826.313	7.538.912	5.884.104	510.050	6.394.154
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.907.435	-	5.907.435	5.385.711	-	5.385.711
2.1.8	Tax and fund liabilities from export commitments	-	42.743	42.743	-	41.007	41.007
2.1.9	Commitments for credit card limits	24.565.342	-	24.565.342	21.610.762	-	21.610.762
2.1.10	Commitments for credit cards and banking services promotions	7.703	-	7.703	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	3.226.801	118.620	3.345.421	2.750.964	75.758	2.826.722
2.2	Revocable commitments	-	259.769	259.769	-	232.974	232.974
2.2.1	Revocable loan granting commitments	-	170.452	170.452	-	167.212	167.212
2.2.2	Other revocable commitments	-	89.317	89.317	-	65.762	65.762
III.	Derivative financial instruments	65.125.650	114.015.526	179.141.176	50.842.508	91.789.107	142.631.615
3.1	Derivative financial instruments for hedging purposes	17.449.892	22.340.847	39.790.739	12.176.363	25.452.330	37.628.693
3.1.1	Transactions for fair value hedge	566.702	801.005	1.357.707	1.104.763	1.506.212	2.610.975
3.1.2	Transactions for cash flow hedge	16.893.190	21.539.842	38.433.032	11.071.600	23.946.118	35.017.718
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	47.675.758	91.674.679	139.350.437	38.666.145	66.336.777	105.002.922
3.2.1	Forward foreign currency buy/sell transactions	2.842.347	4.538.385	7.380.732	3.876.427	5.587.189	9.463.616
3.2.1.1	Forward foreign currency transactions-buy	1.183.061	2.449.922	3.632.983	1.106.191	4.008.168	5.114.359
3.2.1.2	Forward foreign currency transactions-sell	1.659.286	2.088.463	3.747.749	2.770.236	1.579.021	4.349.257
3.2.2	Swap transactions related to foreign currency and interest rates	39.230.863	76.869.787	116.100.650	27.448.282	48.100.440	75.548.722
3.2.2.1	Foreign currency swap-buy	17.569.479	34.024.027	51.593.506	11.841.762	20.657.942	32.499.704
3.2.2.2	Foreign currency swap-sell	21.661.384	29.564.296	51.225.680	15.606.520	16.876.174	32.482.694
3.2.2.3	Interest rate swap-buy	-	6.640.732	6.640.732	-	5.283.162	5.283.162
3.2.2.4	Interest rate swap-sell	-	6.640.732	6.640.732	-	5.283.162	5.283.162
3.2.3	Foreign currency, interest rate and securities options	4.744.548	9.877.738	14.622.286	6.483.436	12.273.834	18.757.270
3.2.3.1	Foreign currency options-buy	2.068.667	3.011.927	5.080.594	2.028.284	4.303.089	6.332.089
3.2.3.2	Foreign currency options-sell	2.488.790	2.651.757	5.140.547	3.064.188	3.250.977	6.315.165
3.2.3.3	Interest rate options-buy	-	2.107.027	2.107.027	70.800	2.359.526	2.430.326
3.2.3.4	Interest rate options-sell	-	2.107.027	2.107.027	70.800	2.359.526	2.430.326
3.2.3.5	Securities options-buy	141.108	-	141.108	820.104	-	820.104
3.2.3.6	Securities options-sell	45.983	-	45.983	429.260	-	429.260
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	388.769	1.246.769	858.000	375.314	1.233.314
B.	Custody and pledges received (IV+V+VI)	163.318.741	41.683.336	205.002.077	138.707.195	34.562.522	173.269.717
IV.	Items held in custody	64.965.549	6.441.104	71.406.653	61.314.014	5.884.148	67.198.162
4.1	Customer fund and portfolio balances	-	-	-	-	12	12
4.2	Investment securities held in custody	48.774.043	5.592.940	54.366.983	48.922.433	5.160.024	54.082.457
4.3	Checks received for collection	13.415.649	146.771	13.562.420	9.765.253	139.746	9.904.999
4.4	Commercial notes received for collection	2.734.082	665.923	3.400.005	2.618.553	553.829	3.172.382
4.5	Other assets received for collection	-	30.386	30.386	-	30.537	30.537
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	41.775	5.084	46.859	7.775	-	7.775
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	96.977.281	33.616.638	130.593.919	76.079.903	27.193.253	103.273.156
5.1	Marketable securities	200.219	253	200.472	204.521	237	204.758
5.2	Guarantee notes	867.441	226.060	1.093.501	681.445	439.491	1.120.936
5.3	Commodity	22.063	4.264	26.327	22.983	7.336	30.319
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	64.794.265	23.912.710	88.706.975	52.696.177	19.792.832	72.489.009
5.6	Other pledged items	31.093.293	9.469.219	40.562.512	22.474.777	6.949.452	29.424.229
5.7	Pledged items-depository	-	4.132	4.132	-	3.905	3.905
VI.	Accepted independent guarantees and warranties	1.375.911	1.625.594	3.001.505	1.313.278	1.485.121	2.798.399
Total off-balance sheet commitments (A+B)		288.708.702	202.125.833	490.834.535	239.944.599	159.325.664	399.270.263

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2014 and 2013

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

III. Consolidated income statement

Income and expense items	Note (Section Five)	Current Period (01/01- 30/09/2014)	Restated Prior Period (01/01- 30/09/2013)
I. Interest income	IV-a	9.167.258	7.346.232
1.1 Interest on loans	IV-a-1	7.136.569	5.763.761
1.2 Interest received from reserve deposits		23	97
1.3 Interest received from banks	IV-a-2	90.669	83.130
1.4 Interest received from money market transactions		221.642	93.306
1.5 Interest received from marketable securities portfolio	IV-a-3	1.356.151	1.114.201
1.5.1 Trading financial assets		2.126	10.272
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		1.014.175	803.239
1.5.4 Held to maturity investments		339.850	300.690
1.6 Financial lease income		247.072	202.681
1.7 Other interest income		115.132	89.056
II. Interest expense	IV-b	(4.850.210)	(3.527.359)
2.1 Interest on deposits	IV-b-4	(3.481.335)	(2.554.339)
2.2 Interest on funds borrowed	IV-b-1	(619.016)	(578.212)
2.3 Interest expense on money market transactions		(370.689)	(186.937)
2.4 Interest on securities issued	IV-b-3	(365.061)	(184.781)
2.5 Other interest expenses		(14.109)	(23.090)
III. Net interest income (I + II)		4.317.048	3.818.873
IV. Net fees and commissions income		1.702.042	1.560.502
4.1 Fees and commissions received		2.154.462	1.854.450
4.1.1 Non-cash loans		244.759	209.522
4.1.2 Other	IV-j	1.909.703	1.644.928
4.2 Fees and commissions paid		(452.420)	(293.948)
4.2.1 Non-cash loans		(8.580)	(7.684)
4.2.2 Other		(443.840)	(286.264)
V. Dividend income	IV-c	9.356	15.575
VI. Trading gain/(loss) (net)	IV-ç	(253.660)	260.009
6.1 Trading gains/(losses) on securities		151.638	342.584
6.2 Derivative financial transactions gains/(losses)	IV-d	(819.669)	767.407
6.3 Foreign exchange gains/(losses)		414.371	(849.982)
VII. Other operating income	IV-e	486.805	273.677
VIII. Total operating income / loss (III+IV+V+VI+VII)		6.261.591	5.928.636
IX. Provision for impairment of loans and other receivables (-)	IV-f	(1.421.008)	(1.113.288)
X. Other operating expenses (-)	IV-g	(2.973.532)	(2.547.031)
XI. Net operating income/(loss) (VIII-IX-X)		1.867.051	2.268.317
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		26.051	2.259
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	1.893.102	2.270.576
XVI. Tax provision for continuing operations (±)	IV-h	(451.088)	(488.528)
16.1 Current tax provision		(631.075)	(192.425)
16.2 Deferred tax provision		179.987	(296.103)
XVII. Net profit/loss from continuing operations (XV±XVI)		1.442.014	1.782.048
XVIII. Income from discontinued operations		-	1.595.275
18.1 Income from non-current assets held for resale		-	237.009
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	1.358.266
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	(174.034)
19.1 Expenses for non-current assets held for resale		-	(174.034)
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	-	1.421.241
XXI. Tax provision for discontinued operations (±)	IV-h	-	(85.408)
21.1 Current tax provision		-	(85.408)
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	1.335.833
XXIII. Net profit/loss (XVII+XXII)	IV-i	1.442.014	3.117.881
23.1 Group's profit/loss		1.441.859	3.117.708
23.2 Minority interest profit/losses (-)	IV-i	155	173
Earnings/(loss) per share (in TL full)		0,0033	0,0072

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2014 and 2013

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

III. Consolidated income statement

Income and expense items	Note (Section Five)	Current Period (01/07- 30/09/2014)	Prior Period (01/07- 30/09/2013)
I. Interest income	IV-a	3.160.706	2.437.303
1.1 Interest on loans	IV-a-1	2.557.749	1.901.892
1.2 Interest received from reserve deposits		2	27
1.3 Interest received from banks	IV-a-2	21.697	19.669
1.4 Interest received from money market transactions		33.457	22.751
1.5 Interest received from marketable securities portfolio	IV-a-3	421.026	392.035
1.5.1 Trading financial assets		658	2.088
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		319.365	283.595
1.5.4 Held to maturity investments		101.003	106.352
1.6 Financial lease income		87.940	72.124
1.7 Other interest income		38.835	28.805
II. Interest expense	IV-b	(1.680.342)	(1.271.970)
2.1 Interest on deposits	IV-b-4	(1.215.149)	(920.190)
2.2 Interest on funds borrowed	IV-b-1	(222.140)	(187.006)
2.3 Interest expense on money market transactions		(101.001)	(90.167)
2.4 Interest on securities issued	IV-b-3	(138.323)	(66.950)
2.5 Other interest expenses		(3.729)	(7.657)
III. Net interest income (I + II)		1.480.364	1.165.333
IV. Net fees and commissions income		586.649	521.716
4.1 Fees and commissions received		749.006	630.318
4.1.1 Non-cash loans		82.277	75.301
4.1.2 Other	IV-j	666.729	555.017
4.2 Fees and commissions paid		(162.357)	(108.602)
4.2.1 Non-cash loans		(3.254)	(2.416)
4.2.2 Other		(159.103)	(106.186)
V. Dividend income	IV-c	5	175
VI. Trading gain/(loss) (net)	IV-ç	38.969	145.416
6.1 Trading gains/(losses) on securities		62.293	78.845
6.2 Derivative financial transactions gains/(losses)	IV-d	(50.134)	328.391
6.3 Foreign exchange gains/(losses)		26.810	(261.820)
VII. Other operating income	IV-e	85.421	70.825
VIII. Total operating income / loss (III+IV+V+VI+VII)		2.191.408	1.903.465
IX. Provision for impairment of loans and other receivables (-)	IV-f	(514.592)	(395.954)
X. Other operating expenses (-)	IV-g	(1.009.040)	(834.855)
XI. Net operating income/(loss) (VIII-IX-X)		667.776	672.656
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		9.250	2.146
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	677.026	674.802
XVI. Tax provision for continuing operations (±)	IV-h	(164.416)	(148.906)
16.1 Current tax provision		(77.393)	(43.881)
16.2 Deferred tax provision		(87.023)	(105.025)
XVII. Net profit/loss from continuing operations (XV±XVI)		512.610	525.896
XVIII. Income from discontinued operations		-	1.336.269
18.1 Income from non-current assets held for resale		-	(21.997)
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	1.358.266
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	35.411
19.1 Expenses for non-current assets held for resale		-	35.411
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	-	1.371.680
XXI. Tax provision for discontinued operations (±)	IV-h	-	(75.402)
21.1 Current tax provision		-	(76.415)
21.2 Deferred tax provision		-	1.013
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	1.296.278
XXIII. Net profit/loss (XVII+XXII)	IV-ı	512.610	1.822.174
23.1 Group's profit/loss		512.599	1.824.708
23.2 Minority interest profit/losses (-)	IV-ı	11	(2.534)
Earnings/(loss) per share (in TL full)		0,0012	0,0042

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2014 and 2013

(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 (30/09/2014)	Prior Period (30/09/2013)
I. Transfers to marketable securities valuation differences from financial assets available for sale	315.370	(1.637.013)
II. Property and equipment revaluation differences	13.757	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	(28.874)	151.388
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	71.412	516.979
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	12.525	(128.841)
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	363	296
IX. Deferred tax on valuation differences	(78.997)	248.822
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	305.556	(848.369)
XI. Current year profit/loss	1.442.014	3.117.881
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	66.163	2.016
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(106.286)	(178.519)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.482.137	3.294.384
XII. Total income/loss accounted for the period (X+XI)	1.747.570	2.269.512

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

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

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

V. Consolidated statement of changes in shareholders' equity

Prior Period		Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves ⁽¹⁾	Status reserves	Extraordinary reserves ⁽¹⁾	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
September 30, 2013																				
I.	Period opening 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
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	-	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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(1.283.228)	-	-	-	-	(1.283.228)	(383)	(1.283.611)
VI.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	310.510	-	310.510	-	310.510
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	413.583	-	413.583	-	413.583
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(103.073)	-	(103.073)	-	(103.073)
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		-	-	-	-	-	-	-	151.010	-	-	35.339	-	-	(61.913)	-	124.436	-	124.436
XI.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28.092)	(28.092)
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		-	-	-	-	-	-	-	296	-	-	-	-	-	-	-	296	-	296
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	3.117.708	-	-	-	-	-	-	3.117.708	173	3.117.881
XX.	Profit distribution		-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	174.201	-	-	-	-	-	(300.000)	(678)	(300.678)
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	(300.000)	(678)	(300.678)
20.2	Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	474.201	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	Transactions with minority		-	-	-	-	-	-	-	-	-	(61)	-	-	-	-	-	(61)	(33.352)	(33.413)
Period end balance (III+IV+V+.....+VIII+XIX+XX+ XXI)			4.347.051	-	543.881	-	463.786	-	8.051.473	661.936	3.117.708	927.984	239.534	-	-	(408.946)	-	17.944.407	2.460	17.946.867

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

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of September 30, 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

Current Period																				
September 30, 2014		Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves ⁽¹⁾	Status reserves	Extraordinary reserves ⁽¹⁾	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	-	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
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	252.228	-	-	-	-	252.228	-	252.228
IV.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	67.149	-	-	67.149	-	67.149
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	57.129	-	57.129	-	57.129
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	10.020	-	10.020	-	10.020
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	13.070	-	-	-	13.070	-	13.070
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	(20.883)	-	-	6.357	-	-	(12.728)	-	(27.254)	-	(27.254)
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid-in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	363	-	-	-	-	-	-	-	363	-	363
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	1.441.859	-	-	-	-	-	-	1.441.859	155	1.442.014
XVIII.	Profit distribution		-	-	-	177.214	-	1.763.811	873.950	(3.658.952)	455.977	-	-	-	-	-	-	(388.000)	(47)	(388.047)
18.1	Dividend paid		-	-	-	-	-	-	-	-	(388.000)	-	-	-	-	-	-	(388.000)	(47)	(388.047)
18.2	Transfers to reserves		-	-	-	177.214	-	1.763.811	873.950	(3.658.952)	843.977	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Transactions with minority		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.185)	(2.185)
Period end balance (I+II+III+.....+XVII+XVIII+XIX)			4.347.051	-	543.881	-	641.000	-	9.815.284	1.613.136	1.441.859	1.383.961	140.467	13.070	4.503	(301.814)	-	19.642.398	450	19.642.848

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

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2014 and 2013

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

VI. Consolidated statement of cash flows

	Note (Section Five)	Current Period (30/09/2014)	Prior Period (30/09/2013)
A. Cash flows from banking operations			
1,1		2.062.026	2.883.150
1.1.1		8.566.139	8.399.542
1.1.2		(4.903.030)	(3.480.882)
1.1.3		9.356	15.575
1.1.4		2.154.462	1.854.836
1.1.5		163.381	(30.685)
1.1.6		748.920	955.174
1.1.7		(3.093.838)	(2.202.069)
1.1.8		(631.075)	(421.787)
1.1.9	VI	(952.289)	(2.206.554)
1,2		(2.648.992)	(6.973.627)
1.2.1		94.310	451.240
1.2.2		-	-
1.2.3		(1.791.827)	(5.241.878)
1.2.4		(18.132.605)	(17.971.284)
1.2.5		(623.432)	(1.097.005)
1.2.6		319.406	416.476
1.2.7		13.581.351	11.307.486
1.2.8		758.331	3.614.487
1.2.9		-	-
1.2.10	VI	3.145.474	1.546.851
I. Net cash flows from banking operations		(586.966)	(4.090.477)
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(1.941.828)	637.999
2,1		(52)	(259.234)
2,2		44.433	1.358.266
2,3		(218.429)	(154.545)
2,4		59.112	120.422
2,5		(9.193.880)	(8.599.348)
2,6		5.914.774	8.430.679
2,7		(916.580)	(379.384)
2,8		2.368.794	121.143
2,9		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		1.779.411	897.657
3,1		9.895.609	5.590.486
3,2		(7.728.151)	(4.392.151)
3,3		-	-
3,4		(388.047)	(300.678)
3,5		-	-
3,6		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI	124.720	786.516
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		(624.663)	(1.768.305)
VI. Cash and cash equivalents at beginning of the period	VI	10.480.428	10.832.289
VII. Cash and cash equivalents at end of the period	VI	9.855.765	9.063.984

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014

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

Section Three

Accounting policies

I. Explanations on basis of presentation:

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

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

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

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis (restated for the changes in the general purchasing power of TL until December 31, 2004), except for financial assets at fair value through profit or loss, financial assets available for sale, 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, 2013, except for changes on accounting policies from historical cost basis to revaluation basis for art objects and paintings in tangible assets. TAS/TFRS changes which are effective from January 1, 2014 (TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended), TRFS Interpretation 21 Levies, Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets), Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting, TFRS 10 Consolidated Financial Statements (Amendment)) do not have a significant effect on the Group's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

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

Additional paragraph for convenience translation into English:

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

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

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

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Hedging funds" in equity.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

III. Information on consolidation principles:

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and the "Turkish Accounting Standard for Consolidated Financial Statements" ("TFRS 10").

1. Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank's returns.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders

Yapı 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.

In the Extraordinary end of liquidation General Assembly of Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") held on July 8, 2014, it was decided to conclude the liquidation process and to pay the remaining liquidation liabilities to the shareholders. In addition, it was decided to delist the official name, information and registry record of the YKYO from the trade registry records and other governmental agencies' records.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	Direct and
			rates (%) September 30, 2014	indirect rates (%) September 30, 2014
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi 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	Structured Entity	-	-

(1) It is a structured 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 %	Direct and
			September 30, 2014	indirect rates % September 30, 2014
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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

3. Consolidation principles of joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is real estate investment trust ("REIT") and operates according to special legislation with permission and license and is established in Turkey. The related joint venture is consolidated with equity method in accordance with materiality principle.

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

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % September 30, 2014	Direct and indirect rates % September 30, 2014
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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

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

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

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

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

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transactions is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. 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, termination of the hedged risk or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

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

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

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

As of September 30, 2014, 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expenses:

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

VII. Explanations on financial assets:

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

Provision expenses are realized at the same period when they are provided. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "Other operating income". Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Available-for-sale financial assets:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

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, properties and equipments, except art objects and paintings, are carried at cost less accumulated depreciation and provision for impairment. The Bank adopted a revaluation method for its art objects and paintings in tangible assets in accordance with TAS 16 in the current period.

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.

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

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 overdue 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

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 TAS 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

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. According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015.

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

XVII. Explanations on taxation:

a. Current tax:

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

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

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

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

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

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

Under the Turkish Corporate Tax Law, effective from April 24, 2003, investment allowances had provided a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand new fixed assets having economic useful life and exceeding TL 10 and directly related with the production of goods and services and investment allowance that arose prior to April 24, 2003 had been taxed at 19,8% (withholding tax) unless they had been converted to new type at companies' preference. 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 will be able to deduct such amounts from corporate income for the following years.

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of September 30, 2014 are as follows:

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

b. Deferred tax:

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

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

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

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

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

c. Transfer pricing:

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

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 1.566 (December 31, 2013 - TL 1.203).

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

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) to be appropriated to ordinary shareholders	1.441.859	1.781.875
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	0,0033	0,0041

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	-	1.335.833
Weighted average number of issued ordinary shares(thousand)	-	434.705.128
Earnings per share from discontinued operations (full TL)	-	0,0031

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

As of September 30, 2014 no bonus shares were issued during 2014 (December 31, 2013 - no bonus shares were issued).

XXIV. Related parties:

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

XXV. Explanations on operating segments:

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

XXVI. Explanations on other matters:

None.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Accounting policies (continued)

XXVII. Legal mergers under common control:

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combinations involving entities under common control, by examining the practices included in the generally accepted global accounting standards the Group decided to apply an accounting policy in parallel with the “pooling of interests” method in view of its judgement that the economic substance of the relevant transaction will be most reliably and accurately reflected in this manner. In the accounting of business combinations which occur under common control, assets and liabilities, subject to business combinations, are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year in which the business combinations occurred. Financial statements belonging to previous periods also are adjusted in the same way in order to ensure the comparability. As a result of those transactions, any goodwill or negative goodwill is not calculated. The difference between the investment amount and the share in capital in the acquired company is directly accounted under equity as “the effect of legal mergers under common control”.

POA has issued a policy decision in July, 2013 regarding “Accounting for business combinations Subject to Joint Control Group” which is effective for annual periods beginning on December 31, 2012. Based on this decision, i) rights in business combinations under common control combinations should be accounted for by the method of pooling of interest, ii) due to that goodwill should not 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

- a. The consolidated capital adequacy ratio of the Group is 14,47% (December 31, 2013 – 15,32%) and of the Parent Bank is 14,95% (December 31, 2013 – 16,00%).
- 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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:

	Parent Bank								
	Risk Weights								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	31.385.761	3.174.790	25.182.621	40.795.068	78.687.464	3.334.700	7.856.038	730.616	191.147.058
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	29.086.744	-	4.971.492	-	-	-	-	-	34.058.236
Conditional and unconditional receivables from regional or local governments	-	149	-	-	-	-	-	-	149
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	966	-	-	-	966
Conditional and unconditional receivables from multilateral development banks	4.276	-	-	-	-	-	-	-	4.276
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3.036.799	6.604.250	-	443.874	-	-	-	10.084.923
Conditional and unconditional receivables from corporates	-	-	-	-	66.792.938	-	-	-	66.792.938
Conditional and unconditional retail receivables	-	-	-	40.795.068	6.012.986	-	-	-	46.808.054
Conditional and unconditional receivables secured by mortgages	-	-	13.605.219	-	-	-	-	-	13.605.219
Past due receivables	-	-	-	-	731.675	346.781	-	-	1.078.456
Receivables defined as high risk category by the Regulator	-	-	1.660	-	29.443	2.987.919	7.856.038	730.616	11.605.676
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.294.741	137.842	-	-	4.675.582	-	-	-	7.108.165
Credit Risk Weighted Amounts	-	634.958	12.591.311	30.596.301	78.687.464	5.002.050	15.712.076	1.826.540	145.050.700

	Risk Weights Consolidated								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	32.284.883	3.292.010	25.300.646	41.373.505	89.129.348	3.460.795	7.856.038	730.616	203.427.841
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	29.842.244	5.859	5.019.499	-	23.596	-	-	-	34.891.198
Conditional and unconditional receivables from regional or local governments	-	149	147	-	-	-	-	-	296
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	966	-	-	-	966
Conditional and unconditional receivables from multilateral development banks	4.276	-	-	-	-	-	-	-	4.276
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3.148.160	6.675.117	-	732.433	-	-	-	10.555.710
Conditional and unconditional receivables from corporates	-	-	-	-	79.038.260	126.095	-	-	79.164.355
Conditional and unconditional retail receivables	-	-	-	41.373.505	6.012.986	-	-	-	47.386.491
Conditional and unconditional receivables secured by mortgages	-	-	13.604.223	-	-	-	-	-	13.604.223
Past due receivables	-	-	-	-	746.645	346.781	-	-	1.093.426
Receivables defined as high risk category by the Regulator	-	-	1.660	-	29.443	2.987.919	7.856.038	730.616	11.605.676
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.438.363	137.842	-	-	2.545.019	-	-	-	5.121.224
Credit Risk Weighted Amounts	-	658.402	12.650.323	31.030.129	89.129.348	5.191.193	15.712.076	1.826.540	156.198.011

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank	Consolidated	The Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	11.604.056	12.495.841	10.042.902	10.864.694
Capital requirement for market risk (MRCR)	224.705	248.307	197.468	310.892
Capital requirement for operational risk (ORCR)	817.197	920.434	802.350	910.617
Shareholders' equity	23.635.709	24.713.150	22.084.113	23.141.967
Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12,5*100	14,95	14,47	16,00	15,32
Common Equity /(CRCR+ MRCR+ORCOR) * 12,5*100	10,88	10,67	-	-
Tier 1 Capital /((CRCR+ MRCR+ ORCOR) *12,5*100)	11,57	11,32	-	-

e. Information about shareholders' equity items:

	September 30, 2014
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	4.347.051
Share Premium	543.881
Share Cancellation Profits	-
Legal Reserves	10.896.856
Other Comprehensive Income according to TAS	1.326.101
Profit	2.825.820
Net Current Period Profit	1.441.859
Prior Period Profit	1.383.961
Provisions for Possible Losses	226.066
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	4.503
Minority shares	450
Common Equity Tier 1 capital before regulatory adjustments	20.170.728
Common Equity Tier 1 capital: regulatory adjustments	
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	-
Leasehold improvements on operational leases (-)	91.345
Goodwill and intangible assets and related deferred tax liabilities (-)	276.342
Net deferred tax assets / liabilities (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be defined by the regulator (-)	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions (-)	464.059
Total regulatory adjustments to Common equity Tier 1	831.746
Common Equity Tier 1 capital	19.338.982

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

	September 30, 2014
Additional Tier 1 capital: instruments	
Privileged stocks which are not included in common equity and share premiums	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-
Minority shares	-
Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the regulator (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-
Total regulatory adjustments to Additional Tier 1 capital	-
Additional Tier 1 capital	-
Regulatory adjustments to Common Equity	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	1.105.368
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Tier 1 capital	18.233.614
Tier 2 capital	
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (Issued or Obtained after 1.1.2014)	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (Issued or Obtained before 1.1.2014)	5.084.600
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-
Generic Provisions	1.761.116
Minority shares	-
Tier 2 capital before regulatory adjustments	6.845.716
Tier 2 capital: regulatory adjustments	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Consolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the regulator (-)	-
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital	6.845.716

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

	September 30, 2014
Total capital	25.079.330
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	68.072
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	6.989
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	154.559
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the regulator (-)	136.560
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
Shareholders's equity	24.713.150
Amounts below the thresholds for deduction	898.536
Remaining Total of Net Long Positions of the Investments in Own Fund Items of Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital	-
Remaining total of net long positions of the investments in Tier I capital of Consolidated banks and Financial Institutions where the Bank owns more than 10% Or Less of the Tier I Capital	-
Remaining mortgage servicing rights	-
Net deferred tax assets arising from temporary differences	898.536

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

	December 31, 2013
Core capital	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	8.976.351
Adjustment to legal reserves	-
Profit	4.586.936
Net Current period profit	3.658.952
Prior period profit	927.984
Provisions for possible losses up to 25% of core capital	209.470
Profit on sale of associates, subsidiaries and buildings ⁽¹⁾	298.614
Primary subordinated loans	-
Minority shares	2.527
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Development cost of operating lease (-)	101.133
Intangible assets (-)	1.393.590
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
Supplementary capital	
General provisions	1.520.873
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
45% of value increase fund of financial assets available for sale and associates and subsidiaries	(172.325)
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Minority share	-
Total supplementary capital	6.431.274
Capital	23.901.381
Deductions from the capital	759.414
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
Loans extended being noncompliant with articles 50 and 51 of the Law	3.221
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
Securitisation positions that is deducted-preferably-from the shareholders' equity	-
Other	129.775
Total shareholders' equity	23.141.967

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

Details on calculation in accordance with the temporary calculations on equity:

Adjustments to Common equity Tier 1 are performed according to the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

Information on debt instruments included in the calculation of equity:

	1	2	3	4	5
Issuer	UNICREDIT BANK	BANK AUSTRIA	MERRILL LYNCH	CITIBANK	YKB
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-	XS0861979440/ US984848AB73
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA	BRSA / CMB / LONDON STOCK EXCHANGE
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes	Yes
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Bond
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	1.279	1.071	231	225	2.279
Par value of instrument (Currency in million)	1.333	1.071	1.446	578	2.279
Accounting classification	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost
Original date of issuance	January 9, 2013	November 21, 2013	March 31, 2006	June 25, 2007	December 6, 2012
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	-	-	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	After 5th year
Coupons / dividends	3 months	3 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating	Fixed
Coupon rate and any related index	5,5	6,35	EURIBOR + 3%	EURIBOR + 2,78%	5,5
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	None	None
If convertible, conversion trigger (s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature	None	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-	-
If write-down, full or partial	-	-	-	-	-
If write-down, permanent or temporary	-	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2
Incompliance with article number 7 and 8 of "Own fund regulation"	Yes	Yes	Yes	Yes	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8-2-ğ	8-2-ğ	8-2-ğ	8-2-ğ	8-2-ğ

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

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

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

II. Explanations on consolidated credit risk:

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

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 "The Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks" 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 "The Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

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

The table below shows details of the market risk as of September 30, 2014 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	134.455	65.237
(II) Capital requirement against specific risks - standard method	7.021	40.521
Capital requirement against specific risks of securitization positions- standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	58.258	120.679
(IV) Capital requirement against commodity risks - standard method	88	667
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	389	6.308
(VII) Capital requirement against counterparty credit risks - standard method	48.096	77.480
(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))	248.307	310.892
(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))	3.103.834	3.886.150

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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:

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

(2) Quantitative information on counterparty risk;

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

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

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

IV. Explanations on operational risk:

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

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 2,27890	TL 2,89140
First day current bid rate	TL 2,25570	TL 2,87480
Second day current bid rate	TL 2,24820	TL 2,86070
Third day current bid rate	TL 2,23250	TL 2,86770
Fourth day current bid rate	TL 2,23190	TL 2,87450
Fifth day current bid rate	TL 2,24000	TL 2,87810
Arithmetic average of the last 31 days:	TL 2,20554	TL 2,84908
Balance sheet evaluation rate as of Prior Period:	TL 2,13430	TL 2,93650

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	3.763.617	12.317.369	3.492.954	19.573.940
Banks	1.775.872	1.221.920	238.779	3.236.571
Financial assets at fair value through profit or loss	15.808	105.679	519	122.006
Money market placements	-	-	-	-
Available-for-sale financial assets	340.924	2.917.787	93.400	3.352.111
Loans ⁽¹⁾	13.072.811	29.984.850	1.190.704	44.248.365
Investments in associates, subsidiaries and joint ventures	-	-	266.641	266.641
Held-to-maturity investments	585.450	3.056.322	1	3.641.773
Hedging derivative financial assets	234	392	-	626
Tangible assets	1.408	-	47.825	49.233
Intangible assets ⁽⁶⁾	-	-	-	-
Other assets ⁽²⁾	3.201.829	2.066.730	207.912	5.476.471
Total assets	22.757.953	51.671.049	5.538.735	79.967.737
Liabilities				
Bank deposits	647.189	991.508	154.184	1.792.881
Foreign currency deposits	18.426.529	26.656.784	2.208.078	47.291.391
Funds from money market	-	1.408.223	-	1.408.223
Funds borrowed from other financial institutions	9.008.588	9.150.840	354.689	18.514.117
Marketable securities issued	960.294	5.967.289	142.088	7.069.671
Miscellaneous payables	922.270	657.449	115.399	1.695.118
Hedging derivative financial liabilities	76.237	173.968	-	250.205
Other liabilities ⁽³⁾	2.739.071	5.313.644	92.092	8.144.807
Total liabilities	32.780.178	50.319.705	3.066.530	86.166.413
Net on balance sheet position	(10.022.225)	1.351.344	2.472.205	(6.198.676)
Net off balance sheet position⁽⁵⁾	9.943.360	(1.353.571)	(1.960.506)	6.629.283
Financial derivative assets	15.788.838	28.308.631	2.181.365	46.278.834
Financial derivative liabilities	5.845.478	29.662.202	4.141.871	39.649.551
Net position	(78.865)	(2.227)	511.699	430.607
Non-cash loans	9.895.185	18.284.589	1.848.281	30.028.055
December 31, 2013				
Total assets	24.124.237	43.499.837	5.128.667	72.752.741
Total liabilities	30.281.374	47.804.855	2.389.806	80.476.035
Net on-balance sheet position	(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

(1) Includes FX indexed loans amounting to TL 5.147.922 (December 31, 2013 - TL 4.714.007) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 59.092 (December 31, 2013 - TL 60.634).

(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 13.980 is not considered in the calculation.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

VI. Explanations on consolidated interest rate risk:

The monitoring of interest rate sensitive assets and liabilities 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	22.273.030	22.273.030
Banks	907.699	453.227	364.679	55.931	-	1.559.009	3.340.545
Financial assets at fair value through profit/loss	430.526	260.071	556.294	65.596	29.165	5.875	1.347.527
Money market placements	1.473.653	8.258	-	-	-	-	1.481.911
Available-for-sale financial assets	1.773.255	2.420.166	5.271.426	3.970.822	3.670.338	130.476	17.236.483
Loans	24.610.986	20.611.895	38.817.942	24.211.187	7.595.852	1.093.426	116.941.288
Held-to-maturity investments	1.051.894	86.742	522.068	805.211	3.143.172	-	5.609.087
Other assets	2.470.714	866.530	1.540.626	2.713.758	442.933	5.714.835	13.749.396
Total assets	32.718.727	24.706.889	47.073.035	31.822.505	14.881.460	30.776.651	181.979.267
Liabilities							
Bank deposits	1.612.124	251.464	309.790	32.583	-	481.237	2.687.198
Other deposits	61.039.041	16.246.254	4.918.518	891.090	206.813	16.471.234	99.772.950
Funds from money market	4.728.967	440.633	116.357	-	-	-	5.591.637
Miscellaneous payables	-	-	-	-	-	8.837.233	8.837.233
Marketable securities issued	1.441.736	2.138.143	1.551.015	3.640.890	1.294.586	-	10.066.370
Funds borrowed from other financial institutions	5.220.407	8.833.283	4.478.277	1.678.875	246.206	-	20.457.048
Other liabilities and shareholders' equity	579.430	464.585	2.479.870	52.660	4.743.833	26.246.453	34.566.831
Total liabilities	74.621.705	28.374.362	13.853.827	6.601.778	6.491.438	52.036.157	181.979.267
Balance sheet long position	-	-	33.219.208	25.220.727	8.390.022	-	66.829.957
Balance sheet short position	(41.902.978)	(3.667.473)	-	-	-	(21.259.506)	(66.829.957)
Off-balance sheet long position	5.235.859	12.644.144	-	-	-	-	17.880.003
Off-balance sheet short position	-	-	(1.844.964)	(15.188.603)	(1.196.045)	-	(18.229.612)
Total position	(36.667.119)	8.976.671	31.374.244	10.032.124	7.193.977	(21.259.506)	(349.609)
Prior Period							
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	1.871.236	1.131.914	35.018	4.406.619	23.487.637	31.240.068
Total liabilities	59.831.490	26.560.667	15.942.262	6.431.162	6.321.150	45.223.113	160.309.844
Balance sheet long position	-	2.670.821	18.688.506	18.818.982	7.090.254	-	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)	13.090.331	19.113.387	4.494.162	5.842.913	(18.291.288)	573.136

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	-	-	-	-
Banks	1,57	2,31	-	9,69
Financial assets at fair value through profit/loss	3,56	4,22	-	9,46
Money market placements	-	-	-	11,78
Available-for-sale financial assets	6,97	6,33	-	10,36
Loans	4,79	5,07	5,19	13,47
Held-to-maturity investments	4,04	5,47	-	10,54
Liabilities⁽¹⁾				
Bank deposits	1,28	0,78	-	10,07
Other deposits	2,06	2,13	1,78	9,79
Funds from money market	-	0,88	-	10,12
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,02	3,89	-	9,45
Funds borrowed from other financial institutions	1,89	3,42	3,03	9,40

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

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	-	-	-	-
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	1,48	3,74	-	8,13
Funds borrowed from other financial institutions	2,05	3,36	2,99	8,90

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

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 September 30, 2014 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	(2.022.562)	(8,56)%
TRY	(-)400 bp	1.938.744	8,20%
EUR	(+)200 bp	(73.034)	(0,31)%
EUR	(-)200 bp	116.724	0,49%
USD	(+)200 bp	135.469	0,57%
USD	(-)200 bp	(43.166)	(0,18)%
Total (for negative shock)		2.012.303	8,51%
Total (for positive shock)		(1.960.128)	(8,29)%

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

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

1. Comparison of the carrying, fair and market values of equity shares:

Group has no unconsolidated subsidiaries and joint venture quoted in Borsa Istanbul as of September 30, 2014.

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

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	5.527.382	16.745.648	-	-	-	-	22.273.030	
Banks	1.559.009	907.699	420.363	397.543	55.931	-	3.340.545	
Financial assets at fair value through profit or loss	-	410.056	165.129	437.814	249.199	79.454	1.347.527	
Money market placements	-	1.473.653	8.258	-	-	-	1.481.911	
Available-for-sale financial assets	86.863	650.444	121.352	2.382.925	5.725.477	8.225.809	17.236.483	
Loans	-	17.449.927	10.141.666	27.019.782	35.646.151	25.590.336	1.093.426	
Held-to-maturity Investments	-	11.067	86.742	187.577	1.846.038	3.477.663	-	
Other assets ⁽¹⁾	2.631.269	1.750.319	879.236	1.694.302	3.178.191	526.642	3.089.437	
Total assets	9.804.523	39.398.813	11.822.746	32.119.943	46.700.987	37.899.904	4.232.351	181.979.267
Liabilities								
Bank deposits	481.237	1.612.124	251.464	309.790	32.583	-	2.687.198	
Other deposits	16.471.234	61.039.041	16.246.254	4.918.518	891.090	206.813	99.772.950	
Funds borrowed from other financial institutions	-	4.643.267	1.143.657	7.270.698	5.457.885	1.941.541	20.457.048	
Funds from money market	-	4.728.967	440.633	116.357	305.680	-	5.591.637	
Marketable securities issued	-	1.412.673	1.377.070	1.705.523	4.276.518	1.294.586	10.066.370	
Miscellaneous payables	7.886.410	580.271	185.814	183.974	369	15	8.837.233	
Other liabilities ⁽²⁾	554.342	700.229	441.539	914.258	3.697.635	5.345.760	22.913.068	
Total liabilities	25.393.223	74.716.572	20.086.431	15.419.118	14.661.760	8.788.715	22.913.448	181.979.267
Net liquidity gap	(15.588.700)	(35.317.759)	(8.263.685)	16.700.825	32.039.227	29.111.189	(18.681.097)	-
Prior Period								
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
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)	-

(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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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 guarantees ⁽²⁾	Other / Physical guarantees ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	36.749.143	1.403.993	-	-
Conditional and unconditional receivables from regional or local governments	894	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.951	-	-	-
Conditional and unconditional receivables from multilateral development banks	182.312	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	36.937.400	12.949	-	-
Conditional and unconditional receivables from corporates	193.857.750	3.871.873	-	86.245
Conditional and unconditional retail receivables	125.625.156	419.345	-	18.379
Conditional and unconditional receivables secured by mortgages	13.910.219	-	-	-
Past due receivables	1.093.426	-	-	-
Receivables defined in high risk category by the Regulator	11.736.612	40.967	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	7.310.712	-	-	-
Total	427.417.575	5.749.127	-	104.624

- (1) Figures represent the total amount of credit risks prior to the risk mitigating calculations as per the "Regulation on Credit Risk Mitigation Techniques".
- (2) Figures represent the total amount of collaterals which are taken into consideration for the risk mitigating calculations. Other risk reducing items are not included in this table such as; mortgages, pledges, guarantees and warranties.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

XI. Strategies and policies of the risk management system:

Risk management strategy of the Parent Bank includes measurement and monitoring of the risks with the methods that are defined in accordance with the international standards and local regulations. Also it includes having a sustainable growth in the framework of optimized capital use in accordance with the principle of keeping a balanced risk and return approach.

Risk Management Department including the sub-departments of "Credit Risk Control and Operational Risk Management", "Market Risk Management" and "Credit Risk Management", reports to the Board of Directors through the Audit Committee.

Credit risk rating models are mainly used to measure and monitor the credit risk. The rating model is used in day to day activities of the Bank such as; for the evaluation of new credit applications, determination of credit approval authority levels and monitoring the performance of the existing customer portfolio. Performance of the rating model is monitored by a validation team on a regular basis.

Reports related to the loan portfolio of the Bank are distributed to the relevant departments within the Bank, on a regular basis. Expected loss calculations for the Bank's loan portfolio are performed and used for determining the objectives and policies of the Bank.

Market Risk Analysis unit is responsible for measuring, monitoring and distributing the results of the market risk to the relevant departments within the Bank, as well as reviewing the valuation calculations of financial instruments, which are subject to market risk, in accordance with accounting standards.

The Parent Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international regulations, local regulations and internal policies. In addition to the regulatory limits, there are also internal limits set to measure and monitor the risk. Possible changes that may occur in the economic environment are taken into account for determining these limits.

XII. Explanations on the presentation of financial assets and liabilities at fair values:

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

XIII. Explanations on hedge accounting:

The Group applies the following hedge accounting models as of September 30, 2014:

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

Cross currency interest rate swaps are used as hedging instrument in FVH. Interest rate swaps and cross currency swaps are used as hedging instrument in CFH. Contractual amounts and the fair values as at September 30, 2014 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 / cross currency swap (CFH)	19.139.558	330.158	314.712	17.508.859	160.252	386.395
Cross currency interest rate swap (FVH)	556.520	223.946	321	1.104.763	307.375	-
Total	19.696.078	554.104	315.033	18.613.622	467.627	386.395

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 20.094.661 (December 31, 2013 - TL 19.015.071) the total notional of derivative financial assets amounting to TL 39.741.467 (December 31, 2013 - TL 37.628.693) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	(18.813)	223.712	-	(13.699)

- (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 3.358.

Prior 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	(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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the group (continued)

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the 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 within the remaining maturity. 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 within the remaining maturity.

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 and cross currency 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/ Cross currency interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	330.158	314.712	(70.716)	44.401

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 9.640 realized as an expense.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the group (continued)

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. When the hedged forecasted transactions are no longer expected to occur, the net cumulative gain or loss is reclassified from other comprehensive income to profit and loss.

Net Investment Hedge

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at September 30, 2014 is EUR 286 milyon (December 31, 2013 - EUR 275 million). The foreign exchange loss of TL 231.099 net-off tax (December 31, 2013 - TL 241.119 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, small medium size enterprises ("SME") 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

Through its Private Banking and Wealth Management activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, capital guaranteed funds, mutual funds, Type A Type B funds, derivative products such as forwards, futures and options in domestic futures exchange (VOB) and international markets, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products and 7/24 safe deposit boxes and e-banking services. Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

The Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Foreign operations include the Group's banking transactions in the Netherlands, Azerbaijan and Russia. Treasury, Asset – Liability Management and other operations, mainly consist of treasury management's results, operations of supporting business units and other unallocated transactions.

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

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing	2.241.481	1.476.742	143.981	181.337	376.448	1.849.087	(16.841)	6.252.235
Operating expenses continuing	(2.243.116)	(376.572)	(63.318)	(101.866)	(144.744)	(1.501.363)	36.439	(4.394.540)
Net operating income continuing	(1.635)	1.100.170	80.663	79.471	231.704	347.724	19.598	1.857.695
Dividend income ⁽²⁾	-	-	-	-	-	9.356	-	9.356
Income/Loss from Investments accounted based on equity method	-	-	-	-	-	26.051	-	26.051
Profit before tax	(1.635)	1.100.170	80.663	79.471	231.704	383.131	19.598	1.893.102
Tax expense ⁽²⁾	-	-	-	-	-	(451.088)	-	(451.088)
Net period income from continuing operations	(1.635)	1.100.170	80.663	79.471	231.704	(67.957)	19.598	1.442.014
Minority interest (-)	-	-	-	-	-	(155)	-	(155)
Net period income from discontinued operations	-	-	-	-	-	-	-	-
Group income/loss	(1.635)	1.100.170	80.663	79.471	231.704	(68.112)	19.598	1.441.859
Segment assets ⁽³⁾	52.506.472	49.662.429	145.005	6.209.954	10.931.164	64.192.461	(2.139.080)	181.508.405
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	470.862	-	470.862
Total assets	52.506.472	49.662.429	145.005	6.209.954	10.931.164	64.663.323	(2.139.080)	181.979.267
Segment liabilities ⁽³⁾	39.330.862	38.460.650	22.975.921	5.027.654	9.134.367	49.537.480	(2.130.515)	162.336.419
Shareholders' equity	-	-	-	-	-	19.642.848	-	19.642.848
Total liabilities	39.330.862	38.460.650	22.975.921	5.027.654	9.134.367	69.180.328	(2.130.515)	181.979.267

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

(2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".

(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing ⁽⁴⁾	2.345.280	1.254.524	115.483	136.691	662.091	1.636.315	(237.323)	5.913.061
Operating expenses continuing ⁽⁴⁾	(1.856.141)	(338.486)	(53.077)	(72.898)	(132.315)	(1.212.046)	4.644	(3.660.319)
Net operating income continuing	489.139	916.038	62.406	63.793	529.776	424.269	(232.679)	2.252.742
Dividend income ^{(2), (4)}	-	-	-	-	-	15.575	-	15.575
Income/Loss from Investments accounted based on equity method ⁽⁴⁾	-	-	-	-	-	2.259	-	2.259
Profit before tax	489.139	916.038	62.406	63.793	529.776	442.103	(232.679)	2.270.576
Tax expense ^{(2), (4)}	-	-	-	-	-	(488.528)	-	(488.528)
Net period income from continuing operations	489.139	916.038	62.406	63.793	529.776	(46.425)	(232.679)	1.782.048
Minority interest (-) ⁽⁴⁾	-	-	-	-	-	(173)	-	(173)
Net period income from discontinued operations	-	-	-	-	-	1.335.833	-	1.335.833
Group income/loss	489.139	916.038	62.406	63.793	529.776	1.289.235	(232.679)	3.117.708
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).
(4) Prior period balances are as of September 30, 2013.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	1.739.055	653.083	1.287.182	519.407
The CBRT ⁽¹⁾	960.035	18.627.134	43.293	16.984.910
Other	-	293.723	-	155.957
Total	2.699.090	19.573.940	1.330.475	17.660.274

- (1) The balance of gold amounting to TL 3.331.895 is accounted for under the Central Bank foreign currency account (December 31, 2013 – TL 2.923.543).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	960.035	1.881.487	43.293	2.023.825
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	16.745.647	-	14.961.085
Total	960.035	18.627.134	43.293	16.984.910

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

As of September 30, 2014, the Group's reserve deposits, including those at foreign banks, amount to TL 19.619.186 (December 31, 2013 - TL 17.068.838).

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, 2013 - None) and there is no financial assets at fair value through profit and loss given as collateral/blocked (December 31, 2013 - None).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	78.747	6.001	79.156	19.853
Swap transactions ⁽¹⁾	1.081.473	90.650	1.188.546	125.987
Futures transactions	-	-	-	-
Options	48.979	9.593	160.289	22.281
Other	-	-	-	-
Total	1.209.199	106.244	1.427.991	168.121

(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	73.802	1.123.172	474.953	915.461
Foreign ⁽¹⁾	30.172	2.113.399	41.138	2.577.574
Head quarters and branches abroad	-	-	-	-
Total	103.974	3.236.571	516.091	3.493.035

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 116.632 (December 31, 2013 - 314.557 TL).

2. Information on foreign banks account:

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

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 1.040.596 (December 31, 2013 - TL 718.291) and available-for-sale financial assets subject to repo transactions amounts to TL 1.352.661 (December 31, 2013 - TL 2.320.047).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Debt securities	17.314.208	13.455.271
Quoted on stock exchange	15.647.391	11.761.398
Not quoted ⁽¹⁾	1.666.817	1.693.873
Share certificates	88.928	87.220
Quoted on stock exchange	174	163
Not quoted	88.754	87.057
Impairment provision (-) ⁽²⁾	(258.150)	(425.276)
Other ⁽³⁾	91.497	92.147
Total	17.236.483	13.209.362

(1) Includes credit linked notes amounting to TL 975.448 (December 31, 2013 - TL 989.937).

(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.

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	27.021	611.843	20.756	450.294
Loans granted to employees	125.722	1.179	110.494	470
Total	152.743	613.022	131.250	450.764

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	111.888.810	1.414.832	-	3.959.052	1.004.817	26.111
Loans given to enterprises	49.330.074	255.904	-	1.111.100	438.361	8.773
Export loans	4.965.621	140.359	-	77.390	53.414	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	3.044.993	-	-	83	-	-
Consumer loans	20.744.884	537.315	-	1.208.000	117.947	11.836
Credit cards	16.880.603	307.846	-	569.418	87.618	4.785
Other ⁽¹⁾	16.922.635	173.408	-	993.061	307.477	717
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	111.888.810	1.414.832	-	3.959.052	1.004.817	26.111

(1) Fair value differences of the hedged item amounting to TL (18.813) are classified in other loans as explained in Note IV, Section XIII.

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan⁽¹⁾		
Extended by 1 or 2 times	1.304.052	820.994
Extended by 3,4 or 5 times	72.719	160.267
Extended by more than 5 times	38.061	23.556
Total	1.414.832	1.004.817

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan⁽¹⁾		
0 - 6 Months	268.346	65.736
6 - 12 Months	206.757	74.588
1 - 2 Years	355.308	205.656
2 - 5 Years	496.588	375.019
5 Years and over	87.833	283.818
Total	1.414.832	1.004.817

(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 thirteen loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities up to 6 months, between 6 to 12 months, 1 to 2 years, 2 to 5 years and above 5 years. Seven of them were restructured once, four of them were restructured three times and two of them were restructured four times.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Loans according to their maturity structure:

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

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	181.648	20.885.074	21.066.722
Real estate loans	4.192	9.877.296	9.881.488
Automotive loans	4.695	777.248	781.943
Consumer loans	191	66.178	66.369
Other	172.570	10.164.352	10.336.922
Consumer loans-FC indexed	-	68.024	68.024
Real estate loans	-	67.303	67.303
Automotive loans	-	-	-
Consumer loans	-	721	721
Other	-	-	-
Consumer loans-FC	41.440	218.651	260.091
Real estate loans	261	25.572	25.833
Automotive loans	7.777	38.399	46.176
Consumer loans	15.433	108.225	123.658
Other	17.969	46.455	64.424
Individual credit cards-TL	12.734.031	732.818	13.466.849
With installments	6.486.559	729.101	7.215.660
Without installments	6.247.472	3.717	6.251.189
Individual credit cards-FC	1.072	66.973	68.045
With installments	1.072	66.973	68.045
Without installments	-	-	-
Personnel loans-TL	5.248	51.967	57.215
Real estate loans	-	1.200	1.200
Automotive loans	-	623	623
Consumer loans	-	-	-
Other	5.248	50.144	55.392
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	549	990	1.539
Real estate loans	3	-	3
Automotive loans	-	-	-
Consumer loans	352	830	1.182
Other	194	160	354
Personnel credit cards-TL	64.536	702	65.238
With installments	30.275	702	30.977
Without installments	34.261	-	34.261
Personnel credit cards-FC	3	790	793
With installments	3	790	793
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	499.264	-	499.264
Credit deposit account-FC (real person)	29	-	29
Total	13.527.820	22.025.989	35.553.809

(1) TL 937 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

		Current Period	
	Short- term	Medium and long-term	Total
Commercial installments loans-TL	709.043	7.315.768	8.024.811
Business loans	2.019	588.513	590.532
Automotive loans	36.274	1.767.701	1.803.975
Consumer loans	-	236	236
Other	670.750	4.959.318	5.630.068
Commercial installments loans-FC indexed	25.670	278.150	303.820
Business loans	-	17.114	17.114
Automotive loans	228	65.317	65.545
Consumer loans	-	-	-
Other	25.442	195.719	221.161
Corporate credit cards-TL	3.840.943	8.153	3.849.096
With installment	2.429.467	7.848	2.437.315
Without installment	1.411.476	305	1.411.781
Credit deposit account-TL (legal person)	889.212	-	889.212
Credit deposit account-FC (legal person)	-	-	-
Total	5.464.868	7.602.071	13.066.939

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

6. Loans according to types of borrowers:

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

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

	Current Period	Prior Period
Domestic loans	112.272.576	95.921.730
Foreign loans	3.575.286	3.514.128
Total	115.847.862	99.435.858

8. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	75.444	88.320
Indirect loans granted to associates and subsidiaries	-	-
Total	75.444	88.320

9. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	89.456	117.677
Loans and other receivables with doubtful collectability	462.587	428.790
Uncollectible loans and other receivables	2.353.015	1.898.534
Total	2.905.058	2.445.001

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	4.946	37.277	325.099
Restructured loans and other receivables	4.946	37.277	325.099
Rescheduled loans and other receivables	-	-	-
Prior 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	-	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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 collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period	630.585	929.114	2.073.374
Additions (+)	1.349.822	93.404	74.194
Transfers from other categories of non-performing loans (+)	-	1.292.361	1.126.440
Transfer to other categories of non-performing loans (-)	(1.292.361)	(1.126.440)	-
Collections (-)	(220.038)	(190.968)	(337.914)
Foreign exchange differences	(440)	436	(710)
Write-offs (-)	-	-	(402.375)
Corporate and commercial loans	-	-	(147.830)
Consumer loans	-	-	(96.040)
Credit cards	-	-	(158.505)
Other	-	-	-
Current Period	467.568	997.907	2.533.009
Specific provision (-)	(89.456)	(462.587)	(2.353.015)
Net balance on balance sheet	378.112	535.320	179.994

The Parent Bank sold part of its non-performing loans (from credit cards, consumer portfolio and SME loans), amounting to TL 378.934 to various asset management companies for TL 43.970, in accordance with the Board of Directors' decisions dated on June 25, 2014 and on September 24, 2014.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	9.483	27.932	538.985
Specific provision (-)	(2.831)	(17.575)	(397.421)
Net balance on-balance sheet	6.652	10.357	141.564
Prior 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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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 collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (net)	378.112	535.320	179.994
Loans granted to real persons and corporate entities (gross)	467.568	997.907	2.424.438
Specific provision amount (-)	(89.456)	(462.587)	(2.244.444)
Loans granted to real persons and corporate entities (net)	378.112	535.320	179.994
Banks (gross)	-	-	24.575
Specific provision amount (-)	-	-	(24.575)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) ⁽¹⁾	-	-	-
Prior 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⁾	-	-	-

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

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

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

12. Explanation on "Write-off" policies:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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 1.324.740 (December 31, 2013 - TL 1.398.334). Held-to-maturity investments subject to repurchase agreements amount to TL 2.070.546 (December 31, 2013 - TL 1.968.378).

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

	Current Period	Prior Period
Government bond	5.288.992	6.527.368
Treasury bill	-	-
Other debt securities	320.095	362.235
Total	5.609.087	6.889.603

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

	Current Period	Prior Period
Debt securities	5.720.651	7.020.246
Quoted on stock exchange	5.720.651	7.020.246
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(111.564)	(130.643)
Total	5.609.087	6.889.603

(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	6.889.603	5.827.694
Foreign currency differences on monetary assets ⁽¹⁾	152.619	645.086
Purchases during year ⁽³⁾	916.580	634.403
Disposals through sales and redemptions	(2.368.794)	(126.415)
Impairment provision (-) ⁽²⁾	19.079	(91.165)
Period end balance	5.609.087	6.889.603

(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) In 2013, 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	98.036	85.314	52.037	2.055	-	15.409	20.234	-
2	52.068	26.332	32.553	411	-	3.980	1.116	-

(1) Financial statement information disclosed above shows June 30, 2014 results.

2. Consolidated investments in associates:

(i). Information on consolidated investments in associates:

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

(1) The other shareholders represent the consolidated Group companies.

(2) Financial statement information disclosed below shows June 30, 2014 results.

(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	6.242.958	887.491	5.408	84.656	14.791	54.131	26.492	-
2	950.406	199.042	23.983	21.249	9.361	37.781	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	446.961	193.934
Movements during the period	10.041	253.027
Purchases ⁽¹⁾	-	188.108
Bonus shares obtained	-	-
Share of current year income	29.370	15.773
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries	166	51.729
Impairment provision ⁽²⁾	(19.495)	(2.583)
Balance at the end of the period	457.002	446.961
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes repurchase of 19,93% of YKE in 2013.

(2) Includes dividend income received in the current period.

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

	Current Period	Prior Period
Banks	266.641	253.462
Insurance companies	190.361	193.499
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	457.002	446.961

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	-	-	-	(4.042)
Other Capital Reserves	93.423	-	(217.104)	-	-
Legal reserves	70.137	8.034	79.305	18.878	-
Extraordinary reserves	193.207	10.458	619.019	-	373.243
Other reserves	119	12	40	-	267.513
Profit/loss	(9.359)	148.370	389.009	13.766	39.580
Current period net profit	60.587	41.476	110.768	13.766	39.580
Prior period profit	(69.946)	106.894	278.241	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	2.004	34	3.079	506	570
Total core capital	458.055	227.554	1.257.118	37.845	788.166
Supplementary capital	-	9.851	24.117	-	162
Capital	458.055	237.405	1.281.235	37.845	788.328
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	458.055	237.405	1.281.235	37.845	788.328

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of September 30, 2014.

The internal capital adequacy for the subsidiaries is calculated with the model and approaches used in the Parent Bank within the scope of the consolidated Internal Capital Adequacy Assessment Process ("ICAAP") report.

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

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

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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 shareholding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	İstanbul/Türkiye	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	İstanbul/Türkiye	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	20.639	16.151	956	2	-	2.451	1.523	-
2	39.205	26.199	3.811	1.226	8	792	713	-

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 shareholding percentage (%)
1 Yapı Kredi Holding B.V.	Amsterdam/Nederlands	100,00	100,00
2 Yapı Kredi Menkul	İstanbul/Turkey	99,98	100,00
3 Yapı Kredi Faktoring	İstanbul/Turkey	99,95	100,00
4 Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5 Yapı Kredi Leasing	İstanbul/Turkey	99,99	99,99
6 Yapı Kredi Portföy	İstanbul/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

Although Yapı Kredi Diversified Payment Rights Finance Company (“Structured Entity”) which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation because it is a structured entity established for securitisation transactions.

(1) Includes the balances for Sticing Custody Services YKB.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	102.719	102.592	-	-	-	208	(131)	152.095	-
2	3.192.293	464.563	7.570	85.382	2.702	60.587	265.782	458.717	-
3	2.505.019	227.588	536	109.277	-	41.476	138.249	361.163	-
4	551.043	148.083	9.847	24.164	2.761	10.201	12.045	115.277	-
5	5.381.258	1.260.197	9.039	247.234	-	110.768	99.422	872.601	-
6	46.496	38.351	1.503	1.731	306	13.766	16.440	25.315	-
7	4.598.376	788.736	1.978	153.834	8.782	39.580	34.727	231.501	-
8	1.005.162	190.234	51.389	68.083	342	10.792	667	110.901	-

(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 September 30, 2014.

(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	2.363.467	3.817.879
Movements during the period	(226.866)	(1.454.412)
Purchases ⁽¹⁾	52	71.129
Free shares obtained	-	15.107
Share of current year income	-	-
Sales	-	-
Liquidation ⁽²⁾	(39.558)	-
Transfers	-	(1.410.080)
Revaluation (decrease) / increase	(187.360)	(130.568)
Impairment provision	-	-
Balance at the end of the period	2.136.601	2.363.467
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) In 2012, Yapı Kredi Finansal Kiralama A.O. has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99,99% purchasing the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares including purchases have been made in 2014.

(2) In the Extraordinary end of liquidation General Assembly of YKYO held on July 8, 2014 it was decided to conclude the liquidation process and to pay the remaining liquidation liabilities to the shareholders. In addition, it was decided to delist the official name, information and register record of the YKYO from the trade register records and other governmental agencies' records.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	Priod Period
Banks	465.117	397.955
Insurance companies	-	-
Factoring companies	311.000	375.349
Leasing companies	852.904	917.855
Finance companies	-	-
Other financial subsidiaries	507.580	672.308
Total financial subsidiaries	2.136.601	2.363.467

(v). Subsidiaries quoted on stock exchange:

None (December 31, 2013 - None)

i. 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	86.125	44.331	-	36.575	(46.927)
Total			86.125	44.331	-	36.575	(46.927)

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.789.615	1.487.275	1.895.389	1.618.416
Between 1- 4 years	2.790.587	2.338.273	2.452.443	2.120.668
More than 4 years	969.633	859.752	269.856	238.288
Total	5.549.835	4.685.300	4.617.688	3.977.372

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	1.430.977	4.118.858	1.257.705	3.359.983
Unearned financial income from leases (-)	(284.458)	(580.077)	(233.531)	(406.785)
Amount of cancelled leases (-)	-	-	-	-
Total	1.146.519	3.538.781	1.024.174	2.953.198

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	223.712	234	307.375	-
Cash flow hedge ⁽¹⁾	329.766	392	155.444	4.808
Foreign net investment hedge	-	-	-	-
Total	553.478	626	462.819	4.808

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

k. Information on tangible assets:

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

l. Information on intangible assets:

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

m. Information on investment property:

None (December 31, 2013 - None).

n. Information on deferred tax asset:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	159.395	139.653
Additions	50.746	66.982
Transfers ⁽¹⁾	-	1.410.080
Disposals (-), net	(49.456)	(1.453.446)
Impairment provision reversal	820	934
Impairment provision (-)	(404)	(302)
Depreciation (-)	(3.701)	(4.586)
Translation differences	74	80
Net book value at the end of the period	157.474	159.395
Cost at the end of the period	170.364	171.377
Accumulated depreciation at the end of the period (-)	(12.890)	(11.982)
Net book value at the end of the period	157.474	159.395

(1) Prior period balance shows the transfer amount of YKS's shares due to the conclusion of its sales on July 12, 2013.

As of September 30, 2014, the Group booked impairment provision on assets held for resale with an amount of TL 7.995 (December 31, 2013 - TL 8.411).

ö. Information on other assets:

As of September 30, 2014, other assets do not exceed 10% of the total assets.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	3.064.395	-	1.268.438	21.292.939	929.565	534.599	228.362	27.318.298
Foreign currency deposits	7.498.265	5.907	5.474.919	24.043.029	5.391.883	1.521.130	2.437.905	46.373.038
Residents in Turkey	6.483.440	943	5.197.623	23.205.292	2.702.164	818.810	1.334.280	39.742.552
Residents abroad	1.014.825	4.964	277.296	837.737	2.689.719	702.320	1.103.625	6.630.486
Public sector deposits	1.014.563	-	488	1.744	356	505	1	1.017.657
Commercial deposits	4.260.416	-	2.824.551	10.266.949	1.196.813	675.149	101.257	19.325.135
Other institutions deposits	92.010	-	53.413	4.109.169	255.539	304.772	5.566	4.820.469
Precious metals vault	541.585	-	10.532	106.524	32.368	52.369	174.975	918.353
Bank deposits	481.237	53.547	1.167.359	615.027	218.910	112.349	38.769	2.687.198
The CBRT	2	-	-	-	-	-	-	2
Domestic banks	2.492	-	887.149	343.903	12.226	12.595	6.186	1.264.551
Foreign banks	246.873	53.547	280.210	271.124	206.684	99.754	32.583	1.190.775
Participation banks	231.870	-	-	-	-	-	-	231.870
Other	-	-	-	-	-	-	-	-
Total	16.952.471	59.454	10.799.700	60.435.381	8.025.434	3.200.873	2.986.835	102.460.148

(ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 Month	3-6 Month	6 Month- 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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Information on saving deposits insurance:

(i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

Saving deposits ⁽¹⁾	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
	Current period	Prior period	Current period	Prior period
Saving deposits	13.842.977	12.732.367	13.840.269	11.156.822
Foreign currency savings deposit	5.021.166	4.644.969	14.580.296	16.174.944
Other deposits in the form of savings deposits	473.191	638.262	354.163	423.714
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) The balances from foreign subsidiaries, calculated in accordance with their own regulation, are included.

(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	6.327	6.329
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	102.876	65.355
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	71.572	3.854	54.945	735
Swap transactions ⁽¹⁾	967.231	117.337	585.846	62.338
Futures transactions	-	-	-	-
Options	40.477	12.239	134.744	25.025
Other	-	-	-	-
Total	1.079.280	133.430	775.535	88.098

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	1.185.897	903.529	1.155.299	349.000
From foreign banks, institutions and funds	757.034	17.610.588	894.179	16.893.089
Total	1.942.931	18.514.117	2.049.478	17.242.089

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1.282.960	9.826.960	1.627.155	8.733.133
Medium and long-term	659.971	8.687.157	422.323	8.508.956
Total	1.942.931	18.514.117	2.049.478	17.242.089

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	2.064.706	1.022.572	1.165.920	827.050
Asset backed securities	-	2.078.710	-	2.576.083
Bonds	931.993	3.968.389	493.857	3.359.933
<i>Collateralized securities</i>	471.607	-	462.691	-
Total	2.996.699	7.069.671	1.659.777	6.763.066

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

d. Information on other liabilities:

As of September 30, 2014, 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, 2013 - 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⁾	321	-	-	-
Cash flow hedge ⁽¹⁾	64.507	250.205	30.573	355.822
Foreign net investment hedge	-	-	-	-
Total	64.828	250.205	30.573	355.822

(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	1.347.573	1.205.781
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	62.771	60.329
II. Provisions for second group loans and receivables	189.638	104.333
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	51.139	26.777
Provisions for non-cash loans	78.381	71.098
Other	145.524	139.661
Total	1.761.116	1.520.873

2. Information on reserve for employee rights:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	4,78
Possibility of being eligible for retirement (%)	94,59	94,59

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	122.718	142.207
Changes during the period	21.896	35.264
Recognized in equity	-	(20.590)
Paid during the period	(23.108)	(36.712)
Foreign currency differences	(174)	2.549
Balance at the end of the period	121.332	122.718

In addition, the Group has accounted for unused vacation rights provision amounting to TL 124.798 as of September 30, 2014 (December 31, 2013 - TL 115.317).

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

As of September 30, 2014, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 11.222 (December 31, 2013 - TL 691). 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	715.647	767.131
Provisions on unindemnified non cash loans	78.913	73.790
Provisions on credit cards and promotion campaigns related to banking services	29.083	28.804
Provision on export commitment tax and funds liability	42.743	41.007
Other	96.377	200.893
Total	962.763	1.111.625

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	226.066	209.470
Total	226.066	209.470

5. Pension fund provision:

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

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	92.113	30.573
Taxation of Marketable Securities	90.540	71.659
Property Tax	2.466	2.000
Banking Insurance Transaction Tax ("BITT")	66.873	62.360
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.025	7.122
Other	41.256	25.650
Total	296.273	199.364

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	228	187
Social security premiums - employer	265	219
Bank pension fund premiums - employee	11.909	9.751
Bank pension fund premiums - employer	12.386	10.146
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	849	695
Unemployment insurance - employer	1.700	1.392
Other	-	-
Total	27.337	22.390

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 782 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, 2013 – TL 1.321).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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 ⁽¹⁾:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.762.304	-	6.480.981
From other foreign institutions	-	-	-	-
Total	-	6.762.304	-	6.480.981

(1) Subordinated loans are explained in detail in the Note "Information on debt instruments included in the calculation of equity" in section four.

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, 2013 - None).

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

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

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

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

7. Privileges on the corporate stock: None.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	-	-	-	-
Available for sale securities	(24.008)	164.475	(241.315)	123.197
Valuation differences ⁽¹⁾	(24.008)	164.475	(241.315)	123.197
Foreign currency differences	-	-	-	-
Total	(24.008)	164.475	(241.315)	123.197

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

i. **Information on minority interest:**

	Current Period	Prior Period
Period opening balance	2.527	64.792
Current period income/(loss)	155	173
Dividends paid	(47)	(678)
Translation differences	-	(383)
Transactions with minority ⁽²⁾	(2.185)	(33.352)
Other ⁽¹⁾	-	(28.092)
Period ending balance	450	2.460

(1) Includes the change in the consolidation due to the sales of YKS shares.

(2) Includes the change of the minority purchased of YKYO which is liquidated.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	24.565.342	21.610.762
Loan granting commitments	7.538.912	6.394.154
Commitments for cheques	5.907.435	5.385.711
Other irrevocable commitments	23.366.537	11.657.414
Total	61.378.226	45.048.041

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 77.806 (December 31, 2013 - TL 65.880) and specific provision amounting to TL 357.596 (December 31, 2013 - TL 334.113) for non-cash loans which are not indemnified yet amounting to TL 78.913 (December 31, 2013 - TL 73.790).

- 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	159.185	118.686
Letter of credits	7.842.967	6.710.481
Other guarantees and collaterals	5.757.158	3.611.450
Total	13.759.310	10.440.617

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

	Current Period	Prior Period
Temporary letter of guarantees	1.412.852	1.275.206
Definite letter of guarantees	20.951.449	18.915.412
Advance letter of guarantees	4.747.245	4.459.399
Letter of guarantees given to customs	1.984.206	1.373.468
Other letter of guarantees	2.198.225	1.623.813
Total	31.293.977	27.647.298

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	1.993.357	1.384.229
With original maturity of 1 year or less than 1 year	362.027	146.909
With original maturity of more than 1 year	1.631.330	1.237.320
Other non-cash loans	43.059.930	36.703.687
Total	45.053.287	38.087.916

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

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

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

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

3(iv) Maturity distribution of non-cash loans:

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

b. Information on derivative financial instruments:

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

c. Information on credit derivatives and risk exposures:

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

ç. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 77.174 (December 31, 2013 – TL 68.691) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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⁾	2.917.933	188.408	2.439.956	166.182
Medium/long-term loans ⁽¹⁾	2.683.397	1.272.767	2.151.780	927.883
Interest on loans under follow-up	73.693	371	75.590	2.370
Premiums received from resource utilisation support fund	-	-	-	-
Total	5.675.023	1.461.546	4.667.326	1.096.435

(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	70.093	5.352	56.692	9.827
From foreign banks	4.288	10.936	2.597	14.014
Headquarters and branches abroad	-	-	-	-
Total	74.381	16.288	59.289	23.841

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	1.117	1.009	7.817	2.455
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	860.806	153.369	503.209	300.030
From held-to-maturity investments	191.502	148.348	187.783	112.907
Total	1.053.425	302.726	698.809	415.392

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	2.826	2.016

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	94.099	524.484	67.051	511.161
The CBRT	-	-	-	-
Domestic banks	26.578	6.817	24.720	7.331
Foreign banks	67.521	517.667	42.331	503.830
Headquarters and branches abroad	-	-	-	-
Other institutions	6	427	-	-
Total⁽¹⁾	94.105	524.911	67.051	511.161

(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	956	988

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	172.960	192.101	85.989	98.792
Total	172.960	192.101	85.989	98.792

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	Up to 1 year	More than 1 year	Cumulative deposit	Total	Prior Period
TL									
Bank deposit	226	5.238	230	111	2.273	-	-	8.078	4.557
Saving deposit	1	48.919	1.416.435	64.787	31.457	11.886	-	1.573.485	1.134.847
Public sector deposit	-	27	1.391	42	34	-	-	1.494	757
Commercial deposit	30	118.946	581.509	89.638	32.226	5.834	-	828.183	622.080
Other deposit	-	4.677	181.731	31.449	105.102	371	-	323.330	250.763
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	257	177.807	2.181.296	186.027	171.092	18.091	-	2.734.570	2.013.004
FC									
Foreign currency deposit	2.009	133.346	459.820	33.111	28.782	68.320	-	725.388	521.710
Bank deposit	61	2.634	3.373	5.271	7.277	879	-	19.495	17.614
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	452	1.091	114	200	25	-	1.882	2.011
Total	2.070	136.432	464.284	38.496	36.259	69.224	-	746.765	541.335
Grand total	2.327	314.239	2.645.580	224.523	207.351	87.315	-	3.481.335	2.554.339

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Information on dividend income:

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

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

	Current Period	Prior Period
Gain	27.356.206	24.031.458
Gain from capital market transactions	174.945	389.297
Derivative financial transaction gains	6.432.342	8.092.683
Foreign exchange gains	20.748.919	15.549.478
Loss(-)	(27.609.866)	(23.771.449)
Loss from capital market transactions	(23.307)	(46.713)
Derivative financial transaction losses	(7.252.011)	(7.325.276)
Foreign exchange loss	(20.334.548)	(16.399.460)
Net gain/loss	(253.660)	260.009

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

The amount of net loss from derivative financial transactions related to exchange rate changes is TL 270.106 (September 30, 2013 - TL 1.153.013 gain).

e. Information on other operating income:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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	1.039.036	895.378
III. Group loans and receivables	37.595	29.612
IV. Group loans and receivables	103.820	95.454
V. Group loans and receivables	897.621	770.312
General provision expenses	295.989	123.324
Provision expense for possible risks	18.240	30.953
Marketable securities impairment expenses ⁽¹⁾	37.892	31.042
Financial assets at fair value through profit or loss	429	1.344
Available-for-sale financial assets	37.463	29.698
Impairment of investments in associates, subsidiaries and held-to-maturity securities	26.381	23.033
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	26.381	23.033
Other	3.470	9.558
Total	1.421.008	1.113.288

(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	1.256.174	1.081.895
Reserve for employee termination benefits	245	698
Provision expense for pension fund	-	24.885
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	122.888	124.600
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	81.278	59.254
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	404	177
Depreciation expenses of assets held for resale	3.701	3.381
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	989.888	846.606
Operational lease expenses	146.399	124.631
Repair and maintenance expenses	50.268	46.535
Advertising expenses	92.619	80.870
Other expense	700.602	594.570
Loss on sales of assets	80	212
Other	518.874	405.323
Total	2.973.532	2.547.031

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

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

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

As of September 30, 2014, the Group has current tax expense amounting to TL 631.075 (September 30, 2013 - TL 192.425) and deferred tax income amounting to TL 179.987 (September 30, 2013 - TL 296.103 deferred tax expense).

As at September 30, 2014 the Group has no current and deferred tax income / (expense) related to discontinued operations (September 30, 2013 – TL 85.408 current tax expense).

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

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.
2. Information on any change in the accounting estimates concerning the current period or future periods: None

i. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	155	173

j. Other items in income statement:

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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

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

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

None.

VIII. Explanations and notes related to Group's risk group

a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Information on loans of the Group's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	88.320	3.769	127.213	450.294	903.056	1.029.707
Balance at the end of the period	75.444	5.802	41.905	611.843	1.638.189	2.154.215
Interest and commission income received	2.826	42	2.819	3.007	75.815	8.157

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The information in table above includes loans and due from banks as well as marketable securities.

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
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⁽³⁾	2.016	21	7.291	1.691	46.012	9.262

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.

(2) The information in table above includes loans and due from banks as well as marketable securities.

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

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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the period	6.688	15.788	15.480.464	8.646.705	6.544.935	8.339.879
End of the period	171.135	6.688	16.525.450	15.480.464	6.773.987	6.544.935
Interest expense on deposits⁽³⁾	956	988	406.622	318.657	210.212	211.033

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.

(3) Financial statement information disclosed above for prior periods shows September 30, 2013 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

(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⁾⁽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	
	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⁾	-	-	442.253	300.627	659.635	432.403
End of the period ⁽³⁾	5.199	-	500.376	442.253	1.152.867	659.635
Total profit / loss	18	938	4.042	3.010	(83.411)	8.553
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The Bank's derivative instruments are classified as "Financial instruments at fair value through profit or loss" or "Derivative financial instruments held for hedging" according to TAS 39.

(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

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

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

Salaries and benefits paid to the Group's top management amount to TL 32.245 as of September 30, 2014 (September 30, 2013 - TL 34.178).

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

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

X. Explanations and notes related to subsequent events

- In accordance with the Board of Directors decisions of the Parent Bank and approval received from BRSA, it was decided to establish a new bank in the Republic of Malta that will be directly controlled by Yapı Kredi Holding BV which is a fully owned subsidiary of the Parent Bank and in this respect, the share capital of Yapı Kredi Holding BV increased by EUR 43 million.
- On October 2, 2014 the Parent Bank obtained a borrowing amounting to USD 550 million with a 20 year maturity which is founded on its future money transfers.
- On October 22, 2014, the Parent Bank issued eurobond for non-Turkish residents, real person and corporate entities amounting to USD 500 million nominal value with a semi annually coupon at an interest rate of 5.125% with a maturity of October 22, 2019.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2014 (continued)

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

Section Six

Explanations on independent review report

I. Explanations on independent auditor's review report

The consolidated financial statements for the period ended September 30, 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated October 27, 2014 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.