

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at March 31, 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 March 31, 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 March 31, 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

Ayşe Zeynep Deldağ
Partner, SMMM

İstanbul, 30 April 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 March 31, 2014**

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The consolidated financial report for the three 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. 2. Yapı Kredi Faktoring A.Ş. 3. Yapı Kredi Yatırım Menkul Değerler A.Ş. 4. Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. 5. Yapı Kredi Portföy Yönetimi A.Ş. 6. Yapı Kredi Holding B.V. 7. Yapı Kredi Bank Nederland N.V. 8. Yapı Kredi Bank Moscow 9. Sticing Custody Services YKB 10. Yapı Kredi Bank Azerbaijan CJSC 11. Yapı Kredi Invest LLC	1. Banque de Commerce et de Placements S.A. 2. Allianz Yaşam ve Emeklilik A.Ş.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

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 three 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 audited.

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and
Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. 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:
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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 2014, 18,20% of the shares of the Bank are publicly traded (December 31, 2012 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 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 Fadıl 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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 ÖZELGİN	Retail Banking Management

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

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

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

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

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

The Parent Bank's activities summarized 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2014 (continued)

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

General information (continued)

As of March 31, 2014, the Parent Bank has 946 branches operating in Turkey and 1 branch in overseas (December 31, 2013 - 948 branches operating in Turkey, 1 branch in overseas).

As of March 31, 2014, the Parent Bank has 16.685 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 March 31, 2014 the Group has 17.742 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 Enternasyonel Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled and there is no significant influence by the Bank.

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 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)

			Current Period (31/03/2014)				Prior Period (31/12/2013)	
		Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	Cash and balances with Central Bank	I-a	2.161.557	17.351.194	19.512.751	1.330.475	17.660.274	18.990.749
II.	Financial assets at fair value through profit or (loss) (net)	I-b	1.233.963	163.180	1.397.143	1.529.329	193.835	1.723.164
2.1	Trading financial assets		1.233.963	163.180	1.397.143	1.529.329	193.835	1.723.164
2.1.1	Government debt securities		11.843	17.807	29.650	30.448	24.519	54.967
2.1.2	Share certificates		45.611	-	45.611	20.719	-	20.719
2.1.3	Derivative financial assets held for trading	I-c	1.176.478	145.373	1.321.851	1.427.991	168.121	1.596.112
2.1.4	Other marketable securities		31	-	31	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	66.759	4.263.135	4.329.894	516.091	3.493.035	4.009.126
IV.	Money markets		5.666.267	-	5.666.267	2.879.994	48.453	2.928.447
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		1.064.606	-	1.064.606	1.701.131	48.453	1.749.584
4.3	Receivables from reverse repurchase agreements		4.601.661	-	4.601.661	1.178.863	-	1.178.863
V.	Financial assets available-for-sale (net)	I-d,e	11.226.568	3.389.409	14.615.977	9.293.502	3.915.860	13.209.362
5.1	Share certificates		37.381	403	37.784	37.381	392	37.773
5.2	Government debt securities		9.750.977	2.772.278	12.523.255	7.859.125	3.419.501	11.278.626
5.3	Other marketable securities		1.438.210	616.728	2.054.938	1.396.996	495.967	1.892.963
VI.	Loans and receivables	I-f	68.627.713	35.726.120	104.353.833	66.274.045	34.349.885	100.623.930
6.1	Loans and receivables		67.732.650	35.533.816	103.266.466	65.336.611	34.099.247	99.435.858
6.1.1	Loans to bank's risk group		700.304	378.779	1.079.083	586.364	414.459	1.000.823
6.1.2	Government debt securities		-	-	-	-	-	-
6.1.3	Other		67.032.346	35.155.037	102.187.383	64.750.247	33.684.788	98.435.035
6.2	Loans under follow-up		3.198.905	544.831	3.743.736	3.056.127	576.946	3.633.073
6.3	Specific provisions (-)		(2.303.842)	(352.527)	(2.656.369)	(2.118.693)	(326.308)	(2.445.001)
VII.	Factoring receivables		1.092.742	890.156	1.982.898	1.165.611	976.724	2.142.335
VIII.	Held-to-maturity investments (net)	I-g	2.453.112	3.364.165	5.817.277	3.577.663	3.311.940	6.889.603
8.1	Government debt securities		2.438.031	3.083.446	5.521.477	3.562.986	2.964.382	6.527.368
8.2	Other marketable securities		15.081	280.719	295.800	14.677	347.558	362.235
IX.	Investments in associates (net)	I-ğ	185.537	263.149	448.686	198.002	253.462	451.464
9.1	Consolidated based on equity method		181.034	263.149	444.183	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	9.103	-	9.103	10.376	-	10.376
11.1	Accounted based on equity method		9.103	-	9.103	10.376	-	10.376
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial joint ventures		-	-	-	-	-	-
11.2.2	Non-financial joint ventures		-	-	-	-	-	-
XII.	Lease receivables	I-i	1.113.007	3.248.183	4.361.190	1.024.174	2.953.198	3.977.372
12.1	Financial lease receivables		1.397.637	3.732.596	5.130.233	1.257.705	3.359.983	4.617.688
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		(284.630)	(484.413)	(769.043)	(233.531)	(406.785)	(640.316)
XIII.	Derivative financial assets held for hedging	I-j	630.343	2.396	632.739	462.819	4.808	467.627
13.1	Fair value hedge		176.520	-	176.520	307.375	-	307.375
13.2	Cash flow hedge		453.823	2.396	456.219	155.444	4.808	160.252
13.3	Foreign net investment hedge		-	-	-	-	-	-
XIV.	Property and equipment (net)	I-k	935.564	45.860	981.424	970.323	46.218	1.016.541
XV.	Intangible assets (net)	I-l	1.381.532	12.585	1.394.117	1.380.633	12.957	1.393.590
15.1	Goodwill		979.493	-	979.493	979.493	-	979.493
15.2	Other		402.039	12.585	414.624	401.140	12.957	414.097
XVI.	Investment property (net)	I-m	-	-	-	-	-	-
XVII.	Tax asset		143.898	6.230	150.128	86.010	8.235	94.245
17.1	Current tax asset		-	1.693	1.693	7.407	3.746	11.153
17.2	Deferred tax asset	I-n	143.898	4.537	148.435	78.603	4.489	83.092
XVIII.	Assets held for resale and related to discontinued operations (net)	I-o	152.688	1.638	154.326	158.298	1.097	159.395
18.1	Held for sale purposes		152.688	1.638	154.326	158.298	1.097	159.395
18.2	Related to discontinued operations		-	-	-	-	-	-
XIX.	Other assets	I-ö	1.851.508	1.122.279	2.973.787	1.337.874	882.344	2.220.218
Total assets			98.934.161	69.849.679	168.783.840	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 March 31, 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)

		Current Period (31/03/2014)			Prior Period (31/12/2013)		
	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	44.817.904	45.588.206	90.406.110	44.470.043	44.011.738	88.481.781
1.1 Deposits of the Bank's risk group		4.269.996	6.655.670	10.925.666	3.963.042	7.089.348	11.052.390
1.2 Other		40.547.908	38.932.536	79.480.444	40.507.001	36.922.390	77.429.391
II. Derivative financial liabilities held for trading	II-b	996.591	87.202	1.083.793	775.535	88.098	863.633
III. Funds borrowed	II-c	1.086.632	18.602.877	19.689.509	2.049.478	17.242.089	19.291.567
IV. Money markets		5.944.088	2.589.180	8.533.268	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		2.409.959	-	2.409.959	2.211.064	-	2.211.064
4.3 Funds provided under repurchase agreements		3.534.129	2.589.180	6.123.309	250.438	3.143.784	3.394.222
V. Marketable securities issued (net)	II-ç	2.512.088	7.151.034	9.663.122	1.659.777	6.763.066	8.422.843
5.1 Bills		2.009.977	1.081.660	3.091.637	1.165.920	827.050	1.992.970
5.2 Asset backed securities		-	2.448.336	2.448.336	-	2.576.083	2.576.083
5.3 Bonds		502.111	3.621.038	4.123.149	493.857	3.359.933	3.853.790
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		6.114.657	1.388.322	7.502.979	5.690.683	1.577.616	7.268.299
VIII. Other liabilities	II-d	1.749.405	1.296.534	3.045.939	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	16.471	333.854	350.325	30.573	355.822	386.395
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		16.471	333.854	350.325	30.573	355.822	386.395
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.443.125	582.807	3.025.932	2.507.561	572.442	3.080.003
12.1 General loan loss provision		1.034.387	519.358	1.553.745	1.010.544	510.329	1.520.873
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		229.688	14.382	244.070	224.456	13.579	238.035
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.179.050	49.067	1.228.117	1.272.561	48.534	1.321.095
XIII. Tax liability	II-ğ	428.863	4.918	433.781	221.065	2.010	223.075
13.1 Current tax liability		428.863	3.766	432.629	221.065	689	221.754
13.2 Deferred tax liability		-	1.152	1.152	-	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	-	6.657.853	6.657.853	-	6.480.981	6.480.981
XVI. Shareholders' equity	II-i	18.795.395	(404.166)	18.391.229	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		1.697.035	(406.515)	1.290.520	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	II-i	(328.455)	178.405	(150.050)	(241.315)	123.197	(118.118)
16.2.4 Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investments in associates, subsidiaries and joint ventures		4.503	-	4.503	4.503	-	4.503
16.2.8 Hedging funds (effective portion)		304.542	(584.920)	(280.378)	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		10.935.968	2.349	10.938.317	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		479.684	2.349	482.033	458.799	2.293	461.092
16.4 Income or (loss)		1.812.799	-	1.812.799	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)		428.838	-	428.838	3.658.952	-	3.658.952
16.5 Minority interest	II-i	2.542	-	2.542	2.527	-	2.527
Total liabilities and shareholders' equity		84.905.219	83.878.621	168.783.840	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 March 31, 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 (31/03/2014)			Prior Period (31/12/2013)		
	Note (Section Five)	TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I-II+III)	120.956.958	141.167.446	262.124.404	101.237.404	124.763.142	226.000.546
I.	Guarantees and warranties	13.792.869	26.838.963	40.631.832	12.898.958	25.188.958	38.087.916
1.1	Letters of guarantee	13.714.001	15.447.459	29.161.460	12.818.400	14.828.899	27.647.299
1.1.1	Guarantees subject to state tender law	485.603	633.147	1.118.750	482.038	657.448	1.139.486
1.1.2	Guarantees given for foreign trade operations	1.999.928	14.545.183	16.545.111	1.521.868	13.927.101	15.448.969
1.1.3	Other letters of guarantee	11.228.470	269.129	11.497.599	10.814.494	244.350	11.058.844
1.2	Bank acceptances	-	152.278	152.278	-	118.686	118.686
1.2.1	Import letter of acceptance	-	152.278	152.278	-	118.686	118.686
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	-	6.629.874	6.629.874	1.208	6.709.273	6.710.481
1.3.1	Documentary letters of credit	-	6.620.194	6.620.194	1.208	6.698.180	6.699.388
1.3.2	Other letters of credit	-	9.680	9.680	-	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	78.868	2.772.690	2.851.558	79.350	2.016.957	2.096.307
1.9	Other warranties	-	1.836.662	1.836.662	-	1.515.143	1.515.143
II.	Commitments	42.228.254	7.912.438	50.140.692	37.495.938	7.785.077	45.281.015
2.1	Irrevocable commitments	42.228.254	7.671.008	49.899.262	37.495.938	7.552.103	45.048.041
2.1.1	Asset purchase and sale commitments	4.780.126	7.070.010	11.850.136	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	5.991.443	566.965	6.558.408	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	5.812.239	-	5.812.239	5.385.711	-	5.385.711
2.1.8	Tax and fund liabilities from export commitments	41.485	-	41.485	41.007	-	41.007
2.1.9	Commitments for credit card limits	22.689.806	-	22.689.806	21.610.762	-	21.610.762
2.1.10	Commitments for credit cards and banking services promotions	6.262	-	6.262	7.365	-	7.365
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	2.906.893	34.024	2.940.917	2.750.964	75.758	2.826.722
2.2	Revocable commitments	-	241.430	241.430	-	232.974	232.974
2.2.1	Revocable loan granting commitments	-	167.918	167.918	-	167.212	167.212
2.2.2	Other revocable commitments	-	73.512	73.512	-	65.762	65.762
III.	Derivative financial instruments	64.935.835	106.416.045	171.351.880	50.842.508	91.789.107	142.631.615
3.1	Derivative financial instruments for hedging purposes	12.668.115	25.144.450	37.812.565	12.176.363	25.452.330	37.628.693
3.1.1	Transactions for fair value hedge	531.975	746.102	1.278.077	1.104.763	1.506.212	2.610.975
3.1.2	Transactions for cash flow hedge	12.136.140	24.398.348	36.534.488	11.071.600	23.946.118	35.017.718
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	52.267.720	81.271.595	133.539.315	38.666.145	66.336.777	105.002.922
3.2.1	Forward foreign currency buy/sell transactions	3.761.740	5.411.346	9.173.086	3.876.427	5.587.189	9.463.616
3.2.1.1	Forward foreign currency transactions-buy	1.485.604	3.129.201	4.614.805	1.106.191	4.008.168	5.114.359
3.2.1.2	Forward foreign currency transactions-sell	2.276.136	2.282.145	4.558.281	2.770.236	1.579.021	4.349.257
3.2.2	Swap transactions related to foreign currency and interest rates	36.761.372	61.801.557	98.562.929	27.448.282	48.100.440	75.548.722
3.2.2.1	Foreign currency swap-buy	12.944.637	30.628.497	43.573.134	11.841.762	20.657.942	32.499.704
3.2.2.2	Foreign currency swap-sell	23.816.735	19.557.434	43.374.169	15.606.520	16.876.174	32.482.694
3.2.2.3	Interest rate swap-buy	-	5.807.813	5.807.813	-	5.283.162	5.283.162
3.2.2.4	Interest rate swap-sell	-	5.807.813	5.807.813	-	5.283.162	5.283.162
3.2.3	Foreign currency, interest rate and securities options	10.886.608	13.709.061	24.595.669	6.483.436	12.273.834	18.757.270
3.2.3.1	Foreign currency options-buy	3.010.407	4.865.997	7.876.404	2.028.284	4.303.805	6.332.089
3.2.3.2	Foreign currency options-sell	3.885.234	4.012.308	7.897.542	3.064.188	3.250.977	6.315.165
3.2.3.3	Interest rate options-buy	1.625.000	2.415.378	4.040.378	70.800	2.359.526	2.430.326
3.2.3.4	Interest rate options-sell	1.625.000	2.415.378	4.040.378	70.800	2.359.526	2.430.326
3.2.3.5	Securities options-buy	548.147	-	548.147	820.104	-	820.104
3.2.3.6	Securities options-sell	192.820	-	192.820	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	349.631	1.207.631	858.000	375.314	1.233.314
B.	Custody and pledges received (IV+V+VI)	145.024.274	35.855.891	180.880.165	138.707.195	34.562.522	173.269.717
IV.	Items held in custody	62.884.063	6.117.239	69.001.302	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	49.452.938	5.346.198	54.799.136	48.922.433	5.160.024	54.082.457
4.3	Checks received for collection	11.066.570	148.005	11.214.575	9.765.253	139.746	9.904.999
4.4	Commercial notes received for collection	2.356.780	591.756	2.948.536	2.618.553	553.829	3.172.382
4.5	Other assets received for collection	-	31.280	31.280	-	30.537	30.537
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	7.775	-	7.775	7.775	-	7.775
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	80.803.520	28.068.630	108.872.150	76.079.903	27.193.253	103.273.156
5.1	Marketable securities	201.170	243	201.413	204.521	237	204.758
5.2	Guarantee notes	774.925	457.551	1.232.476	681.445	439.491	1.120.936
5.3	Commodity	22.327	10.222	32.549	22.983	7.336	30.319
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	56.792.925	20.511.870	77.304.795	52.696.177	19.792.832	72.489.009
5.6	Other pledged items	23.012.173	7.084.738	30.096.911	22.474.777	6.949.452	29.424.229
5.7	Pledged items-depository	-	4.006	4.006	-	3.905	3.905
VI.	Accepted independent guarantees and warranties	1.336.691	1.670.022	3.006.713	1.313.278	1.485.121	2.798.399
Total off-balance sheet commitments (A+B)		265.981.232	177.023.337	443.004.569	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 March 31, 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 01/01-31/03/2014	Restated Prior Period 01/01-31/03/2013
I.	Interest income	IV-a	2.880.721	2.502.569
1.1	Interest on loans	IV-a-1	2.191.774	1.957.568
1.2	Interest received from reserve deposits		12	34
1.3	Interest received from banks	IV-a-2	39.266	31.876
1.4	Interest received from money market transactions		79.626	47.976
1.5	Interest received from marketable securities portfolio	IV-a-3	453.920	370.919
1.5.1	Trading financial assets		820	5.298
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		328.397	271.190
1.5.4	Held to maturity investments		124.703	94.431
1.6	Financial lease income		78.157	63.438
1.7	Other interest income		37.966	30.758
II.	Interest expense	IV-b	(1.529.230)	(1.196.327)
2.1	Interest on deposits	IV-b-4	(1.088.520)	(865.809)
2.2	Interest on funds borrowed	IV-b-1	(197.612)	(225.918)
2.3	Interest expense on money market transactions		(134.881)	(40.596)
2.4	Interest on securities issued	IV-b-3	(104.383)	(54.251)
2.5	Other interest expenses		(3.834)	(9.753)
III.	Net interest income (I + II)		1.351.491	1.306.242
IV.	Net fees and commissions income		510.348	495.210
4.1	Fees and commissions received		637.065	583.864
4.1.1	Non-cash loans		80.425	67.451
4.1.2	Other	IV-j	556.640	516.413
4.2	Fees and commissions paid		(126.717)	(88.654)
4.2.1	Non-cash loans		(2.579)	(2.337)
4.2.2	Other		(124.138)	(86.317)
V.	Dividend income	IV-c	2.479	5.630
VI.	Trading gain/(loss) (net)	IV-ç	(135.083)	(85.661)
6.1	Trading gains/(losses) on securities		14.533	25.634
6.2	Derivative financial transactions gains/(losses)	IV-d	(99.628)	(90.610)
6.3	Foreign exchange gains/(losses)		(49.988)	(20.685)
VII.	Other operating income	IV-e	201.023	118.295
VIII.	Total operating income / loss (III+IV+V+VI+VII)		1.930.258	1.839.716
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(462.929)	(366.204)
X.	Other operating expenses (-)	IV-g	(934.688)	(814.747)
XI.	Net operating income/(loss) (VIII-IX-X)		532.641	658.765
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		7.742	2.293
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	540.383	661.058
XVI.	Tax provision for continuing operations (±)	IV-h	(111.483)	(131.666)
16.1	Current tax provision		(190.149)	(85.829)
16.2	Deferred tax provision		78.666	(45.837)
XVII.	Net profit/loss from continuing operations (XV±XVI)		428.900	529.392
XVIII.	Income from discontinued operations		-	122.394
18.1	Income from non-current assets held for resale		-	122.394
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		-	(104.029)
19.1	Expenses for non-current assets held for resale		-	(104.029)
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	-	18.365
XXI.	Tax provision for discontinued operations (±)	IV-h	-	(3.608)
21.1	Current tax provision		-	(3.256)
21.2	Deferred tax provision		-	(352)
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	14.757
XXIII.	Net profit/loss (XVII+XXII)	IV-i	428.900	544.149
23.1	Group's profit/loss		428.838	542.911
23.2	Minority interest profit/losses (-)	IV-i	62	1.238
	Earnings/(loss) per share (in TL full)		0,0010	0,0012

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 March 31, 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

	Current Period (31/03/2014)	Prior Period (31/03/2013)
Income and expense items accounted under shareholders' equity		
I. Transfers to marketable securities valuation differences from financial assets available for sale	(42.810)	(387.086)
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	16.238	48.059
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	122.212	151.436
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(19.823)	(6.806)
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	-	279
IX. Deferred tax on valuation differences	(10.951)	38.834
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	64.866	(155.284)
XI. Current year profit/loss	428.900	544.149
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	88	(1.871)
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(42.829)	(95.984)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	471.641	642.004
XII. Total income/loss accounted for the period (X+XI)	493.766	388.865

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 March 31, 2013

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

V. Consolidated statement of changes in shareholders' equity

Prior Period														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	
March 31, 2013			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															
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			-	-	-	-	-	-	-	-	-	-	(312.558)	-	-	-	-	-	(312.558)	(41)	(312.599)							
VI.	Hedging transactions funds (effective portion)			-	-	-	-	-	-	-	-	-	-	-	-	-	115.703	-	115.703	-	115.703								
6.1	Cash flow hedge			-	-	-	-	-	-	-	-	-	-	-	-	-	121.148	-	121.148	-	121.148								
6.2	Foreign net investment hedge			-	-	-	-	-	-	-	-	-	-	-	-	-	(5.445)	-	(5.445)	-	(5.445)								
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			-	-	-	-	-	-	-	16.905	-	-	-	37.124	-	-	(12.698)	-	41.331	-	41.331							
XI.	Changes due to the disposal of assets			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XII.	Changes due to the reclassification of assets			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XIII.	Effect of the changes in equity of investment in associates			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XIV.	Capital increase			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
14.1	Cash increase			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
14.2	Internal resources			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XV.	Share premium			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XVI.	Share cancellation profits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XVII.	Paid in-capital inflation adjustment difference			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
XVIII.	Other			-	-	-	-	-	-	-	279	-	-	-	-	-	-	-	-	-	279	-	-	279					
XIX.	Current year income or loss			-	-	-	-	-	-	-	-	542.911	-	-	-	-	-	-	-	542.911	1.238	544.149							
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)	(66)	(127)							
Period end balance (III+IV+V+.....+VIII+XIX+XX+ XXI)				4.347.051	-	543.881	-	463.786	-	8.051.473	527.814	542.911	927.984	1.211.989	-	-	(554.538)	-	16.062.351	65.245	16.127.596								

(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 March 31, 2014

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

V. Consolidated statement of changes in shareholders' equity

Current 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	
March 31, 2014																					
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		-	-	-	-	-	-	-	-	-	-	(34.225)	-	-	-	-	(34.225)	-	(34.225)	
IV.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	81.912	-	81.912	-	81.912	
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	97.770	-	97.770	-	97.770	
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(15.858)	-	(15.858)	-	(15.858)	
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	20.941	-	-	-	2.293	-	-	(6.055)	-	17.179	-	17.179
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	428.838	-	-	-	-	-	-	428.838	62	428.900	
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period end balance (I+II+III+.....+XVII+XVIII+XIX)			4.347.051	-	543.881	-	641.000	-	9.815.284	1.654.597	428.838	1.383.961	(150.050)	-	4.503	(280.378)	-	18.388.687	2.542	18.391.229	

(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 March 31, 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 (31/03/2014)	Prior Period (31/03/2013)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		1.397.473	1.182.286
1.1.1 Interest received		2.957.111	2.886.036
1.1.2 Interest paid		(1.526.883)	(1.307.501)
1.1.3 Dividend received		2.479	5.630
1.1.4 Fees and commissions received		637.065	556.687
1.1.5 Other income		404.040	130.124
1.1.6 Collections from previously written-off loans and other receivables		326.499	404.381
1.1.7 Payments to personnel and service suppliers		(729.254)	(581.923)
1.1.8 Taxes paid		(42.572)	(216.871)
1.1.9 Other	VI	(631.012)	(694.277)
1.2 Changes in operating assets and liabilities		1.493.298	(4.485.191)
1.2.1 Net (increase)/decrease in trading securities		51.171	409.850
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		100.095	(2.830.820)
1.2.4 Net (increase)/decrease in loans		(4.265.758)	(3.312.167)
1.2.5 Net (increase)/decrease in other assets		(739.040)	(1.238.492)
1.2.6 Net increase /(decrease) in bank deposits		(202.102)	698.134
1.2.7 Net increase /(decrease) in other deposits		2.060.859	1.997.247
1.2.8 Net increase /(decrease) in funds borrowed		3.275.802	964.755
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI	1.212.271	(1.173.698)
I. Net cash flows from banking operations		2.890.771	(3.302.905)
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(310.860)	652.272
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(19)	(128)
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(33.861)	(56.641)
2.4 Disposals of property and equipment		12.433	75.744
2.5 Purchase of investments available-for-sale		(3.766.668)	(7.378.296)
2.6 Sale of investments available-for-sale		2.354.169	7.987.926
2.7 Purchase of investment securities		(451.183)	(25.132)
2.8 Sale of investment securities		1.574.269	48.799
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		981.536	1.115.041
3.1 Cash obtained from funds borrowed and securities issued		1.803.009	1.427.698
3.2 Cash used for repayment of funds borrowed and securities issued		(821.473)	(311.979)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	(678)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI	119.237	77.710
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		3.680.684	(1.457.882)
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	14.161.112	9.374.407

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 March 31, 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. 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 March 31, 2014

(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 March 31, 2014

(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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2014

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

Accounting policies (continued)

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) March 31, 2014	Direct and indirect rates (%) March 31, 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
Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	95,36	95,36
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	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 % March 31, 2014	Direct and indirect rates % March 31, 2014
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Türkiye	Insurance	20,00	20,00

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Notes to consolidated financial statements as of March 31, 2014

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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 % March 31, 2014	Direct and indirect rates % March 31, 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.

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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.

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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 March 31, 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.

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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.

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Notes to consolidated financial statements as of March 31, 2014

(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. Foreign currency indexed loans are initially measured at local currency accounts with the foreign exchange rate prevailing at date of the initial recognition and re-valued with the relevant foreign currency rates prevailing at the date of the financial statements. Increase or decrease in the value of the principal amount of the loan due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates prevailing at the repayment dates and the valuation differences is accounted for in foreign exchange gain/loss accounts.

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

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Accounting policies (continued)

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

d. Available-for-sale financial assets:

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

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

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

VIII. Explanations on impairment of financial assets:

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

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

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

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Accounting policies (continued)

IX. Explanations on offsetting financial assets:

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

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

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

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

The Group has no securities lending transactions.

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

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

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

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

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Accounting policies (continued)

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

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Accounting policies (continued)

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

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

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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.

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Accounting policies (continued)

XV. Explanations on provisions and contingent assets and liabilities:

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

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

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

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

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

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Accounting policies (continued)

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. 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 March 31, 2014

(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' will. Effective from January 1, 2006, Turkish government had ceased to offer investment incentives for capital investments and companies having unused qualifying capital investment amounts as of June 30, 2006 would be able to deduct such amounts from corporate income until the end of December 31, 2008. However, On October 15, 2009, the Ministry of Finance announced that the Turkish Constitutional Court ("TCC") resolved to annul the provision numbered 69 of the Income Tax Law regulating that investment incentives carried forward can only be deducted from the corporate profits of 2006, 2007 and 2008, thus allowing such deduction for unlimited time. The resolution is published in the official gazette dated January 8, 2010. As per the Law numbered 6009 effective from August 1, 2010, taxpayers are permitted to deduct the investment incentive amount to a limit that does not exceed 25% of the related revenues (within the context of December 31, 2005 legislation including the provision on tax rate stated in the second paragraph of temporary Article 61 of income tax legislation) from their income subject to tax.

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Accounting policies (continued)

As per the decision of the Constitutional Court (decision no: E.2010/93, K. 2012/9 dated February 9, 2012) the effect of the sentence "In so far, the amount to be used as investment incentive exception in the determination of the tax base cannot exceed 25% of the related gain" added to 1st article of the 69th clause of the Law No. 193 was suspended until the date of the publication of the cancellation decision in the Official Gazette to preclude any unpreventable consequences or damages that could rise from the application of the sentence, and to prevent the cancellation decision prove abortive as the sentence was cancelled on February 9, 2012 (decision no: E.2010/93, K.2012/20).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of March 31, 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.

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

Accounting policies (continued)

c. Transfer pricing:

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

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

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

XVIII. Explanations on borrowings:

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

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

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

XIX. Explanations on issuance of share certificates:

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

No dividend payments of the Parent Bank were announced after the balance sheet date.

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until balance sheet date, the Group received government grant from TÜBİTAK amounting to TL 1.203 (December 31, 2013 - TL 1.203).

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Notes to consolidated financial statements as of March 31, 2014

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

Accounting policies (continued)

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	428.838	542.911
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	0,0010	0,0012

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 March 31, 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2014

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

Accounting policies (continued)

XXV. Explanations on operating segments:

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

XXVI. Explanations on other matters:

The Parent Bank has decided to cancel the signed agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Parent Bank also decided to liquidate YKYO and within the content to enable to start the liquidation process decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these financial statements, total shareholding of the Parent Bank increased to 95,36%. With the permission of Capital Markets Board ("CMB"), Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. has completed the registration process of starting the liquidation on December 27, 2013 and from that day on received a new title as "Tasfiye Halinde Yapı Kredi Yatırım Ortaklığı A.Ş." ("TYKYO").

The TYKYO liquidation application submitted to T.C. Istanbul 33th Commercial Court of First Instance was entrusted to official expert. According to official expert conclusion, TYKYO has no outstanding debt and no risk in terms of outstanding liabilities, hence the remaining assets can be distributed once all legal and financial obligations are met. Accordingly, the Court decided on February 17, 2014 that the one-year waiting period for liquidation can be waived for TYKYO and assets can be distributed earlier.

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

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

Above mentioned subsidiaries' activities were classified as discontinued operations in the consolidated income statement in 2013 according to the TFRS 5. The related consolidated income statement for prior period is restated with a few classifications and the effect of these reclassifications is summarized in the table below.

March 31, 2013	Published	Adjustment	Restated
Interest income	2.502.569	-	2.502.569
Interest expense	(1.191.305)	(5.022)	(1.196.327)
Net interest income(I + II)	1.311.264	(5.022)	1.306.242
Net fees and commissions income	467.429	27.781	495.210
Trading gain/(loss) (net)	(87.807)	2.146	(85.661)
Other operating income	116.635	1.660	118.295
Total operating income / loss(III+IV+V+VI+VII)	1.813.151	26.565	1.839.716
Provision for impairment of loans and other receivables(-)	(366.204)	-	(366.204)
Other operating expenses (-)	(798.135)	(16.612)	(814.747)
Net operating income/(loss) (VIII+IX+X)	648.812	9.953	658.765
Profit/(loss) before taxes from continuing operations (XI+...+XIV)	651.105	9.953	661.058
Tax provision for continuing operations (±)	(131.666)	-	(131.666)
Net profit/loss from continuing operations (XV±XVI)	519.439	9.953	529.392
Income from discontinued operations	114.498	7.896	122.394
Expenses from discontinued operations (-)	(86.180)	(17.849)	(104.029)
Profit /losses before taxes from discontinued operations (XVIII-XIX)	28.318	(9.953)	18.365
Tax provision for discontinued operations (±)	(3.608)	-	(3.608)
Net profit/loss from discontinued operations	24.710	(9.953)	14.757

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Notes to consolidated financial statements as of March 31, 2014

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

Accounting policies (continued)

XXVII. Legal mergers under common control:

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

POA has issued a policy decision in July, 2013 regarding "Accounting for business combinations Subject to Joint Control Group" which is effective for annual periods beginning on December 31, 2012. Based on this decision, i) rights in business combinations under common control combinations should be accounted for by the method of pooling of interest, ii) due to that goodwill should be included in the financial statements, iii) while pooling of interest method is applied, at the beginning of the reporting period where the common control occurs, corrections should be made in the financial statements as if the combination has been completed and this common control should be represented comparatively. The accounting policy applied by the group is consistent with the decision of principle.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2014

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

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

- a. The consolidated capital adequacy ratio of the Group is 15,10% (December 31,2013 – 15,32%) and the Parent Bank is 15,89 % (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 March 31, 2014

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

Information related to financial position of the Group (continued)

c. Information related to capital adequacy ratio:

	Risk Weights								
	Parent Bank								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	30.291.634	3.922.886	23.863.611	36.558.989	70.438.914	3.139.759	6.571.139	836.900	175.623.832
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	28.206.227	-	4.402.761	-	-	-	-	-	32.608.988
Conditional and unconditional receivables from regional or local governments	-	149	-	-	-	-	-	-	149
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	961	-	-	-	961
Conditional and unconditional receivables from multilateral development banks	3.955	-	-	-	-	-	-	-	3.955
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3.851.442	6.971.351	-	528.073	-	-	-	11.350.866
Conditional and unconditional receivables from corporates	-	-	-	-	58.035.337	-	-	-	58.035.337
Conditional and unconditional retail receivables	-	-	-	36.558.989	6.137.260	-	-	-	42.696.249
Conditional and unconditional receivables secured by mortgages	-	-	12.487.874	-	-	-	-	-	12.487.874
Past due receivables	-	-	-	-	856.990	392.051	-	-	1.249.041
Receivables defined as high risk category by the Regulator	-	-	1.625	-	8.224	2.747.708	6.571.139	836.900	10.165.596
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.081.452	71.295	-	-	4.872.069	-	-	-	7.024.816
Credit Risk Weighted Amounts	-	784.577	11.931.806	27.419.242	70.438.914	4.709.639	13.142.278	2.092.250	130.518.706

	Risk Weights Consolidated								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	31.195.832	3.940.537	24.150.449	37.980.117	79.178.510	3.597.257	6.571.139	836.900	187.450.741
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	28.987.776	12.368	4.436.980	-	41.538	-	-	-	33.478.662
Conditional and unconditional receivables from regional or local governments	-	149	1.656	-	-	-	-	-	1.805
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	961	-	-	-	961
Conditional and unconditional receivables from multilateral development banks	3.955	-	-	-	-	-	-	-	3.955
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3.856.692	7.178.434	-	778.321	-	-	-	11.813.447
Conditional and unconditional receivables from corporates	-	33	43.880	-	68.419.256	122.566	-	-	68.585.735
Conditional and unconditional retail receivables	-	-	-	37.980.117	6.137.260	-	-	-	44.117.377
Conditional and unconditional receivables secured by mortgages	-	-	12.487.874	-	-	-	-	-	12.487.874
Past due receivables	-	-	-	-	894.209	726.983	-	-	1.621.192
Receivables defined as high risk category by the Regulator	-	-	1.625	-	8.224	2.747.708	6.571.139	836.900	10.165.596
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.204.101	71.295	-	-	2.898.741	-	-	-	5.174.137
Credit Risk Weighted Amounts	-	788.107	12.075.225	28.485.088	79.178.510	5.395.886	13.142.278	2.092.250	141.157.344

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

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Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank Current Period	Consolidated Current Period	The Parent Bank Prior Period	Consolidated Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10.441.496	11.292.588	10.042.902	10.864.694
Capital requirement for market risk (MRCR)	158.933	223.343	197.468	310.892
Capital requirement for operational risk (ORCR)	817.197	920.434	802.350	910.617
Shareholders' equity	22.678.455	23.479.393	22.084.113	23.141.967
Shareholders' equity / (CRCR+ MRCR+ORCR) * 12,5*100	15,89	15,10	16,00	15,32
Common Equity /(CRCR+ MRCR+ORCR) * 12,5*100	11,34	10,91	-	-
Tier 1 Capital /(CRCR+ MRCR+ ORCR) *12,5*100	11,34	10,91	-	-

e. Information about shareholders' equity items:

	March 31, 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	10.938.317
Other Comprehensive Income according to TAS	1.172.564
Profit	1.812.799
Net Current Period Profit	428.838
Prior Period Profit	1.383.961
Provisions for Possible Losses	217.389
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	4.503
Minority shares	2.542
Common Equity Tier 1 capital before regulatory adjustments	19.039.046
Common Equity Tier 1 capital: regulatory adjustments	
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	150.050
Leasehold improvements on operational leases (-)	95.332
Goodwill and intangible assets and related deferred tax liabilities (-)	1.376.531
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 (-)	453.286
Total regulatory adjustments to Common equity Tier 1	2.075.199
Common Equity Tier 1 capital	16.963.847

(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 March 31, 2014

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

Information related to financial position of the Group (continued)

	March 31, 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 before 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 (-)	-
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	16.963.847
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)	5.270.160
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-
Generic Provisions	1.553.745
Minority shares	-
Tier 2 capital before regulatory adjustments	6.823.905
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	6.823.905

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

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Information related to financial position of the Group (continued)

	March 31, 2014
Total capital	23.787.752
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	2.850
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 (-)	11.356
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 (-)	172.301
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 (-)	121.852
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 (-)	-
Own Fund	23.479.393
Amounts below the thresholds for deduction	948.134
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	948.134

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Notes to consolidated financial statements as of March 31, 2014

(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
Securitisations 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)

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

Information related to financial position of the Group (continued)

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

None.

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)	1.220	1.029	479	352	2.190
Par value of instrument (Currency in million)	1.281	1.029	1.504	601	2.190
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 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
Incompliance with article number 7 and 8 of "Own fund regulation"	Yes	Yes	Yes	Yes	Yes
Details of incompliance 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

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Notes to consolidated financial statements as of March 31, 2014

(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 "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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

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

The table below shows details of the market risk as of March 31, 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	87.369	65.237
(II) Capital requirement against specific risks - standard method	14.862	40.521
Capital requirement against specific risks of securitization positions-- standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	47.782	120.679
(IV) Capital requirement against commodity risks - standard method	283	667
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	842	6.308
(VII) Capital requirement against counterparty credit risks - standard method	72.205	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))	223.343	310.892
(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))	2.791.788	3.886.150

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Information related to financial position of the Group (continued)

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

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

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".

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 2,18980	TL 3,00720
First day current bid rate	TL 2,19120	TL 3,01480
Second day current bid rate	TL 2,21210	TL 3,05240
Third day current bid rate	TL 2,23190	TL 3,08310
Fourth day current bid rate	TL 2,23700	TL 3,08230
Fifth day current bid rate	TL 2,23500	TL 3,08240
Arithmetic average of the last 31 days:	TL 2,21575	TL 3,06228
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)

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Notes to consolidated financial statements as of March 31, 2014

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

Information related to financial position of the Group (continued)

Information on currency risk of the Group:

	EUR	USD	Other FC ⁽⁴⁾	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.240.573	8.255.731	2.854.890	17.351.194
Banks	1.599.948	2.488.843	174.344	4.263.135
Financial assets at fair value through profit or loss	53.185	109.573	422	163.180
Money market placements	-	-	-	-
Available-for-sale financial assets	352.286	2.969.468	67.655	3.389.409
Loans ⁽¹⁾	12.752.107	26.934.260	1.135.825	40.822.192
Investments in associates, subsidiaries and joint ventures	-	-	263.149	263.149
Held-to-maturity investments	414.483	2.949.682	-	3.364.165
Hedging derivative financial assets	-	2.396	-	2.396
Tangible assets	1.943	-	43.917	45.860
Intangible assets ⁽⁶⁾	-	-	-	-
Other assets ⁽²⁾	3.017.110	1.759.026	435.610	5.211.746
Total assets	24.431.635	45.468.979	4.975.812	74.876.426
Liabilities				
Bank deposits	634.207	877.295	22.194	1.533.696
Foreign currency deposits	14.440.071	27.727.190	1.887.249	44.054.510
Funds from money market	-	2.589.180	-	2.589.180
Funds borrowed from other financial institutions	9.889.570	8.417.425	295.882	18.602.877
Marketable securities issued	1.230.953	5.736.690	183.391	7.151.034
Miscellaneous payables	1.045.450	316.151	26.721	1.388.322
Hedging derivative financial liabilities	92.046	241.808	-	333.854
Other liabilities ⁽³⁾	2.902.253	5.182.294	11.027	8.095.574
Total liabilities	30.234.550	51.088.033	2.426.464	83.749.047
Net on balance sheet position	(5.802.915)	(5.619.054)	2.549.348	(8.872.621)
Net off balance sheet position ⁽⁵⁾	6.400.876	5.620.735	(2.032.657)	9.988.954
Financial derivative assets	9.295.394	27.922.221	1.156.506	38.374.121
Financial derivative liabilities	2.894.518	22.301.486	3.189.163	28.385.167
Net position	597.961	1.681	516.691	1.116.333
Non-cash loans	9.276.918	15.687.148	1.874.897	26.838.963
December 31, 2012				
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 5.096.072 (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 56.740 (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 12.585 is not considered in the calculation.

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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)

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Notes to consolidated financial statements as of March 31, 2014

(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	-	-	-	-	-	19.512.751	19.512.751
Banks	1.220.338	684.934	533.365	49.554	-	1.841.703	4.329.894
Financial assets at fair value through profit/loss	329.571	456.571	450.308	102.067	12.984	45.642	1.397.143
Money market placements	5.559.056	107.211	-	-	-	-	5.666.267
Available-for-sale financial assets	1.746.386	1.619.947	4.297.126	3.100.628	3.664.396	187.494	14.615.977
Loans	22.630.191	29.552.566	24.568.308	19.640.448	6.874.953	1.087.367	104.353.833
Held-to-maturity investments	1.478.707	88.717	703.095	495.816	3.050.942	-	5.817.277
Other assets	2.044.997	1.195.459	1.322.453	2.346.599	368.422	5.812.768	13.090.698
Total assets	35.009.246	33.705.405	31.874.655	25.735.112	13.971.697	28.487.725	168.783.840
Liabilities							
Bank deposits	758.516	69.316	644.871	137.969	-	555.995	2.166.667
Other deposits	53.966.491	15.007.115	3.764.621	1.012.801	211.698	14.276.717	88.239.443
Funds from money market	6.089.890	1.753.037	396.599	293.742	-	-	8.533.268
Miscellaneous payables	-	-	-	-	-	7.502.979	7.502.979
Marketable securities issued	730.140	1.835.748	1.949.881	3.820.349	1.327.004	-	9.663.122
Funds borrowed from other financial institutions	3.882.853	11.195.373	3.193.734	1.200.761	216.788	-	19.689.509
Other liabilities and shareholders' equity	513.353	5.728.761	1.828.206	43.274	3.753	24.871.505	32.988.852
Total liabilities	65.941.243	35.589.350	11.777.912	6.508.896	1.759.243	47.207.196	168.783.840
Balance sheet long position	-	-	20.096.743	19.226.216	12.212.454	-	51.535.413
Balance sheet short position	(30.931.997)	(1.883.945)	-	-	-	(18.719.471)	(51.535.413)
Off-balance sheet long position	7.339.221	12.067.211	242.328	-	-	-	19.648.760
Off-balance sheet short position	-	-	-	(18.468.245)	(1.220.990)	-	(19.689.235)
Total position	(23.592.776)	10.183.266	20.339.071	757.971	10.991.464	(18.719.471)	(40.475)

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

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

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

Information related to financial position of the Group (continued)

b. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,05	-	-	-
Banks	1,71	0,67	-	7,82
Financial assets at fair value through profit/loss	3,12	4,52	-	10,00
Money market placements	-	-	-	12,77
Available-for-sale financial assets	5,49	6,66	-	10,04
Loans	4,99	5,04	4,97	13,18
Held-to-maturity investments	4,24	5,47	-	8,96
Liabilities⁽¹⁾				
Bank deposits	1,66	2,21	-	8,97
Other deposits	2,62	2,75	2,55	11,63
Funds from money market	-	1,10	-	10,09
Miscellaneous payables	-	-	-	-
Marketable securities issued	1,68	4,46	-	9,24
Funds borrowed from other financial institutions	1,32	3,38	3,00	9,46

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

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Information related to financial position of the Group (continued)

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

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

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 March 31, 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	(1.966.422)	%(8,67)
TRY	(-)400 bp	1.892.253	%(8,34)
EUR	(+)200 bp	(34.463)	%(0,15)
EUR	(-)200 bp	52.320	%(0,23)
USD	(+)200 bp	267.194	%(1,18)
USD	(-)200 bp	(208.993)	%(0,92)
Total (for negative shock)		1.735.580	%(7,74)
Total (for positive shock)		(1.733.691)	%(7,74)

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

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Information related to financial position of the Group (continued)

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

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

Group has no unconsolidated subsidiaries and joint venture quoted in Borsa Istanbul as of March 31, 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)

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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	4.898.956	14.613.795	-	-	-	-	-	19.512.751
Banks	1.841.703	1.220.332	586.196	608.139	73.524	-	-	4.329.894
Financial assets at fair value through profit or loss	31	250.974	470.795	385.380	164.906	79.446	45.611	1.397.143
Money market placements	-	5.559.056	107.211	-	-	-	-	5.666.267
Available-for-sale financial assets	149.710	1.547	32.517	2.111.111	4.541.160	7.742.148	37.784	14.615.977
Loans	-	16.047.284	11.075.900	23.034.354	30.900.583	22.208.345	1.087.367	104.353.833
Held-to-maturity Investments	-	26.722	88.717	802.465	1.526.717	3.372.656	-	5.817.277
Other assets ⁽¹⁾	2.584.563	1.645.987	1.051.776	1.433.102	2.859.793	462.359	3.053.118	13.090.698
Total assets	9.474.963	39.365.697	13.413.112	28.374.551	40.066.683	33.864.954	4.223.880	168.783.840
Liabilities								
Bank deposits	555.995	758.516	69.316	644.871	137.969	-	-	2.166.667
Other deposits	14.276.717	53.815.688	15.003.650	3.915.423	1.016.267	211.698	-	88.239.443
Funds borrowed from other financial institutions	-	1.148.147	6.001.853	6.133.083	4.779.560	1.626.866	-	19.689.509
Funds from money market	-	6.089.890	1.753.037	396.599	293.742	-	-	8.533.268
Marketable securities issued	-	730.140	1.364.021	1.919.497	4.322.460	1.327.004	-	9.663.122
Miscellaneous payables	2.073.303	5.123.992	150.401	150.492	383	36	4.372	7.502.979
Other liabilities ⁽²⁾	363.687	576.890	516.327	675.045	3.797.159	5.101.251	21.958.493	32.988.852
Total liabilities	17.269.702	68.243.263	24.858.605	13.835.010	14.347.540	8.266.855	21.962.865	168.783.840
Net liquidity gap	(7.794.739)	(28.877.566)	(11.445.493)	14.539.541	25.719.143	25.598.099	(17.738.985)	-
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.

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Information related to financial position of the Group (continued)

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

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

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

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

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

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

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Information related to financial position of the Group (continued)

Information about guarantees according to risk classifications:

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	36.536.818	2.584.133	-	-
Conditional and unconditional receivables from regional or local governments	2.422	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.451	-	-	-
Conditional and unconditional receivables from multilateral development banks	175.184	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	35.788.958	91.850	-	-
Conditional and unconditional receivables from corporates	182.236.064	2.969.680	-	36.818
Conditional and unconditional retail receivables	128.504.472	491.113	-	29.873
Conditional and unconditional receivables secured by mortgages	12.797.000	-	-	-
Past due receivables	1.621.192	-	-	-
Receivables defined in high risk category by the Regulator	10.280.369	41.264	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	7.590.513	-	-	-
Total	415.546.443	6.178.040	-	66.691

- (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.

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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 communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim periods.

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Information related to financial position of the Group (continued)

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of March 31, 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 March 31, 2014 of these hedging instruments are presented in the table below:

	Notional ⁽¹⁾	Current Period		Notional ⁽¹⁾	Prior Period	
		Asset	Liability		Asset	Liability
Hedging instrument						
Interest rate swap / cross currency swap (CFH)	18.189.182	456.219	350.325	17.508.859	160.252	386.395
Cross currency interest rate swap (FVH)	531.975	176.520	-	1.104.763	307.375	-
Total	18.721.157	632.739	350.325	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 19.091.408 (December 31, 2013 - TL 19.015.071) the total notional of derivative financial assets amounting to TL 37.812.565 (December 31, 2013 - TL 37.628.693) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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Information related to financial position of the Group (continued)

The fair valuation methodology of the derivatives presented in the above table is disclosed in detail in the accounting principles section of these financial statements in Section III. Part IV.

Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funding by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below;

Current Period					
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the ⁽²⁾	
				Asset	Liability
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(24.718)	176.520	-
					(19.605)

(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 3.721.

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⁾	
				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.

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Information related to financial position of the group (continued)

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts 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	456.219	350.325	(23.402)	91.715

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 232 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.

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Information related to financial position of the group (continued)

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the 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 March 31, 2014 is EUR 280 million (December 31, 2013 - EUR 275 million). The foreign exchange loss of TL 256.977 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, SME (small medium size enterprises) banking and individual banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, SME loans, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Bank. The Bank also offers debit card and a prepaid card named World Hediye Card.

Corporate and Commercial Banking segment is organized into three subgroups: Corporate Banking for large-scale companies, Commercial Banking for medium-sized enterprises and Multinational Companies Banking for multinational companies. Corporate and Commercial Banking, has a product range of working capital finance, trade finance, project finance, domestic and international non-cash loans such as letters of credit and letters of guarantee, cash management and internet banking.

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Information related to financial position of the Group (continued)

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

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

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

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance Business	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing	648.498	477.718	50.377	73.294	126.651	-	533.260	17.981	1.927.779
Operating expenses continuing	(681.700)	(160.715)	(20.249)	(35.106)	(54.879)	-	(446.808)	1.840	(1.397.617)
Net operating income continuing	(33.202)	317.003	30.128	38.188	71.772	-	86.452	19.821	530.162
Dividend income ⁽²⁾	-	-	-	-	-	-	2.479	-	2.479
Income/Loss from Investments accounted based on equity method	-	-	-	-	-	-	7.742	-	7.742
Profit before tax	(33.202)	317.003	30.128	38.188	71.772	-	96.673	19.821	540.383
Tax expense ⁽²⁾	-	-	-	-	-	-	(111.483)	-	(111.483)
Net period income from continuing operations	(33.202)	317.003	30.128	38.188	71.772	-	(14.810)	19.821	428.900
Minority interest (-)	-	-	-	-	-	-	(62)	-	(62)
Net period income from discontinued operations	-	-	-	-	-	-	-	-	-
Group income/loss	(33.202)	317.003	30.128	38.188	71.772	-	(14.872)	19.821	428.838
Segment assets ⁽³⁾	47.989.965	45.914.473	182.786	6.390.723	9.940.828	-	59.835.876	(1.930.900)	168.323.751
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	460.089	-	460.089
Total assets	47.989.965	45.914.473	182.786	6.390.723	9.940.828	-	60.295.965	(1.930.900)	168.783.840
Segment liabilities ⁽³⁾	34.238.591	34.735.511	22.094.976	5.204.017	8.277.937	-	47.818.615	(1.977.036)	150.392.611
Shareholders' equity	-	-	-	-	-	-	18.391.229	-	18.391.229
Total liabilities	34.238.591	34.735.511	22.094.976	5.204.017	8.277.937	-	66.209.844	(1.977.036)	168.783.840

(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)

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Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance Business	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing ⁽⁴⁾	803.134	422.975	36.777	40.735	107.931	-	414.939	7.595	1.834.086
Operating expenses continuing ⁽⁴⁾	(627.458)	(130.156)	(16.236)	(20.453)	(41.048)	-	(346.092)	492	(1.180.951)
Net operating income continuing	175.676	292.819	20.541	20.282	66.883	-	68.847	8.087	653.135
Dividend income ^{(2), (4)}	-	-	-	-	-	-	5.630	-	5.630
Income/Loss from Investments accounted based on equity method ⁽⁴⁾	-	-	-	-	-	-	2.293	-	2.293
Profit before tax	175.676	292.819	20.541	20.282	66.883	-	76.770	8.087	661.058
Tax expense ^{(2), (4)}	-	-	-	-	-	-	(131.666)	-	(131.666)
Net period income from continuing operations	175.676	292.819	20.541	20.282	66.883	-	(54.896)	8.087	529.392
Minority interest (-) ⁽⁴⁾	-	-	-	-	-	-	(1.238)	-	(1.238)
Net period income from discontinued operations	-	-	-	-	-	14.757	-	-	14.757
Group income/loss	175.676	292.819	20.541	20.282	66.883	14.757	(56.134)	8.087	542.911
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 March 31, 2013.

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Notes to consolidated financial statements as of March 31, 2014

(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	1.374.676	495.837	1.287.182	519.407
The CBRT ⁽¹⁾	786.881	16.490.128	43.293	16.984.910
Other	-	365.229	-	155.957
Total	2.161.557	17.351.194	1.330.475	17.660.274

- (1) The balance of gold amounting to TL 2.722.811 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⁾	786.881	1.876.333	43.293	2.023.825
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	14.613.795	-	14.961.085
Total	786.881	16.490.128	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 TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits".

As of March 31, 2014, the Group's reserve deposits, including those at foreign banks, amount to TL 17.315.297 (December 31, 2013 - TL 17.068.838).

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Notes to consolidated financial statements as of March 31, 2014

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Explanations and notes related to consolidated financial statements (continued)

b. Information on financial assets at fair value through profit and loss:

The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2013 - None) and there is no financial assets at fair value through profit and loss given as collateral/blocked (December 31, 2013 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	FC	TL	FC	FC
Forward transactions	120.520	12.419	79.156	19.853
Swap transactions ⁽¹⁾	940.112	110.765	1.188.546	125.987
Futures transactions	-	-	-	-
Options	115.846	22.189	160.289	22.281
Other	-	-	-	-
Total	1.176.478	145.373	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	48.863	1.274.359	474.953	915.461
Foreign ⁽¹⁾	17.896	2.988.776	41.138	2.577.574
Headquarters and branches abroad	-	-	-	-
Total	66.759	4.263.135	516.091	3.493.035

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 127.866 (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 communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim periods.

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

Explanations and notes related to consolidated financial statements (continued)

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

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 1.734.952 (December 31, 2013 - TL 718.291) and available-for-sale financial assets subject to repo transactions amounts to TL 4.453.102 (December 31, 2013 - TL 2.320.047).

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

	Current Period	Prior Period
Debt securities	14.720.257	13.455.271
Quoted on stock exchange	13.220.869	11.761.398
Not quoted ⁽¹⁾	1.499.388	1.693.873
Share certificates	83.102	87.220
Quoted on stock exchange	168	163
Not quoted	82.934	87.057
Impairment provision (-) ⁽²⁾	(342.676)	(425.276)
Other ⁽³⁾	155.294	92.147
Total	14.615.977	13.209.362

(1) Includes credit linked notes amounting to TL 958.148 (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 amounting to TL 155.294 (December 31, 2013 - TL 92.147).

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	11.276	554.638	20.756	450.294
Loans granted to employees	116.111	1.223	110.494	470
Total	127.387	555.861	131.250	450.764

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Notes to consolidated financial statements as of March 31, 2014

(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	100.110.750	1.365.953	-	3.155.716	812.967	17.080
Loans given to enterprises	41.236.103	257.828	-	694.792	351.210	4.390
Export loans	4.162.726	218.200	-	92.174	65.613	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.682.976	-	-	-	-	-
Consumer loans	18.104.186	465.451	-	1.080.474	116.616	7.204
Credit cards	17.053.449	172.111	-	514.888	53.473	5.019
Other	16.871.310	252.363	-	773.388	226.055	467
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	100.110.750	1.365.953	-	3.155.716	812.967	17.080

Number of modifications made to extend payment plan ^{(1) (2) (3)}	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	1.249.229	665.031
Extended by 3,4 or 5 times	53.722	124.742
Extended by more than 5 times	63.002	23.194
Total	1.365.953	812.967

Extended period of time ^{(1) (2) (3)}	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	122.872	64.588
6 - 12 Months	169.301	69.254
1 - 2 Years	451.280	168.010
2 - 5 Years	493.492	219.357
5 Years and over	129.008	291.758
Total	1.365.953	812.967

- (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 between 6 to 12 months and 1 to 5 years. Five of them was restructured three times, one was twice and rest of the seven are restructured once.
- (3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012

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Notes to consolidated financial statements as of March 31, 2014

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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 communiqué "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	153.645	18.232.859	18.386.504
Real estate loans	3.342	9.186.126	9.189.468
Automotive loans	6.618	991.005	997.623
Consumer loans	1.730	56.868	58.598
Other	141.955	7.998.860	8.140.815
Consumer loans-FC indexed	-	92.216	92.216
Real estate loans	-	91.466	91.466
Automotive loans	-	-	-
Consumer loans	-	750	750
Other	-	-	-
Consumer loans-FC	47.518	182.710	230.228
Real estate loans	89	519	608
Automotive loans	5.883	53.043	58.926
Consumer loans	18.316	100.134	118.450
Other	23.230	29.014	52.244
Individual credit cards-TL	13.087.689	835.614	13.923.303
With installments	7.314.073	831.729	8.145.802
Without installments	5.773.616	3.885	5.777.501
Individual credit cards-FC	849	54.964	55.813
With installments	849	54.964	55.813
Without installments	-	-	-
Personnel loans-TL	4.074	47.024	51.098
Real estate loans	-	1.043	1.043
Automotive loans	24	807	831
Consumer loans	-	-	-
Other	4.050	45.174	49.224
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	537	811	1.348
Real estate loans	20	-	20
Automotive loans	-	-	-
Consumer loans	399	651	1.050
Other	118	160	278
Personnel credit cards-TL	61.259	1.099	62.358
With installments	31.830	1.099	32.929
Without installments	29.429	-	29.429
Personnel credit cards-FC	3	681	684
With installments	3	681	684
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	423.199	-	423.199
Credit deposit account-FC (real person)	67	-	67
Total	13.778.840	19.447.978	33.226.818

(1) TL 623 of the credit deposit account belongs to the loans used by personnel.

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Explanations and notes related to consolidated financial statements (continued)

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

	Current Period		Total
	Short-term	Medium and long-term	
Commercial installments loans-TL	797.737	6.545.327	7.343.064
Business loans	1.033	555.581	556.614
Automotive loans	31.975	1.840.851	1.872.826
Consumer loans	-	266	266
Other	764.729	4.148.629	4.913.358
Commercial installments loans-FC indexed	28.088	295.395	323.483
Business loans	-	19.428	19.428
Automotive loans	994	69.959	70.953
Consumer loans	-	-	-
Other	27.094	206.008	233.102
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	3.514.382	11.797	3.526.179
With installment	2.092.277	11.726	2.104.003
Without installment	1.422.105	71	1.422.176
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	819.612		819.612
Credit deposit account-FC (legal person)	-	-	-
Total	5.159.819	6.852.519	12.012.338

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

Explanations and notes related to consolidated financial statements (continued)

6. Loans according to types of borrowers:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim 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	100.450.918	95.921.730
Foreign loans	2.815.548	3.514.128
Total	103.266.466	99.435.858

8. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	62.730	88.320
Indirect loans granted to associates and subsidiaries	-	-
Total	62.730	88.320

9. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	91.089	117.677
Loans and other receivables with doubtful collectibility	454.579	428.790
Uncollectible loans and other receivables	2.110.701	1.898.534
Total	2.656.369	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 collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	17.110	74.115	266.216
Restructured loans and other receivables	17.110	74.115	266.216
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	-	-	-

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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	Loans and other receivables with	Uncollectible
	With limited collectibility	Doubtful collectibility	Loans and other receivables
Prior Period	630.585	929.114	2.073.374
Additions (+)	404.986	29.393	39.394
Transfers from other categories of non-performing loans (+)	-	451.023	354.391
Transfer to other categories of non-performing loans (-)	(451.023)	(354.391)	-
Collections (-)	(94.488)	(84.633)	(147.378)
FX valuation differences	345	238	(461)
Write-offs (-)	-	-	(36.733)
Corporate and commercial loans	-	-	(36.733)
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	490.405	970.744	2.282.587
Specific provision (-)	(91.089)	(454.579)	(2.110.701)
Net balance on balance sheet	399.316	516.165	171.886

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
Period end balance	3.609	138.073	403.149
Specific provision (-)	(186)	(72.676)	(279.665)
Net balance on-balance sheet	3.423	65.397	123.484
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

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Notes to consolidated financial statements as of March 31, 2014

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (net)	399.316	516.165	171.886
Loans granted to real persons and corporate entities (gross)	490.405	970.744	2.174.016
Specific provision amount (-)	(91.089)	(454.579)	(2.002.130)
Loans granted to real persons and corporate entities (net)	399.316	516.165	171.886
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.

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Notes to consolidated financial statements as of March 31, 2014

(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 1.308.212 (December 31, 2013 - TL 1.398.334). Held-to-maturity investments subject to repurchase agreements amount to TL 2.511.702 (December 31, 2013 - TL 1.968.378).

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

	Current Period	Prior Period
Government bond	5.521.477	6.527.368
Treasury bill	-	-
Other debt securities	295.800	362.235
Total	5.817.277	6.889.603

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

	Current Period	Prior Period
Debt securities	5.927.548	7.020.246
Quoted on stock exchange	5.927.548	7.020.246
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(110.271)	(130.643)
Total	5.817.277	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⁾	30.388	645.086
Purchases during the year	451.183	634.403
Disposals through sales and redemptions ⁽³⁾	(1.574.269)	(126.415)
Impairment provision (-) ⁽²⁾	20.372	(91.165)
Period end balance	5.817.277	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.

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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⁾	İstanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	İstanbul/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	100.413	83.442	52.127	2.546	-	32.665	33.184	-
2	35.583	22.332	19.380	511	-	2.644	1.247	-

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

2. Consolidated investments in associates:

(i). Information on consolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%) ⁽¹⁾
1	Banque de Commerce et de Placements S.A.	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 December 31, 2013 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	5.841.074	876.768	6.180	30.139	5.323	18.124	12.108	-
2	908.571	236.849	23.668	26.468	13.022	58.981	-	-

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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	(2.778)	253.027
Purchases ⁽¹⁾	-	188.108
Bonus shares obtained	-	-
Share of current year income	9.015	15.773
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries	7.702	51.729
Impairment provision ⁽²⁾	(19.495)	(2.583)
Balance at the end of the period	444.183	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	263.149	253.462
Insurance companies	181.034	193.499
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	444.183	446.961

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

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Notes to consolidated financial statements as of March 31, 2014

(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	13.613	-	-	-	(4.300)
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	-	298.077
Profit/loss	(36.108)	122.771	307.685	4.210	18.384
Current period net profit	33.838	15.877	29.444	4.210	18.384
Prior period profit	(69.946)	106.894	278.241	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	625	54	3.354	348	322
Total core capital	339.261	201.935	1.392.623	28.447	797.524
Supplementary capital	-	9.299	22.075	-	168
Capital	339.261	211.234	1.414.698	28.447	797.692
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	339.261	211.234	1.414.698	28.447	797.692

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 March 31, 2014.

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

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

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

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

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

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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.	Istanbul/Turkey	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value
1	19.193	14.669	897	-	-	968	1.320	-
2	38.874	25.868	3.836	487	8	461	286	-

3. Consolidated subsidiaries:

(i). Information on consolidated subsidiaries:

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

Although Yapı Kredi Diversified Payment Rights Finance Company ("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 Sticking 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)

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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	104.687	104.558	-	-	-	(30)	62	318.560	-
2	3.068.763	437.813	5.040	25.203	647	33.838	43.614	468.271	-
3	2.078.976	201.989	632	36.793	-	15.877	7.033	375.529	-
4	477.081	150.267	10.623	7.813	946	2.963	3.095	98.375	-
5	4.990.329	1.178.873	24.574	78.233	-	29.444	31.208	917.951	-
6	35.420	28.795	1.074	1.079	103	4.210	4.962	178.327	-
7	4.936.493	797.846	2.264	58.533	3.365	18.384	10.752	319.649	-
8	919.808	181.382	45.558	21.867	104	9.603	1.168	84.962	-
9	48.207	48.203	3	1.193	-	1.070	881	41.481	-

(1) The above financial information is extracted from the financial statements of companies included in the preparation of consolidated financial statements are used as of March 31, 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	-	(1.454.412)
Purchases ⁽¹⁾	19	71.129
Free shares obtained profit from current years share	-	15.107
Share of current year income	-	-
Sales	-	-
Transfers	-	(1.410.080)
Revaluation (decrease) / increase	(19)	(130.568)
Impairment provision	-	-
Balance at the end of the period	2.363.467	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.

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Explanations and notes related to consolidated financial statements (continued)

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

Financial Subsidiaries	Current Period	Prior Period
Banks	397.955	397.955
Insurance companies	-	-
Factoring companies	375.349	375.349
Leasing companies	917.855	917.855
Finance companies	-	-
Other financial subsidiaries	672.308	672.308
Total financial subsidiaries	2.363.467	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	78.179	43.339	33.115	14.225	(17.201)
Total	30,45	30,45	78.179	43.339	33.115	14.225	(17.201)

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.974.404	1.672.053	1.895.389	1.618.416
Between 1- 4 years	2.437.693	2.058.811	2.452.443	2.120.668
More than 4 years	718.136	630.326	269.856	238.288
Total	5.130.233	4.361.190	4.617.688	3.977.372

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Notes to consolidated financial statements as of March 31, 2014

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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	1.397.637	3.732.596	1.257.705	3.359.983
Unearned financial income from leases (-)	(284.630)	(484.413)	(233.531)	(406.785)
Amount of cancelled leases (-)	-	-	-	-
Total	1.113.007	3.248.183	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⁾	176.520	-	307.375	-
Cash flow hedge ⁽¹⁾	453.823	2.396	155.444	4.808
Foreign net investment hedge	-	-	-	-
Total	630.343	2.396	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 communiqué "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 communiqué "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 communiqué "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)

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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	12.531	66.982
Transfers ⁽¹⁾	-	1.410.080
Disposals (-), net	(16.499)	(1.453.446)
Impairment provision reversal	209	934
Impairment provision (-)	(102)	(302)
Depreciation (-)	(1.243)	(4.586)
Translation differences	35	80
Net book value at the end of the period	154.326	159.395
Cost at the end of the period	166.471	171.377
Accumulated depreciation at the end of the period (-)	(12.145)	(11.982)
Net book value at the end of the period	154.326	159.395

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

As of March 31, 2014, the Group booked impairment provision on assets held for resale with an amount of TL 8.304 (December 31, 2013 - TL 8.411).

ö. Information on other assets:

As of March 31, 2014, other assets do not exceed 10% of the total assets.

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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 h	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	2.872.961	2.436	918.512	19.235.040	434.887	252.311	150.818	23.866.965
Foreign currency deposits	6.264.824	139.317	4.290.480	25.525.779	2.355.549	2.085.294	2.448.815	43.110.058
Residents in Turkey	5.409.551	28.598	4.150.897	24.737.887	1.079.278	1.038.409	1.345.057	37.789.677
Residents abroad	855.273	110.719	139.583	787.892	1.276.271	1.046.885	1.103.758	5.320.381
Public sector deposits	992.543	-	59	62.706	962	1.517.476	1	2.573.747
Commercial deposits	3.517.471	85	2.547.888	7.766.783	432.928	158.421	83.462	14.507.038
Other institutions deposits	77.285	-	37.376	2.033.440	521.864	563.434	3.784	3.237.183
Precious metals vault	551.633	-	11.584	93.228	40.469	64.925	182.613	944.452
Bank deposits	555.995	143.190	139.714	538.730	119.836	532.225	136.977	2.166.667
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	3.457	-	-	405.565	2.018	16.671	-	427.711
Foreign banks	159.257	143.190	139.714	133.165	117.818	515.554	136.977	1.345.675
Participation banks	393.281	-	-	-	-	-	-	393.281
Other	-	-	-	-	-	-	-	-
Total	14.832.712	285.028	7.945.613	55.255.706	3.906.495	5.174.086	3.006.470	90.406.110

(ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	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

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Explanations and notes related to consolidated financial statements (continued)

2. Information on saving deposits insurance:

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

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	13.109.064	12.724.262	10.829.365	11.119.884
Foreign currency savings deposit	3.764.635	3.417.838	14.286.808	14.100.882
Other deposits in the form of savings deposits	480.913	638.262	382.893	423.714
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(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	6.353	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	86.351	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	51.212	198	54.945	735
Swap transactions ⁽¹⁾	839.454	66.174	585.846	62.338
Futures transactions	-	-	-	-
Options	105.925	20.830	134.744	25.025
Other	-	-	-	-
Total	996.591	87.202	775.535	88.098

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

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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	394.010	365.118	1.155.299	349.000
From foreign banks, institutions and funds	692.622	18.237.759	894.179	16.893.089
Total	1.086.632	18.602.877	2.049.478	17.242.089

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	560.130	10.072.065	1.627.155	8.733.133
Medium and long-term	526.502	8.530.812	422.323	8.508.956
Total	1.086.632	18.602.877	2.049.478	17.242.089

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	2.009.977	1.081.660	1.165.920	827.050
Asset backed securities	-	2.448.336	-	2.576.083
Bonds	502.111	3.621.038	493.857	3.359.933
Collateralized securities	471.727	-	462.691	-
Total	2.512.088	7.151.034	1.659.777	6.763.066

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Explanations and notes related to consolidated financial statements (continued)

d. Information on other liabilities:

As of March 31, 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⁾	-	-	-	-
Cash flow hedge ⁽¹⁾	16.471	333.854	30.573	355.822
Foreign net investment hedge	-	-	-	-
Total	16.471	333.854	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	1.185.446	1.205.781
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	59.582	60.329
II. Provisions for second group loans and receivables	136.651	104.333
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	40.050	26.777
Provisions for non-cash loans	70.815	65.880
Others	160.833	144.879
Total	1.553.745	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.

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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	8.288	35.264
Recognized in equity	-	(20.590)
Paid during the period	(9.633)	(36.712)
Foreign currency differences	272	2.549
Balance at the end of the period	121.645	122.718

In addition, the Group has accounted for unused vacation rights provision amounting to TL 122.425 as of March 31, 2014 (December 31, 2013 - TL 115.317).

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

As of March 31, 2014, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 20.168 (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	767.131	767.131
Provisions on unindemnified non cash loans	74.524	73.790
Provisions on credit cards and promotion campaigns related to banking services	27.102	28.804
Provision on export commitment tax and funds liability	41.485	41.007
Other	100.486	200.893
Total	1.010.728	1.111.625

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Explanations and notes related to consolidated financial statements (continued)

(ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	217.389	209.470
Total	217.389	209.470

5. Pension fund provision:

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

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	171.490	30.573
Taxation of Marketable Securities	100.861	71.659
Property Tax	2.059	2.000
Banking Insurance Transaction Tax ("BITT")	61.284	62.360
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.346	7.122
Other	64.539	25.650
Total	403.579	199.364

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	355	187
Social security premiums - employer	418	219
Bank pension fund premiums - employee	12.548	9.751
Bank pension fund premiums - employer	13.043	10.146
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	895	695
Unemployment insurance - employer	1.791	1.392
Other	-	-
Total	29.050	22.390

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 1.152 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).

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Explanations and notes related to consolidated financial statements (continued)

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.657.853	-	6.480.981
From other foreign institutions	-	-	-	-
	-	-	-	-
Total	-	6.657.853	-	6.480.981

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

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

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

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

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

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

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Explanations and notes related to consolidated financial statements (continued)

I. Information on shareholders' equity:

1. Presentation of paid-in capital

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

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

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

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

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Explanations and notes related to consolidated financial statements (continued)

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	(328.455)	178.405	(241.315)	123.197
Valuation differences ⁽²⁾	(328.455)	176.112	(241.315)	(118.997)
Foreign currency differences ⁽¹⁾	-	2.293	-	242.194
Total	(328.455)	178.405	(241.315)	123.197

(1) Includes current period foreign currency differences.

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

9. Other:

As per the Ordinary General Assembly meeting dated March 27, 2014, it has been decided that 2013 unconsolidated net profit of TL 3.202.975 will be distributed as follows: TL 388.000 is to be paid as dividend to shareholders, TL 177.214 is to be transferred to legal reserves, TL 873.950 is to be transferred to other capital reserve in accordance with the 5th article 1/e section of the Corporate Tax Law numbered 5520 as 75% of the profit from the sale of real estate and the remaining TL 1.763.811 is to be transferred to extraordinary reserves.

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	2.527	64.792
Current period income/(loss)	62	1.238
Dividends paid	(47)	(678)
Translation differences	-	(41)
Transaction done with minority	-	(66)
Other	-	-
Period ending balance	2.542	65.245

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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	22.689.806	21.610.762
Loan granting commitments	6.558.408	6.394.154
Commitments for cheques	5.812.239	5.385.711
Other irrevocable commitments	14.838.809	11.657.414
Total	49.899.262	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 70.815 (December 31, 2013 - TL 65.880) and specific provision amounting to TL 350.504 (December 31, 2013 - TL 334.113) for non-cash loans which are not indemnified yet amounting to TL 74.524 (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	152.278	118.686
Letter of credits	6.629.874	6.710.481
Other guarantees and collaterals	4.688.220	3.611.450
Total	11.470.372	10.440.617

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

	Current Period	Prior Period
Temporary letter of guarantees	1.509.451	1.275.206
Definite letter of guarantees	19.170.874	18.915.412
Advance letter of guarantees	4.815.451	4.459.399
Letter of guarantees given to customs	1.836.978	1.373.468
Other letter of guarantees	1.828.706	1.623.814
Total	29.161.460	27.647.299

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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	1.612.516	1.384.229
With original maturity of 1 year or less than 1 year	320.302	146.909
With original maturity of more than 1 year	1.292.214	1.237.320
Other non-cash loans	39.019.316	36.703.687
Total	40.631.832	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 72.694 (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.

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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⁾	881.001	63.835	884.983	57.151
Medium/long-term loans ⁽¹⁾	809.028	411.021	716.586	273.681
Interest on loans under follow-up	26.709	180	24.365	802
Premiums received from resource utilisation support fund	-	-	-	-
Total	1.716.738	475.036	1.625.934	331.634

(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	32.715	500	22.672	3.030
From foreign banks	1.409	4.642	1.128	5.046
Headquarters and branches abroad	-	-	-	-
Total	34.124	5.142	23.800	8.076

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	327	493	3.752	1.546
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	273.978	54.419	166.602	104.588
From held-to-maturity investments	74.230	50.473	65.211	29.220
Total	348.535	105.385	235.565	135.354

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	1.261	696

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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	29.293	168.225	20.421	205.497
The CBRT	-	-	-	-
Domestic banks	7.245	1.984	6.286	1.673
Foreign banks	22.048	166.241	14.135	203.824
Headquarters and branches abroad	-	-	-	-
Other institutions	-	94	-	-
Total⁽¹⁾	29.293	168.319	20.421	205.497

(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	244	352

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	43.954	60.429	26.678	27.573
Total	43.954	60.429	26.678	27.573

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Upto 1 year	More than 1 year	Cumulative deposit	Total	Prior Period
TL									
Bank deposit	64	1.461	-	18	671	-	-	2.214	1.454
Saving deposit	-	16.813	428.039	10.450	4.994	2.462	-	462.758	395.631
Public sector deposit	-	2	900	22	9	-	-	933	510
Commercial deposit	6	53.345	159.178	8.017	3.377	1.545	-	225.468	244.886
Other deposit	-	2.192	44.223	9.670	64.084	77	-	120.246	64.010
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	70	73.813	632.340	28.177	73.135	4.084	-	811.619	706.491
FC									
Foreign currency deposit	938	44.441	178.060	10.365	10.096	20.542	4.915	269.357	152.879
Bank deposit	14	603	728	728	4.284	564	-	6.921	5.696
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	116	396	36	67	8	-	623	743
Total	952	45.160	179.184	11.129	14.447	21.114	4.915	276.901	159.318
Grand total	1.022	118.973	811.524	39.306	87.582	25.198	4.915	1.088.520	865.809

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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	8.727.901	13.886.004
Gain from capital market transactions	26.966	42.463
Derivative financial transaction gains	2.944.669	4.352.700
Foreign exchange gains	5.756.266	9.490.841
Loss(-)	(8.862.984)	(13.971.665)
Loss from capital market transactions	(12.433)	(16.829)
Derivative financial transaction losses	(3.044.297)	(4.443.310)
Foreign exchange loss	(5.806.254)	(9.511.526)
Net gain/loss	(135.083)	(85.661)

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

The amount of net income from derivative financial transactions related to exchange rate changes is TL 102.965 (March 31, 2013 - TL 6.686 loss).

e. Information on other operating income:

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

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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	342.868	242.027
III. Group loans and receivables	20.808	2.426
IV. Group loans and receivables	61.233	41.700
V. Group loans and receivables	260.827	197.901
General provision expenses	88.318	58.250
Provision expense for possible risks	7.919	11.605
Marketable securities impairment expenses ⁽¹⁾	11.698	12.763
Financial assets at fair value through profit or loss	206	654
Available-for-sale financial assets	11.492	12.109
Impairment of investments in associates, subsidiaries and held-to-maturity securities	9.040	6.098
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	9.040	6.098
Other	3.086	35.461
Total	462.929	366.204

(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	394.860	335.392
Reserve for employee termination benefits	57	153
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	39.941	41.095
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	24.487	18.252
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	102	62
Depreciation expenses of assets held for resale	1.243	1.110
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	293.705	259.780
Operational lease expenses	46.548	39.415
Repair and maintenance expenses	9.338	12.890
Advertising expenses	26.335	24.873
Other expense	211.484	182.602
Loss on sales of assets	45	18
Other	180.248	158.885
Total	934.688	814.747

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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 March 31, 2014, the Group has current tax expense amounting to TL 190.149 (March 31, 2013 - TL 85.829) and deferred tax income amounting to TL 78.666 (March 31, 2013 - TL 45.837 deferred tax expense).

As at March 31, 2014 the Group has no current tax income / (expense) related to discontinued operations (March 31, 2013 – TL 3.256 current tax expense) and the group no deferred tax income / (expense) related to discontinued operations (March 31, 2013 – TL 352 deferred 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	62	1.238

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.

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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 communiqué "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
Group's risk group ^{(1) (2)}						
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	62.730	10.216	26.476	554.638	1.053.748	1.637.491
Interest and commission income received	1.261	14	1.286	947	27.537	3.133

(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
Group's risk group ^{(1) (2)}						
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⁾	696	7	3.099	503	15.000	2.746

(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 March 31, 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
Deposit						
Beginning of the period	6.688	15.788	15.480.464	8.646.705	6.544.935	8.339.879
End of the period	17.862	6.688	16.084.324	15.480.464	6.002.490	6.544.935
Interest expense on deposits ⁽³⁾	244	352	142.911	106.649	75.252	95.751

(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 March 31, 2013 results.

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Notes to consolidated financial statements as of March 31, 2014

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

Explanations and notes related to consolidated financial statements (continued)

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

Group's risk group ⁽¹⁾	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	-	-	442.253	300.627	659.635	432.403
End of the period ⁽³⁾	-	-	150.569	442.253	879.327	659.635
Total profit / loss	(98)	108	2.855	(740)	(44.132)	(2.773)
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 March 31, 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 20.574 as of March 31, 2014 (March 31, 2013 - TL 19.538).

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 communiqué "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

The first layer court has decided against the Bank for the lawsuit (opened in Istanbul 7. Asliye Ticaret Mahkemesi, numbered 2005/210) which has been continuing in Istanbul 29. Asliye Ticaret Mahkemesi, numbered 2013/192 amounted to TL 25 million principal plus interest. This lawsuit is one of the lawsuits opened against the Bank which had been announced on November 15, 2006 through Public Announcement. The Bank has not received the written decision from the court yet and upon receipt of the decision, The Bank will start the necessary appeal process and trial process will continue.

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

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Notes to consolidated financial statements as of March 31, 2014

(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 March 31, 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 April 30, 2014 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.