

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at September 30, 2015 together with independent auditor's review report

(Convenience translation of publicly announced consolidated financial statements and independent auditor's 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)

INTERIM REVIEW REPORT

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

Introduction

We have reviewed the consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at September 30, 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity" promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

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 subsidiaries at September 30, 2015 and of the results of its operations and its cash flows for the nine-month-period then ended in all aspects in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation and Turkish Accounting Standard 34" Interim Financial reporting" except for the matters regulated by BRSA Legislation 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

Yaşar Bivas, SMMM
Partner

Istanbul, October 27, 2015

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

**The consolidated financial report of
Yapı ve Kredi Bankası A.Ş. as of September 30, 2015**

E-Mail: financialreports@yapikredi.com.tr

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

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

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

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

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

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

Gianni F.G. PAPA
Chairman of Audit
Committee

Füsun Akkal BOZOK
Member of Audit
Committee

B. Seda İKİZLER
Financial Reporting and Accounting
Executive Vice President

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

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

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015

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

Section One

General Information

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

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

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

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of September 30, 2015, 18,20% of the shares of the Bank are publicly traded (December 31, 2014, - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

General information (continued)

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

As of September 30, 2015, 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
Carlo VIVALDI	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Niccolò UBERTALLI	Executive Director and Deputy Chief Executive Officer
Adil Giray ÖZTOPRAK	Member
Ahmet Fadil ASHABOĞLU	Member
Benedetta NAVARRA	Member
Mirko D. G. BIANCHI	Member
F. Füsün Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Gianni F.G. PAPA	Member
Levent ÇAKIROĞLU	Member

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Adil Giray ÖZTOPRAK	Member
Benedetta NAVARRA	Member
Mirko D.G. BIANCHI	Member
F. Füsün Akkal BOZOK	Member

General Manager and Deputy General Manager:

Name	Responsibility
H. Faik AÇIKALIN	Chief Executive Officer
Niccolò UBERTALLI	Deputy General Manager

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (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 ⁽¹⁾	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 ⁽¹⁾	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Zeynep Nazan SOMER ÖZELGİN	Retail Banking Management

(1) It is resolved by Board of Directors of Yapı ve Kredi Bankası A.Ş. at October 21, 2015 meeting that, as of January 1, 2016, due to Mr. S. Cihangir Kavuncu, Assistant General Manager responsible for Human Resources and Organization is taking another position within UniCredit Group as of January 1, 2016, Mr. M. Gökmen Uçar, who is currently Assistant General Manager responsible for Retail Credits, will be appointed as Assistant General Manager responsible for Human Resources and Organization; an application will be sent to BRSA to appoint Mr. Demir Karaaslan, who is currently Executive Vice President of Planning and Control - Financial Planning and Administration, as Assistant General Manager responsible for Retail Credits. The appointment will become effective unless an objection is received from BRSA within 7 working days.

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

General information (continued)

As of September 30, 2015, the Parent Bank has 1.014 branches operating in Turkey and 1 branch in overseas (December 31, 2014 – 1.002 branches operating in Turkey, 1 branch in overseas).

As of September 30, 2015, the Parent Bank has 18.430 employees (December 31, 2014 - 17.457 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of September 30, 2015 the Group has 19.517 employees (December 31, 2014 - 18.534 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.

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of September 30, 2015 and December 31, 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section two
Consolidated financial statements

I. Consolidated balance sheet (Statement of Financial Position)

Assets	Note (Section Five)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	4.043.608	29.704.932	33.748.540	2.990.682	20.223.983	23.214.665
II. Financial assets at fair value through profit or (loss) (net)	I-b	3.756.190	346.689	4.102.879	1.044.488	165.304	1.209.792
2.1 Trading financial assets		3.756.190	346.689	4.102.879	1.044.488	165.304	1.209.792
2.1.1 Government debt securities		118.224	13.051	131.275	69.529	25.622	95.151
2.1.2 Share certificates		6.283	-	6.283	4.037	-	4.037
2.1.3 Derivative financial assets held for trading		3.631.473	333.638	3.965.111	970.839	139.682	1.110.521
2.1.4 Other marketable securities		210	-	210	83	-	83
2.2 Financial assets designated at fair value through profit/(loss)	I-c	-	-	-	-	-	-
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	63.161	5.421.638	5.484.799	950.505	2.941.370	3.891.875
IV. Money markets		39.606	356.682	396.288	1.568.750	-	1.568.750
4.1 Interbank money market placements		-	198.430	198.430	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		38.227	158.252	196.479	248.247	-	248.247
4.3 Receivables from reverse repurchase agreements		1.379	-	1.379	1.320.503	-	1.320.503
V. Financial assets available-for-sale (net)	I-d,e	18.107.454	4.381.630	22.489.084	15.321.839	3.352.258	18.674.097
5.1 Share certificates		44.201	1.573	45.774	43.210	400	43.610
5.2 Government debt securities		16.957.804	3.003.978	19.961.782	13.892.754	2.391.900	16.284.654
5.3 Other marketable securities		1.105.449	1.376.079	2.481.528	1.385.875	959.958	2.345.833
VI. Loans and receivables	I-f	98.405.803	56.880.454	155.286.257	84.713.077	42.094.032	126.807.109
6.1 Loans and receivables		97.087.841	56.608.945	153.696.786	83.654.068	41.879.999	125.534.067
6.1.1 Loans to bank's risk group		1.647.104	273.172	1.920.276	1.170.818	243.496	1.414.314
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		95.440.737	56.335.773	151.776.510	82.483.250	41.636.503	124.119.753
6.2 Loans under follow-up		5.056.774	720.214	5.776.988	3.762.524	616.799	4.379.323
6.3 Specific provisions (-)		(3.738.812)	(448.705)	(4.187.517)	(2.703.515)	(402.766)	(3.106.281)
VII. Factoring receivables		784.763	1.144.155	1.928.918	1.596.058	1.172.175	2.768.233
VIII. Held-to-maturity investments (net)	I-g	1.985.081	4.788.515	6.773.596	1.937.723	3.618.646	5.556.369
8.1 Government debt securities		1.980.018	4.413.305	6.393.323	1.927.769	3.314.617	5.242.386
8.2 Other marketable securities		5.063	375.210	380.273	9.954	304.029	313.983
IX. Investments in associates (net)	I-ğ	204.246	362.141	566.387	200.717	260.370	461.087
9.1 Consolidated based on equity method		199.743	362.141	561.884	196.214	260.370	456.584
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	7.300	-	7.300	2.300	-	2.300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		7.300	-	7.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	18.300	-	18.300	19.054	-	19.054
11.1 Accounted based on equity method		18.300	-	18.300	19.054	-	19.054
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	1.570.596	5.363.598	6.934.194	1.327.249	3.678.001	5.005.250
12.1 Financial lease receivables		1.972.605	6.239.005	8.211.610	1.660.553	4.309.742	5.970.295
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(402.009)	(875.407)	(1.277.416)	(333.304)	(631.741)	(965.045)
XIII. Derivative financial assets held for hedging	I-j	1.204.441	-	1.204.441	256.146	-	256.146
13.1 Fair value hedge		287.219	-	287.219	177.895	-	177.895
13.2 Cash flow hedge		917.222	-	917.222	78.251	-	78.251
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	2.700.515	49.461	2.749.976	1.061.686	48.101	1.109.787
XV. Intangible assets (net)	I-l	1.453.901	19.984	1.473.885	1.434.819	22.547	1.457.366
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		474.408	19.984	494.392	455.326	22.547	477.873
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		234.539	15.183	249.722	163.638	8.668	172.306
17.1 Current tax asset		145.833	10.667	156.500	-	3.272	3.272
17.2 Deferred tax asset	I-n	88.706	4.516	93.222	163.638	5.396	169.034
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	154.887	-	154.887	154.664	821	155.485
18.1 Held for sale purposes		154.887	-	154.887	154.664	821	155.485
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	2.227.606	1.954.592	4.182.198	1.536.347	1.092.687	2.629.034
Total assets		136.961.997	110.789.654	247.751.651	116.279.742	78.678.963	194.958.705

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2015 and December 31, 2014

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

I. Consolidated balance sheet (Statement of Financial Position)

Liabilities	Note (Section Five)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	65.412.214	70.879.644	136.291.858	62.903.994	44.726.637	107.630.631
1.1 Deposits of the Bank's risk group		7.804.599	7.668.735	15.473.334	7.450.703	6.474.508	13.925.211
1.2 Other		57.607.615	63.210.909	120.818.524	55.453.291	38.252.129	93.705.420
II. Derivative financial liabilities held for trading	II-b	2.823.397	479.441	3.302.838	700.537	159.789	860.326
III. Funds borrowed	II-c	1.012.202	26.769.371	27.781.573	2.071.547	19.345.409	21.416.956
IV. Money markets		12.943.831	1.908.207	14.852.038	6.408.838	2.365.914	8.774.752
4.1 Funds from interbank money market		1.887.563	-	1.887.563	-	-	-
4.2 Funds from Istanbul stock exchange money market		2.371.002	-	2.371.002	2.572.663	-	2.572.663
4.3 Funds provided under repurchase agreements		8.685.266	1.908.207	10.593.473	3.836.175	2.365.914	6.202.089
V. Marketable securities issued (net)	II-ç	3.844.505	14.113.921	17.958.426	3.287.064	10.068.873	13.355.937
5.1 Bills		2.059.586	825.852	2.885.438	1.638.373	1.712.209	3.350.582
5.2 Asset backed securities		-	6.480.583	6.480.583	-	3.054.498	3.054.498
5.3 Bonds		1.784.919	6.807.486	8.592.405	1.648.691	5.302.166	6.950.857
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		7.662.155	2.434.764	10.096.919	7.057.974	1.680.362	8.738.336
VIII. Other liabilities	II-d	2.546.374	1.389.403	3.935.777	1.374.470	1.596.330	2.970.800
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	20.236	223.614	243.850	229.099	211.349	440.448
11.1 Fair value hedge		11.783	198	11.981	657	-	657
11.2 Cash flow hedge		8.453	223.416	231.869	228.442	211.349	439.791
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.814.969	1.016.117	3.831.086	2.651.981	707.056	3.359.037
12.1 General loan loss provision		1.622.746	914.825	2.537.571	1.297.235	630.586	1.927.821
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		275.944	20.371	296.315	261.025	17.019	278.044
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		916.279	80.921	997.200	1.093.721	59.451	1.153.172
XIII. Tax liability	II-ğ	461.476	5.423	466.899	420.462	6.766	427.228
13.1 Current tax liability		310.618	253	310.871	420.462	4.327	424.789
13.2 Deferred tax liability		150.858	5.170	156.028	-	2.439	2.439
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	-	7.010.526	7.010.526	-	6.770.549	6.770.549
XVI. Shareholders' equity	II-i	22.081.467	(101.606)	21.979.861	20.178.005	35.700	20.213.705
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		2.310.490	(101.606)	2.208.884	1.582.046	36.194	1.618.240
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		(951.553)	30.038	(921.515)	193.539	197.929	391.468
16.2.4 Property and equipment revaluation differences		1.447.245	5.673	1.452.918	18.485	-	18.485
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)		92.342	(136.718)	(44.376)	(350.926)	(161.735)	(512.661)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1.174.072	(599)	1.173.473	1.172.564	-	1.172.564
16.3 Profit reserves		12.554.838	-	12.554.838	10.808.470	(494)	10.807.976
16.3.1 Legal reserves		751.512	-	751.512	641.000	-	641.000
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		11.148.251	-	11.148.251	9.815.284	-	9.815.284
16.3.4 Other profit reserves		655.075	-	655.075	352.186	(494)	351.692
16.4 Income or (loss)		2.868.623	-	2.868.623	3.439.976	-	3.439.976
16.4.1 Prior years' income or (loss)		1.595.010	-	1.595.010	1.383.961	-	1.383.961
16.4.2 Current year income or (loss)		1.273.613	-	1.273.613	2.056.015	-	2.056.015
16.5 Minority interest	II-i	465	-	465	462	-	462
Total liabilities and shareholders' equity		121.622.826	126.128.825	247.751.651	107.283.971	87.674.734	194.958.705

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2015 and December 31, 2014

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

II. Consolidated off-balance sheet commitments

		Current Period (30/09/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
Note (Section Five)							
A.	Off-balance sheet commitments (I+II+III)	160.996.291	251.183.036	412.179.327	118.310.117	146.577.194	264.887.311
I.	Guarantees and warranties	18.138.061	45.030.371	63.168.432	15.983.223	32.773.616	48.756.839
1.1	Letters of guarantee	18.093.908	29.589.419	47.683.327	15.913.418	22.081.794	37.995.212
1.1.1	Guarantees subject to state tender law	514.790	1.002.517	1.517.307	503.713	716.911	1.220.624
1.1.2	Guarantees given for foreign trade operations	2.568.703	28.369.957	30.938.660	2.316.159	21.151.474	23.467.633
1.1.3	Other letters of guarantee	15.010.415	216.945	15.227.360	13.093.546	213.409	13.306.955
1.2	Bank acceptances	-	170.878	170.878	-	126.982	126.982
1.2.1	Import letter of acceptance	-	170.878	170.878	-	126.982	126.982
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	1.483	10.854.877	10.856.360	3	7.859.830	7.859.830
1.3.1	Documentary letters of credit	1.483	10.854.497	10.855.980	3	7.859.528	7.859.531
1.3.2	Other letters of credit	-	380	380	-	302	302
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	42.670	1.520.567	1.563.237	69.802	788.994	858.796
1.9	Other warranties	-	2.894.630	2.894.630	-	1.916.016	1.916.016
II.	Commitments	58.876.306	35.723.684	94.599.990	42.919.920	3.749.599	46.669.519
2.1	Irrevocable commitments	58.876.306	35.444.032	94.320.338	42.919.920	3.503.210	46.423.130
2.1.1	Asset purchase and sale commitments	11.971.746	30.341.198	42.312.944	937.272	2.205.515	3.142.787
2.1.2	Deposit purchase and sales commitments	-	139.279	139.279	-	8	8
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	8.180.297	4.732.375	12.912.672	6.945.817	1.179.842	8.125.659
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	6.546.810	-	6.546.810	5.981.382	-	5.981.382
2.1.8	Tax and fund liabilities from export commitments	6.412	-	6.412	44.489	-	44.489
2.1.9	Commitments for credit card limits	27.709.982	-	27.709.982	25.612.776	-	25.612.776
2.1.10	Commitments for credit cards and banking services promotions	12.691	-	12.691	11.149	-	11.149
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	4.448.368	231.180	4.679.548	3.387.035	117.845	3.504.880
2.2	Revocable commitments	-	279.652	279.652	-	246.389	246.389
2.2.1	Revocable loan granting commitments	-	178.419	178.419	-	149.837	149.837
2.2.2	Other revocable commitments	-	101.233	101.233	-	96.552	96.552
III.	Derivative financial instruments	83.981.924	170.428.981	254.410.905	59.406.974	110.053.979	169.460.953
3.1	Derivative financial instruments for hedging purposes	26.718.837	31.432.696	58.151.533	19.811.674	22.135.823	41.947.497
3.1.1	Transactions for fair value hedge	591.887	900.869	1.492.756	481.084	699.338	1.180.422
3.1.2	Transactions for cash flow hedge	26.126.950	30.531.827	56.658.777	19.330.590	21.436.485	40.767.075
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	57.263.087	138.996.285	196.259.372	39.595.300	87.918.156	127.513.456
3.2.1	Forward foreign currency buy/sell transactions	4.056.145	7.160.773	11.216.918	2.539.384	4.580.613	7.119.997
3.2.1.1	Forward foreign currency transactions-buy	1.316.716	4.264.692	5.581.408	939.495	2.537.700	3.477.195
3.2.1.2	Forward foreign currency transactions-sell	2.739.429	2.896.081	5.635.510	1.599.889	2.042.913	3.642.802
3.2.2	Swap transactions related to foreign currency and interest rates	41.652.495	103.923.958	145.576.453	29.413.079	65.051.539	94.464.618
3.2.2.1	Foreign currency swap-buy	11.228.702	44.357.357	55.586.059	12.706.918	26.816.209	39.523.127
3.2.2.2	Foreign currency swap-sell	30.223.793	23.947.261	54.171.054	16.706.161	22.276.088	38.982.249
3.2.2.3	Interest rate swap-buy	100.000	17.809.670	17.909.670	-	7.979.621	7.979.621
3.2.2.4	Interest rate swap-sell	100.000	17.809.670	17.909.670	-	7.979.621	7.979.621
3.2.3	Foreign currency, interest rate and securities options	6.559.958	16.195.774	22.755.732	3.925.651	12.727.219	16.652.870
3.2.3.1	Foreign currency options-buy	2.859.940	6.394.788	9.254.728	1.777.316	9.231.949	4.709.265
3.2.3.2	Foreign currency options-sell	3.700.018	5.622.156	9.322.174	2.081.110	2.701.972	4.783.082
3.2.3.3	Interest rate options-buy	-	2.089.415	2.089.415	-	3.546.649	3.546.649
3.2.3.4	Interest rate options-sell	-	2.089.415	2.089.415	-	3.546.649	3.546.649
3.2.3.5	Securities options-buy	-	-	-	55.500	-	55.500
3.2.3.6	Securities options-sell	-	-	-	11.725	-	11.725
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	4.994.489	11.715.780	16.710.269	3.717.186	5.558.785	9.275.971
B.	Custody and pledges received (IV+V+VI)	220.548.099	60.700.085	281.248.184	181.534.531	40.764.950	222.299.481
IV.	Items held in custody	70.268.233	7.268.564	77.536.797	67.599.128	6.496.883	74.096.011
4.1	Customer fund and portfolio balances	-	-	-	-	-	-
4.2	Investment securities held in custody	51.323.454	6.163.325	57.486.779	50.443.151	5.602.765	56.045.916
4.3	Checks received for collection	15.674.893	190.055	15.864.948	14.227.339	165.338	14.392.677
4.4	Commercial notes received for collection	3.228.111	872.173	4.100.284	2.886.863	693.890	3.580.753
4.5	Other assets received for collection	-	36.593	36.593	-	29.819	29.819
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	41.775	6.418	48.193	41.775	5.071	46.846
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	148.006.099	51.092.498	199.098.597	112.458.919	32.656.709	145.115.628
5.1	Marketable securities	194.312	338	194.650	179.123	257	179.380
5.2	Guarantee notes	1.119.511	320.311	1.439.822	841.979	275.888	1.117.867
5.3	Commodity	22.914	10.983	33.897	28.446	5.895	34.341
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	83.948.250	37.962.230	121.910.480	69.897.086	24.504.811	94.401.897
5.6	Other pledged items	62.721.112	12.793.185	75.514.297	41.512.285	7.865.672	49.377.957
5.7	Pledged items-depository	-	5.451	5.451	-	4.186	4.186
VI.	Accepted independent guarantees and warranties	2.273.767	2.339.023	4.612.790	1.476.484	1.611.358	3.087.842
Total off-balance sheet commitments (A+B)		381.544.390	311.883.121	693.427.511	299.844.648	187.342.144	487.186.792

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2015 and 2014

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

III. Consolidated income statement

Income and expense items	Note (Section Five)	Current Period (01/01- 30/09/2015)	Prior Period (01/01- 30/09/2014)
I. Interest income	IV-a	11.791.662	9.167.258
1.1 Interest on loans	IV-a-1	9.575.640	7.136.569
1.2 Interest received from reserve deposits		24.569	23
1.3 Interest received from banks	IV-a-2	66.692	90.669
1.4 Interest received from money market transactions		32.495	221.642
1.5 Interest received from marketable securities portfolio	IV-a-3	1.648.284	1.356.151
1.5.1 Trading financial assets		8.491	2.126
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		1.331.265	1.014.175
1.5.4 Held to maturity investments		308.528	339.850
1.6 Financial lease income		317.526	247.072
1.7 Other interest income		126.456	115.132
II. Interest expense	IV-b	(6.672.573)	(4.850.210)
2.1 Interest on deposits	IV-b-4	(4.643.596)	(3.481.335)
2.2 Interest on funds borrowed	IV-b-1	(783.314)	(619.016)
2.3 Interest expense on money market transactions		(628.712)	(370.689)
2.4 Interest on securities issued	IV-b-3	(604.006)	(365.061)
2.5 Other interest expenses		(12.945)	(14.109)
III. Net interest income (I + II)		5.119.089	4.317.048
IV. Net fees and commissions income		2.022.296	1.702.042
4.1 Fees and commissions received		2.534.414	2.154.462
4.1.1 Non-cash loans		298.178	244.759
4.1.2 Other	IV-j	2.236.236	1.909.703
4.2 Fees and commissions paid		(512.118)	(452.420)
4.2.1 Non-cash loans		(6.639)	(8.580)
4.2.2 Other		(505.479)	(443.840)
V. Dividend income	IV-c	5.866	9.356
VI. Trading gain/(loss) (net)	IV-ç	(386.318)	(253.660)
6.1 Trading gains/(losses) on securities		169.116	151.638
6.2 Derivative financial transactions gains/(losses)	IV-d	1.562.098	(819.669)
6.3 Foreign exchange gains/(losses)		(2.117.532)	414.371
VII. Other operating income	IV-e	521.284	486.805
VIII. Total operating income / loss (III+IV+V+VI+VII)		7.282.217	6.261.591
IX. Provision for impairment of loans and other receivables (-)	IV-f	(1.952.653)	(1.421.008)
X. Other operating expenses (-)	IV-g	(3.660.867)	(2.973.532)
XI. Net operating income/(loss) (VIII-IX-X)		1.668.697	1.867.051
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		43.553	26.051
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	1.712.250	1.893.102
XVI. Tax provision for continuing operations (±)	IV-h	(438.596)	(451.088)
16.1 Current tax provision		(86.404)	(631.075)
16.2 Deferred tax provision		(352.192)	179.987
XVII. Net profit/loss from continuing operations (XV±XVI)		1.273.654	1.442.014
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit/losses before taxes from discontinued operations (XVIII-XIX)	IV-ğ	-	-
XXI. Tax provision for discontinued operations (±)	IV-h	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	IV-ı	1.273.654	1.442.014
23.1 Group's profit/loss		1.273.613	1.441.859
23.2 Minority interest profit/losses (-)	IV-i	41	155
Earnings/(loss) per share (in TL full)		0,0029	0,0033

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2015 and 2014

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

III. Consolidated income statement

Income and expense items	Note (Section Five)	Current Period (01/07- 30/09/2015)	Prior Period (01/07- 30/09/2014)
I. Interest income	IV-a	4.171.695	3.160.706
1.1 Interest on loans	IV-a-1	3.473.398	2.557.749
1.2 Interest received from reserve deposits		13.592	2
1.3 Interest received from banks	IV-a-2	18.864	21.697
1.4 Interest received from money market transactions		5.533	33.457
1.5 Interest received from marketable securities portfolio	IV-a-3	493.582	421.026
1.5.1 Trading financial assets		3.776	658
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		386.019	319.365
1.5.4 Held to maturity investments		103.787	101.003
1.6 Financial lease income		123.626	87.940
1.7 Other interest income		43.100	38.835
II. Interest expense	IV-b	(2.380.346)	(1.680.342)
2.1 Interest on deposits	IV-b-4	(1.637.908)	(1.215.149)
2.2 Interest on funds borrowed	IV-b-1	(273.854)	(222.140)
2.3 Interest expense on money market transactions		(240.003)	(101.001)
2.4 Interest on securities issued	IV-b-3	(228.029)	(138.323)
2.5 Other interest expenses		(552)	(3.729)
III. Net interest income (I + II)		1.791.349	1.480.364
IV. Net fees and commissions income		702.540	586.649
4.1 Fees and commissions received		894.174	749.006
4.1.1 Non-cash loans		106.810	82.277
4.1.2 Other	IV-j	787.364	666.729
4.2 Fees and commissions paid		(191.634)	(162.357)
4.2.1 Non-cash loans		(1.902)	(3.254)
4.2.2 Other		(189.732)	(159.103)
V. Dividend income	IV-c	-	5
VI. Trading gain/(loss) (net)	IV-ç	(262.368)	38.969
6.1 Trading gains/(losses) on securities		(1.385)	62.293
6.2 Derivative financial transactions gains/(losses)	IV-d	1.580.428	(50.134)
6.3 Foreign exchange gains/(losses)		(1.841.411)	26.810
VII. Other operating income	IV-e	104.719	85.421
VIII. Total operating income / loss (III+IV+V+VI+VII)		2.336.240	2.191.408
IX. Provision for impairment of loans and other receivables (-)	IV-f	(650.392)	(514.592)
X. Other operating expenses (-)	IV-g	(1.248.631)	(1.009.040)
XI. Net operating income/(loss) (VIII-IX-X)		437.217	667.776
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		15.392	9.250
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	452.609	677.026
XVI. Tax provision for continuing operations (±)	IV-h	(134.892)	(164.416)
16.1 Current tax provision		99.997	(77.393)
16.2 Deferred tax provision		(234.889)	(87.023)
XVII. Net profit/loss from continuing operations (XV±XVI)		317.717	512.610
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit/losses before taxes from discontinued operations (XVIII-XIX)	IV-ğ	-	-
XXI. Tax provision for discontinued operations (±)	IV-h	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	IV-i	317.717	512.610
23.1 Group's profit/loss		317.706	512.599
23.2 Minority interest profit/losses (-)	IV-i	11	11
Earnings/(loss) per share (in TL full)		0,0007	0,0012

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2015 and 2014

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

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

Income and expense items accounted under shareholders' equity	Current Period (30/09/2015)	Prior Period (30/09/2014)
I. Transfers to marketable securities valuation differences from financial assets available for sale	(1.712.567)	315.370
II. Property and equipment revaluation differences	1.511.055	13.757
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	324.939	(28.874)
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	840.279	71.412
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(206.421)	12.525
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	616	363
IX. Deferred tax on valuation differences	134.642	(78.997)
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	892.543	305.556
XI. Current year profit/loss	1.273.654	1.442.014
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	175.532	66.163
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(98.118)	(106.286)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.196.240	1.482.137
XII. Total income/loss accounted for the period (X+XI)	2.166.197	1.747.570

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

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

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

V. Consolidated statement of changes in shareholders' equity

Prior Period		Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves ⁽¹⁾	Status reserves	Extraordinary reserves ⁽¹⁾	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) ⁽¹⁾	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund	Total equity except minority interest	Minority Interest	Total shareholders' equity
September 30, 2014																				
I.	Period opening 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
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	-	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
IV.	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	252.228	-	-	-	-	252.228	-	252.228
VI.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	67.149	-	67.149	-	67.149
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	57.129	-	57.129	-	57.129
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	10.020	-	10.020	-	10.020
VII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	13.070	-	-	-	13.070	-	13.070
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	(20.883)	-	-	-	6.357	-	-	(12.728)	-	(27.254)	-	(27.254)
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		-	-	-	-	-	-	-	363	-	-	-	-	-	-	-	363	-	363
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	1.441.859	-	-	-	-	-	-	1.441.859	155	1.442.014
XX.	Profit distribution		-	-	-	177.214	-	1.763.811	873.950	(3.658.952)	-	455.977	-	-	-	-	-	(388.000)	(47)	(388.047)
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	(388.000)	-	-	-	-	-	(388.000)	(47)	(388.047)
20.2	Transfers to reserves		-	-	-	177.214	-	1.763.811	873.950	(3.658.952)	843.977	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	Transactions with minority		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.185)	(2.185)
Period end balance (III+IV+V+...+VIII+XIX+XX+ XXI)			4.347.051	-	543.881	-	641.000	-	9.815.284	1.613.136	1.441.859	1.383.961	140.467	13.070	4.503	(301.814)	-	19.642.398	450	19.642.848

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

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of September 30, 2015
(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 cancellation 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⁾	Property and equipment and intangible assets		onus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund	Total equity except minority interest	Minority Interest	Total shareholders' equity
September 30, 2015	Marketable securities valuation difference												revaluation							
I.	Period opening balance		4.347.051	-	543.881	-	641.000	-	9.815.284	1.524.256	2.056.015	1.383.961	391.468	18.485	4.503	(512.661)	-	20.213.243	462	20.213.705
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(1.370.237)	-	-	-	-	(1.370.237)	-	(1.370.237)
IV.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	507.087	-	507.087	-	507.087
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	672.224	-	672.224	-	672.224
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(165.137)	-	(165.137)	-	(165.137)
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	1.434.433	-	-	-	1.434.433	3	1.434.436
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	302.189	-	-	57.254	-	-	(38.802)	-	320.641	-	320.641
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		-	-	-	-	-	-	-	616	-	-	-	-	-	-	-	616	-	616
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	1.273.613	-	-	-	-	-	-	1.273.613	41	1.273.654
XVIII.	Profit distribution		-	-	-	110.512	-	1.332.967	1.487	(2.056.015)	211.049	-	-	-	-	-	-	(400.000)	(41)	(400.041)
18.1	Dividend paid		-	-	-	-	-	-	-	-	(400.000)	-	-	-	-	-	-	(400.000)	(41)	(400.041)
18.2	Transfers to reserves		-	-	-	110.512	-	1.332.967	1.487	(2.056.015)	611.049	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Transactions with minority		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance		4.347.051	-	543.881	-	751.512	-	11.148.251	1.828.548	1.273.613	1.595.010	(921.515)	1.452.918	4.503	(44.376)	-	21.979.396	465	21.979.861
	(I+II+III+.....+XVII+XVIII+XIX)		4.347.051	-	543.881	-	751.512	-	11.148.251	1.828.548	1.273.613	1.595.010	(921.515)	1.452.918	4.503	(44.376)	-	21.979.396	465	21.979.861

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

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of September 30, 2015 and 2014

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

VI. Consolidated statement of cash flows

	Note (Section Five)	Current Period (30/09/2015)	Prior Period (30/09/2014)
A. Cash flows from banking operations			
1.1	Operating profit before changes in operating assets and liabilities	114.629	2.062.026
1.1.1	Interest received	11.418.913	8.566.139
1.1.2	Interest paid	(6.415.504)	(4.903.030)
1.1.3	Dividend received	5.866	9.356
1.1.4	Fees and commissions received	2.534.414	2.154.462
1.1.5	Other income	1.225.649	163.381
1.1.6	Collections from previously written-off loans and other receivables	877.812	748.920
1.1.7	Payments to personnel and service suppliers	(3.801.881)	(3.093.838)
1.1.8	Taxes paid	(399.031)	(631.075)
1.1.9	Other	(5.331.609)	(952.289)
1.2	Changes in operating assets and liabilities	8.380.074	(2.648.992)
1.2.1	Net (increase)/decrease in trading securities	(39.169)	94.310
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets	-	-
1.2.3	Net (increase)/decrease in banks	(5.036.303)	(1.791.827)
1.2.4	Net (increase)/decrease in loans	(30.367.907)	(18.132.605)
1.2.5	Net (increase)/decrease in other assets	(1.701.110)	(623.432)
1.2.6	Net increase /(decrease) in bank deposits	1.374.999	319.406
1.2.7	Net increase /(decrease) in other deposits	27.185.665	13.581.351
1.2.8	Net increase /(decrease) in funds borrowed	14.200.996	758.331
1.2.9	Net increase /(decrease) in payables	-	-
1.2.10	Net increase /(decrease) in other liabilities	2.762.903	3.145.474
I.	Net cash flows from banking operations	8.494.703	(586.966)
B. Cash flows from investing activities			
II.	Net cash flows from investing activities	(6.612.497)	(1.941.828)
2.1	Cash paid for acquisition of investments in associates subsidiaries and joint ventures	(5.000)	(52)
2.2	Cash obtained from disposal of investments in associates subsidiaries and joint ventures	-	44.433
2.3	Purchases of property and equipment	(673.588)	(218.429)
2.4	Disposals of property and equipment	37.934	59.112
2.5	Purchase of investments available-for-sale	(21.112.273)	(9.193.880)
2.6	Sale of investments available-for-sale	15.301.939	5.914.774
2.7	Purchase of investment securities	(382.834)	(916.580)
2.8	Sale of investment securities	221.325	2.368.794
2.9	Other	-	-
C. Cash flows from financing activities			
III.	Net cash flows from financing activities	2.286.849	1.779.411
3.1	Cash obtained from funds borrowed and securities issued	6.862.190	9.895.609
3.2	Cash used for repayment of funds borrowed and securities issued	(4.175.300)	(7.728.151)
3.3	Issued capital instruments	-	-
3.4	Dividends paid	(400.041)	(388.047)
3.5	Payments for finance leases	-	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rates on cash and cash equivalents	1.748.979	124.720
V.	Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)	5.918.034	(624.663)
VI.	Cash and cash equivalents at beginning of the period	11.026.696	10.480.428
VII.	Cash and cash equivalents at end of the period	VI 16.944.730	9.855.765

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.

Notes to consolidated financial statements as of September 30, 2015 (continued)

(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 and liabilities at fair value through profit or loss, financial assets available for sale, trading derivative financial liabilities, hedging derivative financial assets/liabilities, art objects, paintings and buildings in tangible assets. 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, 2014, except for changes on accounting policies from historical cost basis to revaluation basis for buildings in tangible assets.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

The effects of TFRS 9, "Financial Instruments" (2011 version, classification and measurement) 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.

The Group, classifies its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

III. Information on consolidation principles:

a. Consolidation principles applied:

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

1. Consolidation principles of subsidiaries:

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

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

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

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

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

Title	Incorporation (City/ Country)	Main activities	Effective	Direct and
			rates (%) September 30, 2015	indirect rates (%) September 30, 2015
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Malta	St.Julian/Malta	Banking	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	Special Purpose Company	-	-

(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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

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 % September 30, 2015	Direct and indirect rates % September 30, 2015
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	Insurance	20,00	20,00

3. Consolidation principles of joint ventures:

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

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

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

Title	(City/ Country)	Main activities	Effective rates % September 30, 2015	Direct and indirect rates % September 30, 2015
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

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

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

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

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

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

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

As of September 30, 2015, 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 contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily by the valuation model of the Parent Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expenses:

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

VII. Explanations on financial assets:

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

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 UCA.

VIII. Explanations on impairment of financial assets:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

IX. Explanations on offsetting financial assets:

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

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

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

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

The Group has no securities lending transactions.

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

XIII. Explanations on property and equipment:

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

The Group adopted fair value accounting method for its buildings since March 31, 2015 in tangible assets in accordance with TAS 16.

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

Buildings	2-4%
Movables, movables acquired under financial leasing	20%

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

Operational lease

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

b. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in the consolidated financial statements. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

Allowances for impairment of lease receivables

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

XV. Explanations on provisions and contingent assets and liabilities:

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

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

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

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

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

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

b. Pension rights

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

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015. The Council of Ministers was authorized to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 and numbered 29335.

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

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

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

c. Defined contribution plans:

The Bank is required to pay certain contributions to the Social Security Institution on behalf of their employees. Other than these payments, the Group does not have any further obligation in this respect. Such premiums are charged to personnel expenses when incurred.

d. Short term benefits of employee:

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

XVII. Explanations on taxation:

a. Current tax:

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

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

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

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

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

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

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

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

Tax rates that are used in tax calculations before the exemptions by foreign subsidiaries by taking current tax regulations in their countries into consideration as of September 30, 2015 are as follows:

Netherlands	25,00%
Russia	20,00%
Azerbaijan	20,00%
Malta	35,00%

b. Deferred tax:

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

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

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

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

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

c. Transfer pricing:

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Accounting policies (continued)

XVIII. Explanations on borrowings:

The financial liabilities classified at fair value through profit/loss, 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 Group classifies some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition. For the related liabilities until the maturity, the Bank presents interest expenses paid and the difference between amortized cost and acquisition cost in the interest expense, the difference between the fair value of the financial liabilities and amortized cost presents under the trading gain/(loss) in the income statement.

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

Also, Group 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 2.201 (December 31, 2014 - TL 1.585).

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	1.273.613	1.441.859
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share (full TL)	0,0029	0,0033

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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Accounting policies (continued)

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

No bonus shares were issued during 2015 (December 31, 2014 - no bonus shares were issued).

XXIV. Related parties:

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

XXV. Explanations on operating segments:

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

XXVI. Explanations on other matters:

None.

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 September 30, 2015 (continued)

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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 12,06% (December 31, 2014 – 14,36%) and the Parent Bank is 12,85% (December 31, 2014 – 15,03%).
- 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. 28756 as of September 5, 2013".

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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Information related to financial position of the Group (continued)

c. Information related to capital adequacy ratio:

	Risk Weights								Total
	Parent Bank								
	0%	20%	50%	75%	100%	150%	200%	250%	
Amounts subject to credit risk	53.018.747	7.146.609	44.916.167	41.791.180	112.983.172	5.003.651	10.149.154	280.755	275.289.435
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	50.102.902	-	9.158.008	-	-	-	-	-	59.260.910
Conditional and unconditional receivables from regional or local governments	-	158	-	-	-	-	-	-	158
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	159	-	-	-	-	-	-	159
Conditional and unconditional receivables from multilateral development banks	30.582	-	-	-	-	-	-	-	30.582
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	7.002.385	10.558.983	-	469.492	-	-	-	18.030.860
Conditional and unconditional receivables from corporates	-	-	-	-	97.027.428	4.770	-	-	97.032.198
Conditional and unconditional retail receivables	-	-	-	41.791.180	6.155.063	-	-	-	47.946.243
Conditional and unconditional receivables secured by mortgages	-	-	25.134.509	-	-	-	-	-	25.134.509
Past due receivables	-	-	-	-	1.039.796	323.799	-	-	1.363.595
Receivables defined as high risk category by the Regulator	-	-	64.667	-	36.168	4.675.082	10.149.154	280.755	15.205.826
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.885.263	143.907	-	-	8.255.225	-	-	-	11.284.395
Credit Risk Weighted Amounts	-	1.429.322	22.458.084	31.343.385	112.983.172	7.505.478	20.298.308	701.889	196.719.638

	Risk Weights								Total
	Consolidated								
	0%	20%	50%	75%	100%	150%	200%	250%	
Amounts subject to credit risk	53.262.654	7.519.563	47.617.172	42.876.931	123.676.252	5.044.550	10.149.154	280.755	290.427.031
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	50.169.925	-	9.158.008	-	136.605	-	-	-	59.464.538
Conditional and unconditional receivables from regional or local governments	-	158	-	-	-	-	-	-	158
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	34.404	-	-	-	-	-	-	34.404
Conditional and unconditional receivables from multilateral development banks	137.312	-	-	-	-	-	-	-	137.312
Conditional and unconditional receivables from international organizations	70.154	-	-	-	-	-	-	-	70.154
Conditional and unconditional receivables from banks and brokerage houses	-	7.341.094	13.259.988	-	500.002	-	-	-	21.101.084
Conditional and unconditional receivables from corporates	-	-	-	-	111.083.764	4.770	-	-	111.088.534
Conditional and unconditional retail receivables	-	-	-	42.876.931	6.155.063	-	-	-	49.031.994
Conditional and unconditional receivables secured by mortgages	-	-	25.134.509	-	-	-	-	-	25.134.509
Past due receivables	-	-	-	-	1.128.761	364.698	-	-	1.493.459
Receivables defined as high risk category by the Regulator	-	-	64.667	-	36.168	4.675.082	10.149.154	280.755	15.205.826
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.885.263	143.907	-	-	4.635.889	-	-	-	7.665.059
Credit Risk Weighted Amounts	-	1.503.913	23.808.586	32.157.698	123.676.252	7.566.825	20.298.308	701.889	209.713.471

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank	Consolidated	The Parent Bank	Consolidated
	Current Period	Current Period	Prior Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	15.737.571	16.777.078	12.205.770	13.188.234
Capital requirement for market risk (MRCR)	274.629	297.776	130.250	131.992
Capital requirement for operational risk (ORCR)	934.030	1.026.665	817.197	920.434
Shareholders' equity	27.221.004	27.286.053	24.705.420	25.558.364
Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12,5*100	12,85	12,06	15,03	14,36
Tier 1 Capital /((CRCR+ MRCR+ ORCOR) *12,5*100)	9,37	8,78	10,94	10,58
Common equity Tier 1 capital /((CRCR+MRCR+ORCOR) * 12,5) * 100	9,77	9,16	11,62	11,23

e. Information about shareholders' equity items:

	Current Period	Prior Period
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	4.347.051	4.347.051
Share Premium	543.881	543.881
Share Cancellation Profits	-	-
Legal Reserves	12.554.838	10.807.976
Other Comprehensive Income according to TAS	2.626.391	1.582.517
Profit	2.868.623	3.439.976
<i>Net Current Period Profit</i>	<i>1.273.613</i>	<i>2.056.015</i>
<i>Prior Period Profit</i>	<i>1.595.010</i>	<i>1.383.961</i>
Provisions for Possible Losses	-	180.211
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	4.503	4.503
Minority shares	465	462
Common Equity Tier 1 capital before regulatory adjustments	22.945.752	20.906.577
Common Equity Tier 1 capital: regulatory adjustments		
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS (-)	921.515	-
Leasehold improvements on operational leases (-)	141.501	157.347
Goodwill and intangible assets and related deferred tax liabilities (-)	578.806	286.987
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 (-)	580.184	475.638
Total regulatory adjustments to Common equity Tier 1	2.222.006	919.972
Common Equity Tier 1 capital	20.723.746	19.986.605

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

	Current Period	Prior Period
Additional Tier 1 capital: instruments		
Privileged stocks which are not included in common equity and share premiums	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-	-
Minority shares	-	-
Additional Tier 1 capital before regulatory adjustments	-	-
Additional Tier 1 capital: regulatory adjustments		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the regulator (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital	-	-
Regulatory adjustments to Common Equity		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	868.209	1.147.949
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	19.855.537	18.838.656
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)	5.355.606	5.120.449
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-	-
Generic Provisions	2.537.571	1.927.821
Minority shares	-	-
Tier 2 capital before regulatory adjustments	7.893.177	7.048.270
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	7.893.177	7.048.270

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

	Current Period	Prior Period
Total capital	27.748.714	25.886.926
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	6.644	23.512
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 (-)	9.479	7.908
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 (-)	192.879	159.277
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 (-)	253.659	137.865
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
Shareholders's equity	27.286.053	25.558.364
Amounts below the thresholds for deduction	1.506.255	860.094
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	1.506.255	860.094

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

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

Information on debt instruments included in the calculation of equity:

	1	2	3	4
Issuer	UNICREDIT BANK	BANK AUSTRIA	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 / CMB / LONDON STOCK EXCHANGE
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes
Eligible at 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	Bond
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	1.733	1.430	99	2.094
Par value of instrument (Currency in million)	1.780	1.430	684	3.043
Accounting classification	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	June 25, 2007	December 6, 2012
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	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
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Fixed
Coupon rate and any related index	5,7	6,55	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
Convertible or non-convertible	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
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
Incompliance with article number 7 and 8 of "Own fund regulation"	No	No	Yes	Yes
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-	-	8-2-g	8-2-g

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

II. Explanations on consolidated credit risk:

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim 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 the Internal Systems and Internal Capital Adequacy Assessment Process of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

In order to comply with the regulations, the Parent Bank set its activities related with market risk management in accordance with “Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 29057 dated July 11, 2014.

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

The table below shows details of the market risk as of September 30, 2015 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	67.863	59.260
(II) Capital requirement against specific risks - standard method	1.986	3.137
Capital requirement against specific risks of securitization positions– standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	62.797	22.927
(IV) Capital requirement against commodity risks - standard method	53	133
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	924	1.718
(VII) Capital requirement against counterparty credit risks - standard method	164.153	44.817
(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)	297.776	131.992
(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))	3.722.200	1.649.900

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

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

(2). Quantitative information on counterparty risk;

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

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

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

IV. Explanations on operational risk:

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

V. Explanations on consolidated currency risk:

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

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

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

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

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	TL 3,04330	TL 3,42120
29.09.2015 current bid rate	TL 3,04640	TL 3,40570
28.09.2015 day current bid rate	TL 3,00690	TL 3,36020
22.09.2015 current bid rate	TL 2,99780	TL 3,38470
21.09.2015 current bid rate	TL 2,99610	TL 3,42480
18.09.2015 current bid rate	TL 3,01430	TL 3,41160
Arithmetic average of the last 30 days:	TL 3,00324	TL 3,37553
Balance sheet evaluation rate as of Prior Period:	TL 2,31890	TL 2,82070

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

Information on currency risk of the Group:

	EUR	USD	Other FC ⁽⁴⁾	Total
Current period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	8.068.908	17.302.691	4.333.333	29.704.932
Banks	2.300.730	1.951.626	1.169.282	5.421.638
Financial assets at fair value through profit or loss	85.654	260.729	306	346.689
Money market placements	198.430	158.252	-	356.682
Available-for-sale financial assets	728.641	3.470.934	182.055	4.381.630
Loans ⁽¹⁾	18.812.026	42.842.466	1.073.271	62.727.763
Investments in associates, subsidiaries and joint ventures	-	-	362.141	362.141
Held-to-maturity investments	565.273	4.223.242	-	4.788.515
Hedging derivative financial assets	-	-	-	-
Tangible assets	2.956	-	46.505	49.461
Intangible assets ⁽⁶⁾	-	-	-	-
Other assets ⁽²⁾	4.517.988	3.359.271	501.798	8.379.057
Total assets	35.280.606	73.569.211	7.668.691	116.518.508
Liabilities				
Bank deposits	1.060.977	1.423.293	112.591	2.596.861
Foreign currency deposits	23.954.164	42.085.825	2.242.794	68.282.783
Funds from money market	-	1.908.207	-	1.908.207
Funds borrowed from other financial institutions	9.109.156	17.411.194	249.021	26.769.371
Marketable securities issued	4.310.658	9.495.474	307.789	14.113.921
Miscellaneous payables	1.840.374	567.498	26.892	2.434.764
Hedging derivative financial liabilities	52.181	171.433	-	223.614
Other liabilities ⁽³⁾	863.597	6.980.722	1.121.395	8.965.714
Total liabilities	41.191.107	80.043.646	4.060.482	125.295.235
Net on balance sheet position	(5.910.501)	(6.474.435)	3.608.209	(8.776.727)
Net off balance sheet position⁽⁵⁾	6.061.938	6.373.549	(2.969.407)	9.466.080
Financial derivative assets	15.749.588	44.397.599	2.166.960	62.314.147
Financial derivative liabilities	9.687.650	38.024.050	5.136.367	52.848.067
Net position	151.437	(100.886)	638.802	689.353
Non-cash loans	16.101.397	26.705.445	2.223.529	45.030.371
Prior Period				
Total assets	21.778.817	56.461.845	5.443.144	83.683.806
Total liabilities	30.190.604	54.085.339	2.715.486	86.991.429
Net on-balance sheet position	(8.411.787)	2.376.506	2.727.658	(3.307.623)
Net off-balance sheet position	8.411.045	(2.572.236)	(2.136.115)	3.702.694
Financial derivative assets	11.067.319	21.481.098	1.063.123	33.611.540
Financial derivative liabilities	2.656.274	24.053.334	3.199.238	29.908.846
Net position	(742)	(195.730)	591.543	395.071
Non-cash loans	11.008.161	20.171.147	1.594.308	32.773.616

(1) Includes FX indexed loans amounting to TL 5.847.309 (December 31, 2014 - TL 5.103.401) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 98.471 (December 31, 2014 - TL 76.011).

(3) Does not include foreign currency denominated general provisions for foreign currencies, hedged funds, property and equipment revaluation differences 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 19.984 is not considered in the calculation.

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

VI. Explanations on consolidated interest rate risk:

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

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

The Group 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.

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	18.983.151	-	-	-	-	14.765.389	33.748.540
Banks	2.131.133	643.167	135.132	33.521	-	2.541.846	5.484.799
Financial assets at fair value through profit/loss	1.121.543	1.174.992	1.230.298	492.219	77.334	6.493	4.102.879
Money market placements	396.288	-	-	-	-	-	396.288
Available-for-sale financial assets	2.450.283	3.217.778	7.688.024	4.984.155	3.984.585	164.259	22.489.084
Loans	26.663.713	23.723.647	47.467.850	38.808.789	17.032.788	1.589.470	155.286.257
Held-to-maturity investments	1.032.281	12.756	517.748	1.133.442	4.077.369	-	6.773.596
Other assets	1.806.995	1.549.986	1.829.152	4.177.118	757.204	9.349.753	19.470.208
Total assets	54.585.387	30.322.326	58.868.204	49.629.244	25.929.280	28.417.210	247.751.651
Liabilities							
Bank deposits	2.169.423	504.290	597.568	36.200	-	616.066	3.923.547
Other deposits	71.898.620	27.809.227	7.586.034	993.777	304.336	23.776.317	132.368.311
Funds from money market	13.702.807	893.339	255.892	-	-	-	14.852.038
Miscellaneous payables	-	-	-	-	-	10.096.919	10.096.919
Marketable securities issued	888.512	8.761.823	1.579.252	6.693.957	34.882	-	17.958.426
Funds borrowed from other financial institutions	7.968.399	10.150.359	8.240.938	728.272	693.605	-	27.781.573
Other liabilities and shareholders' equity	1.243.503	900.085	1.572.401	369.919	6.499.195	30.185.734	40.770.837
Total liabilities	97.871.264	49.019.123	19.832.085	8.822.125	7.532.018	64.675.036	247.751.651
Balance sheet long position	-	-	39.036.119	40.807.119	18.397.262	-	98.240.500
Balance sheet short position	(43.285.877)	(18.696.797)	-	-	-	(36.257.826)	(98.240.500)
Off-balance sheet long position	8.976.898	21.646.864	-	-	-	-	30.623.762
Off-balance sheet short position	-	-	(11.411.656)	(13.205.756)	(4.683.007)	-	(29.300.419)
Total position	(34.308.979)	2.950.067	27.624.463	27.601.363	13.714.255	(36.257.826)	1.323.343
Prior Period							
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.299.884	-	-	-	-	21.914.781	23.214.665
Banks	1.110.996	550.000	111.757	48.172	-	2.070.950	3.891.875
Financial assets at fair value through profit/loss	314.255	235.234	530.835	72.393	52.955	4.120	1.209.792
Money market placements	1.568.750	-	-	-	-	-	1.568.750
Available-for-sale financial assets	1.047.104	3.378.655	7.682.621	3.630.719	2.821.837	113.161	18.674.097
Loans	27.855.780	28.760.233	34.508.942	26.280.409	8.128.703	1.273.042	126.807.109
Held-to-maturity investments	46.660	427.237	1.074.105	789.647	3.218.720	-	5.556.369
Other assets	2.516.136	844.399	1.609.333	2.852.046	516.122	5.698.012	14.036.048
Total assets	35.759.565	34.195.758	45.517.593	33.673.386	14.738.337	31.074.066	194.958.705
Liabilities							
Bank deposits	1.457.118	161.294	487.985	31.301	-	406.111	2.543.809
Other deposits	56.203.929	27.010.539	4.620.103	814.992	207.116	16.230.143	105.086.822
Funds from money market	7.737.585	725.194	116.054	195.919	-	-	8.774.752
Miscellaneous payables	-	-	-	-	-	8.738.336	8.738.336
Marketable securities issued	420.397	4.587.074	3.391.721	3.845.451	1.111.294	-	13.355.937
Funds borrowed from other financial institutions	5.372.903	6.630.970	7.953.400	970.563	489.120	-	21.416.956
Other liabilities and shareholders' equity	317.984	1.918.550	996.160	73.707	4.794.907	26.940.785	35.042.093
Total liabilities	71.509.916	41.033.621	17.565.423	5.931.933	6.602.437	52.315.375	194.958.705
Balance sheet long position	-	-	27.952.170	27.741.453	8.135.900	-	63.829.523
Balance sheet short position	(35.750.351)	(6.837.863)	-	-	-	(21.241.309)	(63.829.523)
Off-balance sheet long position	3.363.730	13.286.633	1.540.302	-	-	-	18.190.665
Off-balance sheet short position	-	-	-	(18.178.694)	(408.169)	-	(18.586.863)
Total position	(32.386.621)	6.448.770	29.492.472	9.562.759	7.727.731	(21.241.309)	(396.198)

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

b. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	0,21	-	1,63
Banks	1,62	1,77	-	12,14
Financial assets at fair value through profit/loss	1,80	3,58	-	9,15
Money market placements	0,20	0,03	-	13,37
Available-for-sale financial assets	4,46	5,96	-	9,31
Loans	4,17	5,05	4,89	13,97
Held-to-maturity investments	3,58	5,43	-	9,35
Liabilities⁽¹⁾				
Bank deposits	1,04	0,63	-	11,36
Other deposits	1,52	2,03	1,78	12,16
Funds from money market	-	0,83	-	10,09
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,24	3,80	-	8,65
Funds borrowed from other financial institutions	1,09	3,12	3,01	6,98

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

Prior Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	1,30
Banks	1,06	1,90	-	10,75
Financial assets at fair value through profit/loss	1,97	4,41	-	8,27
Money market placements	-	-	-	11,73
Available-for-sale financial assets	5,49	6,28	-	9,98
Loans	4,55	5,00	5,20	13,50
Held-to-maturity investments	3,77	5,51	-	9,81
Liabilities⁽¹⁾				
Bank deposits	1,42	0,47	-	10,34
Other deposits	1,95	2,11	1,82	10,74
Funds from money market	-	0,85	-	9,47
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,12	3,57	-	7,85
Funds borrowed from other financial institutions	1,58	3,33	3,02	9,48

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

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

c. Interest rate risk arising from banking accounts:

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

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

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

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

Economic value differences resulting from interest rate fluctuations of the Parent Bank as of September 30, 2015 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

Currency⁽¹⁾	Applied shock (+/- x basis points)	Gains/Losses	Gains/SE- Losses/SE
TRY	(+)500 bp	(2.833.529)	(10,41)%
TRY	(-)400 bp	2.807.584	10,31%
EUR	(+)200 bp	(404.332)	(1,49)%
EUR	(-)200 bp	478.534	1,76%
USD	(+)200 bp	41.319	0,15%
USD	(-)200 bp	70.534	0,26%
Total (for negative shock)		3.356.652	12,33%
Total (for positive shock)		(3.196.543)	(11,74)%

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

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

None.

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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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

Breakdown of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 Month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1)(2)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	3.134.879	30.552.795	-	60.866	-	-	-	33.748.540
Banks	2.541.846	2.092.023	492.722	324.684	33.524	-	-	5.484.799
Financial assets at fair value through profit or loss	210	894.248	1.049.299	963.514	934.356	254.969	6.283	4.102.879
Money market placements	-	396.288	-	-	-	-	-	396.288
Available-for-sale financial assets	118.485	67.296	599.927	2.991.942	8.194.979	10.470.681	45.774	22.489.084
Loans	-	24.203.184	16.565.384	40.957.048	42.007.337	29.963.834	1.589.470	155.286.257
Held-to-maturity Investments	-	-	12.756	161.261	2.209.839	4.389.740	-	6.773.596
Other assets ⁽¹⁾	2.763.926	1.181.622	1.046.349	1.887.955	5.252.159	895.198	6.442.999	19.470.208
Total assets	8.559.346	59.387.456	19.766.437	47.347.270	58.632.194	45.974.422	8.084.526	247.751.651
Liabilities								
Bank deposits	616.066	2.169.423	504.290	597.568	36.200	-	-	3.923.547
Other deposits	23.776.317	71.898.620	27.809.227	7.586.034	993.777	304.336	-	132.368.311
Funds borrowed from other financial institutions	-	7.088.355	2.082.220	11.408.736	4.535.882	2.666.380	-	27.781.573
Funds from money market	-	13.702.807	893.339	255.892	-	-	-	14.852.038
Marketable securities issued	-	888.512	1.989.162	1.976.541	8.658.243	4.445.968	-	17.958.426
Miscellaneous payables	848.383	8.748.012	238.827	197.632	314	-	63.751	10.096.919
Other liabilities ⁽²⁾	3.863.255	1.012.286	850.888	1.045.347	2.050.515	6.758.370	25.190.176	40.770.837
Total liabilities	29.104.021	105.508.015	34.367.953	23.067.750	16.274.931	14.175.054	25.253.927	247.751.651
Net liquidity gap	20.544.675	(46.120.559)	(14.601.516)	24.279.520	42.357.263	31.799.368	(17.169.401)	-
Prior Period								
Total assets	10.441.919	42.381.033	15.036.763	32.561.885	50.148.669	39.801.602	4.586.834	194.958.705
Total liabilities	24.611.114	68.754.419	31.751.351	21.834.147	14.172.188	10.216.364	23.619.122	194.958.705
Net liquidity gap	(14.169.195)	(26.373.386)	(16.714.588)	10.727.738	35.976.481	29.585.238	(19.032.288)	-

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

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

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

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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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

Information about guarantees according to risk classifications:

Risk classifications	Amount ⁽¹⁾	Financial guarantees ⁽²⁾	Other / Physical guarantees ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	64.577.825	4.497.943	-	-
Conditional and unconditional receivables from regional or local governments	1.223	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	97.234	-	-	-
Conditional and unconditional receivables from multilateral development banks	528.509	-	-	-
Conditional and unconditional receivables from international organizations	70.154	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	119.057.799	5.991.235	-	-
Conditional and unconditional receivables from corporates	257.884.695	6.595.052	-	1.029.738
Conditional and unconditional retail receivables	126.065.791	203.174	-	8.492
Conditional and unconditional receivables secured by mortgages	25.756.667	-	-	-
Past due receivables	1.493.459	-	-	-
Receivables defined in high risk category by the Regulator	15.413.334	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	7.721.045	-	-	-
Total	618.667.735	17.287.404	-	1.038.230

(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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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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

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

XIII. Explanations on hedge accounting:

The Group applies the following hedge accounting models as of September 30, 2015:

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

Cross currency interest rate swaps are used as hedging instrument in FVH. Interest rate swaps and cross currency swaps are used as hedging instrument in CFH. Contractual amounts and the fair values as at September 30, 2015 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Hedging instrument						
Interest rate swap / cross currency swap (CFH)	28.185.502	917.222	231.869	20.360.998	78.251	439.791
Cross currency interest rate swap (FVH)	605.384	287.219	11.981	481.084	177.895	657
Total	28.790.886	1.204.441	243.850	20.842.082	256.146	440.448

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 29.360.647 (December 31, 2014 - TL 21.105.415) the total notional of derivative financial assets amounting to TL 57.706.588 (December 31, 2014 - TL 41.947.497) 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 and July 28, 2015 for marketable securities, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage, car loan portfolios and marketable securities and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funding and marketable securities by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below;

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instruments ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	(30.472)	274.848	11.769	(19.956)

(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 982.

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 hedging instruments ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(10.516)	177.895	-	(5.403)

(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 2.913.

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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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	917.222	231.869	212.924	509.933

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 31.171 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	78.251	439.791	(297.009)	(181.892)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 12.225.

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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 (considering the original maturity of the hedging instrument).

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 EUR denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at September 30, 2015 is EUR 350 million (December 31, 2014 - EUR 275 million.)

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.

(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 September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

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

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

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing	2.922.262	1.751.944	157.156	191.198	394.976	1.812.862	45.953	7.276.351
Operating expenses continuing	(2.673.375)	(629.981)	(67.148)	(124.309)	(162.741)	(1.962.074)	6.108	(5.613.520)
Net operating income continuing	248.887	1.121.963	90.008	66.889	232.235	(149.212)	52.061	1.662.831
Dividend income ⁽²⁾	-	-	-	-	-	5.866	-	5.866
Income/Loss from Investments accounted based on equity method	-	-	-	-	-	43.553	-	43.553
Profit before tax	248.887	1.121.963	90.008	66.889	232.235	(99.793)	52.061	1.712.250
Tax expense ⁽²⁾	-	-	-	-	-	(438.596)	-	(438.596)
Net period income from continuing operations	248.887	1.121.963	90.008	66.889	232.235	(538.389)	52.061	1.273.654
Minority interest (-)	-	-	-	-	-	(41)	-	(41)
Net period income from discontinued operations	-	-	-	-	-	-	-	-
Group income/loss	248.887	1.121.963	90.008	66.889	232.235	(538.430)	52.061	1.273.613
Segment assets	68.088.994	71.858.642	168.225	7.988.055	12.924.171	88.040.202	(1.908.625)	247.159.664
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	591.987	-	591.987
Total assets	68.088.994	71.858.642	168.225	7.988.055	12.924.171	88.632.189	(1.908.625)	247.751.651
Segment liabilities	50.631.879	52.324.426	29.420.612	6.448.508	10.959.047	77.893.386	(1.906.068)	225.771.790
Shareholders' equity	-	-	-	-	-	21.979.861	-	21.979.861
Total liabilities	50.631.879	52.324.426	29.420.612	6.448.508	10.959.047	99.873.247	(1.906.068)	247.751.651

(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".

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing ⁽³⁾	2.241.481	1.476.742	143.981	181.337	376.448	1.849.087	(16.841)	6.252.235
Operating expenses continuing ⁽³⁾	(2.243.116)	(376.572)	(63.318)	(101.866)	(144.744)	(1.501.363)	36.439	(4.394.540)
Net operating income continuing	(1.635)	1.100.170	80.663	79.471	231.704	347.724	19.598	1.857.695
Dividend income ^{(2), (3)}	-	-	-	-	-	9.356	-	9.356
Income/Loss from Investments accounted based on equity method ⁽³⁾	-	-	-	-	-	26.051	-	26.051
Profit before tax	(1.635)	1.100.170	80.663	79.471	231.704	383.131	19.598	1.893.102
Tax expense ^{(2), (3)}	-	-	-	-	-	(451.088)	-	(451.088)
Net period income from continuing operations	(1.635)	1.100.170	80.663	79.471	231.704	(67.957)	19.598	1.442.014
Minority interest (-) ⁽³⁾	-	-	-	-	-	(155)	-	(155)
Net period income from discontinued operations ⁽³⁾	-	-	-	-	-	-	-	-
Group income/loss	(1.635)	1.100.170	80.663	79.471	231.704	(68.112)	19.598	1.441.859
Segment assets	56.570.591	56.386.444	170.177	6.463.517	11.404.711	65.569.693	(2.088.869)	194.476.264
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	482.441	-	482.441
Total assets	56.570.591	56.386.444	170.177	6.463.517	11.404.711	66.052.134	(2.088.869)	194.958.705
Segment liabilities	41.080.689	44.598.409	22.300.382	5.199.806	9.550.610	54.095.433	(2.080.329)	174.745.000
Shareholders' equity	-	-	-	-	-	20.213.705	-	20.213.705
Total liabilities	41.080.689	44.598.409	22.300.382	5.199.806	9.550.610	74.309.138	(2.080.329)	194.958.705

- (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) Prior period balances are as of September 30, 2014.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Section five

Explanations and notes related to consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.987.284	731.555	1.696.981	584.111
The CBRT ⁽¹⁾	2.056.324	28.505.235	1.293.701	19.460.663
Other	-	468.142	-	179.209
Total	4.043.608	29.704.932	2.990.682	20.223.983

- (1) The balance of gold amounting to TL 4.118.762 is accounted for under the Central Bank foreign currency account (December 31, 2014 – TL 3.302.860).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	2.056.324	6.262.852	1.293.701	2.046.196
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	22.242.383	-	17.414.467
Total	2.056.324	28.505.235	1.293.701	19.460.663

- (1) According to the letter received from BRSA on January 3, 2008, average reserve requirements balances monitored under CBRT demand deposit account.

- (2) According to the "Required Reserves Communiqué", numbered 2005/1, Bank is required to maintain reserves for liabilities in TL, USD, EUR and gold currencies.

As of September 30, 2015, the Group's reserve deposits, including those at foreign banks, amount to TL 30.638.768 (December 31, 2014 - TL 20.785.117).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

b. Information on 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, 2014 - None) and there is no financial assets at fair value through profit and loss given as collateral/blocked (December 31, 2014 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	350.110	10.045	48.509	3.088
Swap transactions	3.096.010	304.715	894.930	118.185
Futures transactions	-	-	-	-
Options	185.353	18.878	27.400	18.409
Other	-	-	-	-
Total	3.631.473	333.638	970.839	139.682

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	11.219	2.469.128	947.196	425.461
Foreign ⁽¹⁾	51.942	2.952.510	3.309	2.515.909
Head quarters and branches abroad	-	-	-	-
Total	63.161	5.421.638	950.505	2.941.370

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 1.076.158 (December 31, 2014 - 66.936 TL).

2. Information on foreign banks account:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

d. Information on 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 4.000.761 (December 31, 2014 - TL 1.102.216) and available-for-sale financial assets subject to repo transactions amounts to TL 8.697.372 (December 31, 2014 - TL 4.607.767).

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

	Current Period	Prior Period
Debt securities	23.174.823	18.626.742
Quoted on stock exchange	21.983.345	17.095.631
Not quoted ⁽¹⁾	1.191.478	1.531.111
Share certificates	90.580	88.925
Quoted on stock exchange	174	177
Not quoted	90.406	88.748
Impairment provision (-) ⁽²⁾	(902.876)	(114.222)
Other ⁽³⁾	126.557	72.652
Total	22.489.084	18.674.097

(1) Includes credit linked notes amounting to TL 489.563 (December 31, 2014 - TL 986.135).

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

(3) Other available-for-sale financial assets include mutual funds.

f. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	82.995	1.154.531	29.825	536.763
Loans granted to employees	133.094	1.547	129.610	1.464
Total	216.089	1.156.078	159.435	538.227

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	149.017.398	1.717.730	-	4.679.388	1.697.724	105.417
Loans given to enterprises	70.967.020	228.399	-	1.495.977	531.990	68.516
Export loans	5.881.187	94.633	-	72.433	25.470	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	3.319.089	-	-	4.259	-	-
Consumer loans	27.685.556	658.321	-	1.157.404	165.793	23.684
Credit cards	18.801.197	453.868	-	586.659	121.123	10.917
Other	22.363.349	282.509	-	1.362.656	853.348	2.300
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	149.017.398	1.717.730	-	4.679.388	1.697.724	105.417

(1) Fair value differences of the hedged item amounting to TL (30.472) are classified in other loans as explained in Note IV, Section XIII.

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	1.551.067
Extended by 3,4 or 5 times	127.319	196.092
Extended by more than 5 times	39.344	7.529
Total	1.717.730	1.697.724

Number of modifications made to extend payment plan ^{(1), (2), (3)}	Standard loans and other receivables	Loans and other receivables under close monitoring
	0 - 6 Months	584.708
6 - 12 Months	302.136	119.806
1 - 2 Years	471.058	210.614
2 - 5 Years	263.807	368.365
5 Years and over	96.021	690.065
Total	1.717.730	1.697.724

(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 56 loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 0-6 months, 6-12 months and 1-5 years. 18 of them were restructured three times, 23 of them were twice and 15 of them were 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Loans according to their maturity structure:

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

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	177.778	27.530.339	27.708.117
Real estate loans	9.646	12.490.631	12.500.277
Automotive loans	2.840	457.106	459.946
Consumer loans	165.292	14.582.602	14.747.894
Other	-	-	-
Consumer loans-FC indexed	-	54.795	54.795
Real estate loans	-	54.008	54.008
Automotive loans	-	-	-
Consumer loans	-	787	787
Other	-	-	-
Consumer loans-FC	43.576	168.902	212.478
Real estate loans	650	33.505	34.155
Automotive loans	7.948	10.843	18.791
Consumer loans	16.822	82.491	99.313
Other	18.156	42.063	60.219
Individual credit cards-TL	13.570.085	615.274	14.185.359
With installments	7.157.044	605.584	7.762.628
Without installments	6.413.041	9.690	6.422.731
Individual credit cards-FC	653	66.819	67.472
With installments	653	66.819	67.472
Without installments	-	-	-
Personnel loans-TL	4.287	54.066	58.353
Real estate loans	35	1.181	1.216
Automotive loans	-	301	301
Consumer loans	4.252	52.584	56.836
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	570	1.434	2.004
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	418	1.124	1.542
Other	152	310	462
Personnel credit cards-TL	70.600	327	70.927
With installments	34.803	327	35.130
Without installments	35.797	-	35.797
Personnel credit cards-FC	3	746	749
With installments	3	746	749
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	805.982	-	805.982
Credit deposit account-FC (real person)	1.231	-	1.231
Total	14.674.765	28.492.702	43.167.467

(1) TL 1.061 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

		Current Period	
	Short- term	Medium and long-term	Total
Commercial installments loans-TL	624.489	9.829.572	10.454.061
Business loans	1.701	761.015	762.716
Automotive loans	21.742	1.912.517	1.934.259
Consumer loans	601.046	7.156.040	7.757.086
Commercial installments loans-FC indexed	20.403	226.526	246.929
Business loans	-	12.284	12.284
Automotive loans	86	55.778	55.864
Consumer loans	20.317	158.464	178.781
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Corporate credit cards-TL	5.060.059	3.290	5.063.349
With installment	3.195.281	2.940	3.198.221
Without installment	1.864.778	350	1.865.128
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	1.313.809	-	1.313.809
Credit deposit account-FC (legal person)	-	-	-
Total	7.018.760	10.059.388	17.078.148

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

6. Loans according to types of borrowers:

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

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

	Current Period	Prior Period
Domestic loans	149.459.564	122.057.842
Foreign loans	4.237.222	3.476.225
Total	153.696.786	125.534.067

8. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	10.487	88.339
Indirect loans granted to associates and subsidiaries	-	-
Total	10.487	88.339

9. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	98.245	97.558
Loans and other receivables with doubtful collectability	640.339	484.214
Uncollectible loans and other receivables	3.448.933	2.524.509
Total	4.187.517	3.106.281

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)	38.367	87.290	255.300
Restructured loans and other receivables	38.367	87.290	255.300
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	15.966	42.429	316.142
Restructured loans and other receivables	15.966	42.429	316.142
Rescheduled loans and other receivables	-	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period	621.628	1.057.713	2.699.982
Additions (+)	2.032.722	73.032	206.798
Transfers from other categories of non-performing loans (+)	-	1.966.422	1.365.094
Transfer to other categories of non-performing loans (-)	(1.966.422)	(1.365.094)	-
Collections (-)	(125.324)	(182.129)	(570.359)
FX valuation differences	(1.216)	(31)	(6.763)
Write-offs (-)	-	-	(29.065)
Corporate and commercial loans	-	-	(28.999)
Consumer loans	-	-	(49)
Credit cards	-	-	(17)
Other	-	-	-
Current Period	561.388	1.549.913	3.665.687
Specific provision (-)	(98.245)	(640.339)	(3.448.933)
Net balance on balance sheet	463.143	909.574	216.754

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	6.160	252.145	461.909
Specific provision (-)	(1.092)	(121.493)	(326.120)
Net balance on-balance sheet	5.068	130.652	135.789
Prior Period			
Period end balance	58.978	25.592	532.229
Specific provision (-)	(2.897)	(14.493)	(385.376)
Net balance on-balance sheet	56.081	11.099	146.853

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (net)	463.143	909.574	216.754
Loans granted to real persons and corporate entities (gross)	561.388	1.549.913	3.557.124
Specific provision amount (-)	(98.245)	(640.339)	(3.340.370)
Loans granted to real persons and corporate entities (net)	463.143	909.574	216.754
Banks (gross)	-	-	24.575
Specific provision amount (-)	-	-	(24.575)
Banks (net)	-	-	-
Other loans and receivables (gross) ⁽¹⁾	-	-	83.988
Specific provision amount (-) ⁽¹⁾	-	-	(83.988)
Other loans and receivables (Net)	-	-	-
Prior Period (net)	524.070	573.499	175.473
Loans granted to real persons and corporate entities (gross)	621.628	1.057.713	2.591.386
Specific provision amount (-)	(97.558)	(484.214)	(2.415.913)
Loans granted to real persons and corporate entities (Net)	524.070	573.499	175.473
Banks (gross)	-	-	24.600
Specific provision amount (-)	-	-	(24.600)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) ⁽¹⁾	-	-	-

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

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

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

12. Explanation on “Write-off” policies:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

g. Information on held-to-maturity investments:

1. Characteristics and carrying values of held-to-maturity investments subject to repurchase agreements given as collateral / blocked:

Held-to-maturity investments given as collateral/blocked amounts to TL 1.922.133 (December 31, 2014 - TL 1.619.980). Held-to-maturity investments subject to repurchase agreements amount to TL 2.703.021 (December 31, 2014 - TL 2.143.948).

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

	Current Period	Prior Period
Government bond	6.393.323	5.242.386
Treasury bill	-	-
Other debt securities	380.273	313.983
Total	6.773.596	5.556.369

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

	Current Period	Prior Period
Debt securities	6.962.339	5.678.909
Quoted on stock exchange	6.962.339	5.678.909
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(188.743)	(122.540)
Total	6.773.596	5.556.369

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

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

	Current Period	Prior Period
Beginning balance	5.556.369	6.889.603
Foreign currency differences on monetary assets ⁽¹⁾	1.121.921	201.600
Purchases during year	382.834	834.017
Disposals through sales and redemptions	(221.325)	(2.376.954)
Impairment provision (-) ⁽²⁾	(66.203)	8.103
Period end balance	6.773.596	5.556.369

(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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

ğ. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu ⁽¹⁾	Istanbul/Turkey	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	Istanbul/Turkey	9,98	9,98

No	Total Shareholders' assets	Total fixed equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	117.454	95.105	61.626	2.160	130	17.045	15.409	-
2	57.389	30.944	36.564	411	-	5.165	3.980	-

(1) Financial statement information disclosed above shows June 30, 2015 results.

2. Consolidated investments in associates:

(i). Information on consolidated investments in associates:

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

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

(ii). Main financial figures of the consolidated investments in associates in order of the above table:

No	Total Shareholders' assets	Total fixed equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	10.914.663	1.226.723	7.070	86.998	15.373	77.147	53.873	-
2	1.158.752	303.675	76.300	66.064	-	108.609	66.858	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

(iii). Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	456.584	446.961
Movements during the period	105.300	9.623
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	44.306	34.164
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries	82.928	(5.046)
Impairment provision ⁽¹⁾	(21.934)	(19.495)
Balance at the end of the period	561.884	456.584
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) 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	362.141	260.370
Insurance companies	199.743	196.214
Total financial investments	561.884	456.584

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

h. Information on shareholders' equity of the significant subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital					
Paid-in capital	98.918	60.714	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Property and equipment revaluation differences	13.697	-	-	-	-
Marketable Securities Valuation Differences	13.626	-	-	-	(3.982)
Other reserves	93.329	(10)	(217.064)	-	-
Legal reserves	66.880	8.034	79.305	16.314	-
Extraordinary reserves	209.302	10.458	771.384	-	423.809
Other reserves	-	-	-	-	419.193
Profit/loss	(16.795)	123.337	418.649	18.191	43.283
Current period net profit	53.151	16.472	140.408	18.191	43.283
Prior period profit	(69.946)	106.865	278.241	-	-
Leasehold improvements (-)	-	-	167	266	17
Intangible assets (-)	1.823	557	3.320	725	438
Total core capital	477.134	201.976	1.438.715	39.221	994.290
Supplementary capital	-	10.127	35.026	-	192
Capital	477.134	212.103	1.473.741	39.221	994.482
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	477.134	212.103	1.473.741	39.221	994.482

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of September 30, 2015.

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Unconsolidated subsidiaries

(i) Information on unconsolidated subsidiaries

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

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

(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	23.900	19.782	1.056	15	-	3.611	2.451	-
2	38.283	25.440	3.761	1.400	-	(871)	792	-
3	4.841	3.931	119	154	-	(1.069)	-	-

3. Consolidated subsidiaries:

(i). Information on consolidated subsidiaries:

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1 Yapı Kredi Holding B.V.	Amsterdam/Nederlands	100,00	100,00
2 Yapı Kredi Menkul	İstanbul/Turkey	99,98	100,00
3 Yapı Kredi Faktoring	İstanbul/Turkey	99,95	100,00
4 Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5 Yapı Kredi Leasing	İstanbul/Turkey	99,99	99,99
6 Yapı Kredi Portföy	İstanbul/Turkey	12,65	99,99
7 Yapı Kredi NV ⁽¹⁾	Amsterdam/Nederlands	67,24	100,00
8 Yapı Kredi Azerbaycan ⁽²⁾	Baku/Azerbaijan	99,80	100,00
9 Yapı Kredi Malta	St.Julian/Malta	-	100,00

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

(ii). Main financial figures of the consolidated subsidiaries in the order of the above 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	228.224	228.060	-	-	-	216	208	-	-
2	3.040.774	483.461	30.435	78.734	3.550	53.151	60.587	-	-
3	2.267.075	202.533	1.243	113.438	-	16.472	41.476	-	-
4	526.701	139.255	14.538	28.145	1.695	10.805	10.201	-	-
5	7.767.989	1.442.202	3.876	317.977	-	140.408	110.768	-	-
6	51.617	40.212	1.566	2.252	-	18.191	13.766	-	-
7	6.163.692	994.146	1.132	158.453	8.760	43.283	39.580	-	-
8	1.084.832	196.740	50.293	70.379	29	(3.606)	10.792	-	-
9	205.056	201.796	3.483	1.988	12	(2.687)	-	-	-

(1) The above financial information is extracted from the financial statements of companies included in the preparation of consolidated financial statements are used as of September 30, 2015.

(iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	3.309.478	3.166.037
Movements during the period	390.278	143.441
Purchases	-	124.138
Free shares obtained profit from current years share	-	-
Share of current year income	255.232	322.018
Transfers	-	-
Liquidation ⁽¹⁾	-	(39.558)
Revaluation (decrease) / increase ⁽²⁾	241.477	(95.052)
Impairment provision ⁽³⁾	(106.431)	(168.105)
Balance at the end of the period	3.699.756	3.309.478
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

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

(2) Includes the differences in the other comprehensive income related with the equity method accounting.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Financial Subsidiaries	Current Period	Priod Period
Banks	1.003.878	833.361
Insurance companies	-	-
Factoring companies	202.437	232.950
Leasing companies	1.442.116	1.301.713
Finance companies	-	-
Other financial subsidiaries	1.051.325	941.454
Total financial subsidiaries	3.699.756	3.309.478

(v). Subsidiaries quoted on stock exchange:

None (December 31, 2014 - 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	61.611	109.771	8.185	62.810	(64.665)
Total			61.611	109.771	8.185	62.810	(64.665)

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	2.400.660	1.980.220	1.906.241	1.577.071
Between 1- 4 years	4.258.986	3.544.767	2.780.122	2.273.797
More than 4 years	1.551.964	1.409.207	1.283.932	1.154.382
Total	8.211.610	6.934.194	5.970.295	5.005.250

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2) Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	1.972.605	6.239.005	1.660.553	4.309.742
Unearned financial income from leases (-)	(402.009)	(875.407)	(333.304)	(631.741)
Amount of cancelled leases (-)	-	-	-	-
Total	1.570.596	5.363.598	1.327.249	3.678.001

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	287.219	-	177.895	-
Cash flow hedge ⁽¹⁾	917.222	-	78.251	-
Foreign net investment hedge	-	-	-	-
Total	1.204.441	-	256.146	-

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

k. Information on tangible assets:

The Group decided to change its accounting policy on valuation of buildings to fair value accounting in accordance with TAS 16. Based on valuation reports of expertise companies, authorized by CMB and BRSA, the Bank realized a positive fair valuation difference as other comprehensive income amounting to TL 1.434.433. Additionally, there has been a reversal out of previously incurred impairment amounting to TL 105.921, which is booked as an income.

l. Information on intangible assets:

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

m. Information on investment property:

None (December 31, 2014 - None).

n. Information on deferred tax asset:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Net book value at the beginning of the period	155.485	159.395
Additions	56.179	64.578
Transfers	-	-
Disposals (-), net	(53.305)	(63.481)
Impairment provision reversal	406	979
Impairment provision (-)	(277)	(566)
Depreciation (-)	(3.857)	(4.958)
Translation differences	256	(462)
Net book value at the end of the period	154.887	155.485
Cost at the end of the period	169.449	169.027
Accumulated depreciation at the end of the period (-)	(14.562)	(13.542)
Net book value at the end of the period	154.887	155.485

As of September 30, 2015, the Group booked impairment provision on assets held for resale with an amount of TL 7.869 (December 31, 2014 - TL 7.988).

ö. Information on other assets:

As of September 30, 2015, other assets do not exceed 10% of the total assets.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

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

(i). Current Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year and over	Total
Saving deposits	4.203.212	1.156	1.872.946	25.619.590	626.565	135.485	196.551	32.655.505
Foreign currency deposits	11.192.271	140.683	7.592.574	31.991.695	5.993.868	7.663.852	3.085.867	67.660.810
Residents in Turkey	10.011.529	90.515	7.509.171	31.410.932	3.316.650	813.044	1.200.205	54.352.046
Residents abroad	1.180.742	50.168	83.403	580.763	2.677.218	6.850.808	1.885.662	13.308.764
Public sector deposits	3.177.497	-	314	67.063	106	310	75	3.245.365
Commercial deposits	4.786.416	-	4.534.011	14.195.277	119.206	91.026	441.033	24.166.969
Other institutions deposits	90.782	-	428.692	3.074.652	421.586	1.411	566	4.017.689
Precious metals vault	326.139	-	14.928	83.230	26.220	36.905	134.551	621.973
Bank deposits	616.066	8.540	1.785.025	603.444	567.174	278.047	65.251	3.923.547
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	5.525	-	1.684.244	10.135	-	2.114	-	1.702.018
Foreign banks	185.964	8.540	100.781	593.309	567.174	275.933	65.251	1.796.952
Participation banks	424.577	-	-	-	-	-	-	424.577
Other	-	-	-	-	-	-	-	-
Total	24.392.383	150.379	16.228.490	75.634.951	7.754.725	8.207.036	3.923.894	136.291.858

(ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and over	Total
Saving deposits	3.183.189	19.203	1.472.508	23.308.258	1.124.488	261.856	241.704	29.611.206
Foreign currency deposits	7.115.405	28.095	5.555.497	22.185.813	3.568.019	1.454.480	2.297.646	42.204.955
Residents in Turkey	6.254.086	18.288	5.372.527	20.979.428	1.214.498	648.474	1.158.253	35.645.554
Residents abroad	861.319	9.807	182.970	1.206.385	2.353.521	806.006	1.139.393	6.559.401
Public sector deposits	899.028	-	-	3.076	417	516	1	903.038
Commercial deposits	4.440.843	-	4.182.457	14.150.955	2.814.083	501.598	124.116	26.214.052
Other institutions deposits	92.324	-	970.380	3.557.132	253.563	434.066	5.740	5.313.205
Precious metals vault	499.354	-	1.473	91.739	29.870	49.681	168.249	840.366
Bank deposits	406.111	12.744	999.163	592.191	30.098	465.868	37.634	2.543.809
The CBRT	2	-	-	-	-	-	-	2
Domestic banks	2.981	-	878.853	445.203	-	12.715	6.333	1.346.085
Foreign banks	121.380	12.744	120.310	146.988	30.098	453.153	31.301	915.974
Participation banks	281.748	-	-	-	-	-	-	281.748
Other	-	-	-	-	-	-	-	-
Total	16.636.254	60.042	13.181.478	63.889.164	7.820.538	3.168.065	2.875.090	107.630.631

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Information on saving deposits insurance:

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

Saving deposits ⁽¹⁾	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
	Current period	Prior period	Current period	Prior period
Saving deposits	16.731.702	14.413.302	16.304.868	15.541.985
Foreign currency savings deposit	6.766.273	5.038.690	19.359.467	13.437.356
Other deposits in the form of savings deposits	245.373	453.318	313.839	300.290
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	8.208	6.348
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	123.452	89.998
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	181.718	1.830	58.781	3.942
Swap transactions	2.468.787	454.933	610.069	132.892
Futures transactions	-	-	-	-
Options	172.892	22.678	31.687	22.955
Other	-	-	-	-
Total	2.823.397	479.441	700.537	159.789

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Information on borrowings:

1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	504.098	1.423.731	1.408.691	906.936
From foreign banks, institutions and funds	508.104	25.345.640	662.856	18.438.473
Total	1.012.202	26.769.371	2.071.547	19.345.409

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	522.116	5.514.936	1.394.185	9.627.189
Medium and long-term	490.086	21.254.435	677.362	9.718.220
Total	1.012.202	26.769.371	2.071.547	19.345.409

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	2.059.586	825.852	1.638.373	1.712.209
Asset backed securities	-	6.480.583	-	3.054.498
Bonds	1.784.919	6.807.486	1.648.691	5.302.166
<i>Collateralized securities</i>	471.416	-	462.642	-
Total	3.844.505	14.113.921	3.287.064	10.068.873

The Group classified some of its asset backed securities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TAS 39 paragraph 9. As of September 30, 2015, the total amount of financial liabilities classified as fair value through profit/loss is TL 3.457.983 (December 31, 2014: TL 1.163.996) and the fair value difference is TL 196.974 (December 31, 2014: TL 5.673) recognised in the income statement as income.

(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 September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

d. Information on other liabilities:

As of September 30, 2015, 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, 2014 - 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⁾	11.783	198	657	-
Cash flow hedge ⁽¹⁾	8.453	223.416	228.442	211.349
Foreign net investment hedge	-	-	-	-
Total	20.236	223.614	229.099	211.349

(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	2.000.284	1.489.110
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	77.612	61.798
II. Provisions for second group loans and receivables	210.259	194.464
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	59.418	55.839
Provisions for non-cash loans	99.238	84.796
Other	227.790	159.451
Total	2.537.571	1.927.821

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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Notes to consolidated financial statements as of September 30, 2015 (continued)

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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 (%)	3,50	3,50
Possibility of being eligible for retirement (%)	94,11	94,11

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. The ceiling of full TL 3.828,37 effective from September 1, 2015 (July 1, 2014 - full TL 3.438,22) has been taken into consideration in calculating the reserve for employment termination benefits of the Group.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	141.134	122.718
Changes during the period	33.560	28.456
Recognized in equity	-	21.194
Paid during the period	(24.742)	(31.631)
Foreign currency differences	3.075	397
Balance at the end of the period	153.027	141.134

In addition, the Group has accounted for unused vacation rights provision amounting to TL 143.288 as of September 30, 2015 (December 31, 2014 - TL 136.910).

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

As of September 30, 2015, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 366 (December 31, 2014 - TL 25.125). 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	610.766	654.901
Provisions on unindemnified non cash loans	108.413	82.424
Provisions on credit cards and promotion campaigns related to banking services	38.426	35.877
Provision on export commitment tax and funds liability	6.412	44.489
Other	233.183	155.270
Total	997.200	972.961

(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 September 30, 2015 (continued)

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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	-	180.211
Total	-	180.211

5. Pension fund provision:

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

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	21.025	179.027
Taxation of Marketable Securities	115.191	94.719
Property Tax	2.936	2.411
Banking Insurance Transaction Tax ("BITT")	88.084	79.811
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	4.559	10.766
Other	45.461	30.592
Total	277.256	397.326

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	309	239
Social security premiums - employer	361	280
Bank pension fund premiums - employee	14.656	11.981
Bank pension fund premiums - employer	15.150	12.397
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	1.046	855
Unemployment insurance - employer	2.093	1.711
Other	-	-
Total	33.615	27.463

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 156.028 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their stand alone financial statements as per TAS 12 (December 31, 2014 – TL 2.439).

(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 September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

h. Information on subordinated loans⁽¹⁾:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	7.010.526	-	6.770.549
From other foreign institutions	-	-	-	-
Total	-	7.010.526	-	6.770.549

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

i. Information on shareholders' equity:

1. Presentation of paid-in capital

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

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

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

3. Information on the share capital increases during the period and the sources:
None (December 31, 2014 - None).

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

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

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

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

7. Privileges on the corporate stock: None.

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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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	-	-	-	-
Available for sale securities	(951.553)	30.038	193.539	197.929
Valuation differences	(951.553)	30.038	193.539	197.929
Foreign currency differences	-	-	-	-
Total	(951.553)	30.038	193.539	197.929

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	462	2.527
Current period income/(loss)	41	167
Dividends paid	(41)	(47)
Property and equipment revaluation differences	3	-
Transaction done with minority ⁽¹⁾	-	(2.185)
Period ending balance	465	462

(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 September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

III. Explanations and notes related to consolidated off-balance sheet accounts

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	27.709.982	25.612.776
Loan granting commitments	12.912.672	8.125.659
Commitments for cheques	6.546.810	5.981.382
Other irrevocable commitments	47.150.874	6.703.313
Total	94.320.338	46.423.130

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 99.238 (December 31, 2014 - TL 84.796) and specific provision amounting to TL 591.734 (December 31, 2014 - TL 381.510) for non-cash loans which are not indemnified yet amounting to TL 108.413 (December 31, 2014 - TL 82.424).

- 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	170.878	126.982
Letter of credits	10.856.360	7.859.833
Other guarantees and collaterals	4.457.867	2.774.812
Total	15.485.105	10.761.627

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

	Current Period	Prior Period
Temporary letter of guarantees	2.277.691	1.825.976
Definite letter of guarantees	33.084.723	27.510.437
Advance letter of guarantees	6.135.655	4.339.852
Letter of guarantees given to customs	2.268.847	2.069.847
Other letter of guarantees	3.916.411	2.249.100
Total	47.683.327	37.995.212

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	3.550.408	1.980.658
With original maturity of 1 year or less than 1 year	452.119	360.254
With original maturity of more than 1 year	3.098.289	1.620.404
Other non-cash loans	59.618.024	46.776.181
Total	63.168.432	48.756.839

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

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3(iii). Maturity distribution of non-cash loans:

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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 65.471 (December 31, 2014 – TL 81.056) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.606.528	235.306	2.917.933	188.408
Medium/long-term loans ⁽¹⁾	3.948.102	1.728.558	2.683.397	1.272.767
Interest on loans under follow-up	57.092	54	73.693	371
Premiums received from resource utilisation support fund	-	-	-	-
Total	7.611.722	1.963.918	5.675.023	1.461.546

(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	50.873	2.678	70.093	5.352
From foreign banks	2.418	10.723	4.288	10.936
Headquarters and branches abroad	-	-	-	-
Total	53.291	13.401	74.381	16.288

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	7.484	1.007	1.117	1.009
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	1.181.205	150.060	860.806	153.369
From held-to-maturity investments	132.501	176.027	191.502	148.348
Total	1.321.190	327.094	1.053.425	302.726

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	2.109	2.826

(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 September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	123.918	585.187	94.099	524.484
The CBRT	-	-	-	-
Domestic banks	69.578	27.315	26.578	6.817
Foreign banks	54.340	557.872	67.521	517.667
Headquarters and branches abroad	-	-	-	-
Other institutions	94	74.115	6	427
Total⁽¹⁾	124.012	659.302	94.105	524.911

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	1.810	956

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	244.426	359.580	172.960	192.101
Total	244.426	359.580	172.960	192.101

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	Total	Prior Period
TL									
Bank deposit	188	52.170	641	166	523	-	-	53.688	8.078
Saving deposit	-	118.116	1.789.803	71.981	14.089	14.487	-	2.008.476	1.573.485
Public sector deposit	-	30	5.084	12	25	3	-	5.154	1.494
Commercial deposit	78	261.023	988.067	104.801	22.913	28.324	-	1.405.206	828.183
Other deposit	-	18.924	336.261	59.846	25.336	252	-	440.619	323.330
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	266	450.263	3.119.856	236.806	62.886	43.066	-	3.913.143	2.734.570
FC									
Foreign currency deposit	755	167.237	397.558	47.801	35.124	55.851	-	704.326	725.388
Bank deposit	28	4.489	4.494	6.481	8.475	684	-	24.651	19.495
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	537	741	62	103	33	-	1.476	1.882
Total	783	172.263	402.793	54.344	43.702	56.568	-	730.453	746.765
Grand total	1.049	622.526	3.522.649	291.150	106.588	99.634	-	4.643.596	3.481.335

(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 September 30, 2015 (continued)

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Explanations and notes related to consolidated financial statements (continued)

c. Information on dividend income:

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

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

	Current Period	Prior Period
Gain	37.660.237	27.356.206
Gain from capital market transactions	216.960	174.945
Derivative financial transaction gains	15.169.287	6.432.342
Foreign exchange gains	22.273.990	20.748.919
Loss(-)	(38.046.555)	(27.609.866)
Loss from capital market transactions	(47.844)	(23.307)
Derivative financial transaction losses	(13.607.189)	(7.252.011)
Foreign exchange loss	(24.391.522)	(20.334.548)
Net gain/loss	(386.318)	(253.660)

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 2.184.524 (September 30, 2014 - TL 270.106 loss).

e. Information on other operating income:

Based on valuation reports of expertise companies, authorized by CMB and BRSA, the Bank booked a reversal out of previously incurred impairment amounting to TL 105.921, as an income. Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of fixed assets.

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1.213.067	1.039.036
III. Group loans and receivables	33.023	37.595
IV. Group loans and receivables	185.227	103.820
V. Group loans and receivables	994.817	897.621
General provision expenses	622.117	295.989
Provision expense for possible risks	-	18.240
Marketable securities impairment expenses ⁽¹⁾	60.072	37.892
Financial assets at fair value through profit or loss	870	429
Available-for-sale financial assets	59.202	37.463
Impairment of investments in associates, subsidiaries and held-to-maturity securities	26.600	26.381
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	26.600	26.381
Other	30.797	3.470
Total	1.952.653	1.421.008

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

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.455.792	1.256.174
Reserve for employee termination benefits	8.565	245
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	1.492	-
Depreciation expenses of property and equipment	159.756	122.888
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	98.753	81.278
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	277	404
Depreciation expenses of assets held for resale	3.857	3.701
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.164.810	989.888
Operational lease expenses	179.610	146.399
Repair and maintenance expenses	65.927	50.268
Advertising expenses	87.790	92.619
Other expense	831.483	700.602
Loss on sales of assets	52	80
Other	767.513	518.874
Total	3.660.867	2.973.532

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

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

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

As of September 30, 2015, the Group has current tax expense amounting to TL 86.404 (September 30, 2014 - TL 631.075) and deferred tax expense amounting to TL 352.192 (September 30, 2014 - TL 179.987 deferred tax income).

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	41	155

j. Other items in income statement:

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

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

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

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

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Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

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

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

None.

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

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

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

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	88.339	5.916	47.956	536.763	1.320.617	2.117.169
Balance at the end of the period	10.487	10.083	254.556	1.154.531	1.739.426	2.417.118
Interest and commission income received	2.109	74	11.650	4.062	145.012	6.757

(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	88.320	3.769	127.213	450.294	903.056	1.029.707
Balance at the end of the period	88.339	5.916	47.956	536.763	1.320.617	2.117.169
Interest and commission income received⁽³⁾	2.826	42	2.819	3.007	75.815	8.157

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

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

(3) Financial statement information disclosed above shows September 30, 2014 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	121.840	6.688	13.660.682	15.480.464	10.291.156	6.544.935
End of the period	224.027	121.840	20.278.234	13.660.682	7.860.480	10.291.156
Interest expense on deposits⁽³⁾	1.810	956	642.782	406.622	286.088	210.212

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

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

(3) Financial statement information disclosed above for prior periods shows September 30, 2014 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Group's risk group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	-	-	428.403	442.253	879.327	659.635
End of the period ⁽³⁾	-	-	1.375.070	428.403	688.030	879.327
Total profit / loss⁽⁴⁾	(2.850)	18	(78.613)	4.042	28.930	(83.411)
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

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

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

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

(4) Financial statement information disclosed above shows September 30, 2014 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 41.917 as of September 30, 2015 (September 30, 2014 - TL 32.245).

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

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

X. Explanations and notes related to subsequent events

None.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of September 30, 2015 (continued)

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

Section Six

Explanations on independent review report

I. Explanations on independent auditor's review report

The consolidated financial statements for the period ended September 30, 2015 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (October 27, 2015 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.