

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at March 31, 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 March 31, 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 three-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 March 31, 2015 and of the results of its operations and its cash flows for the three-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 Articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Ethem Kutucular, SMMM
Partner

İstanbul , May 8, 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 March 31, 2015**

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

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

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

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Finansal Kiralama A.O. 2. Yapı Kredi Faktoring A.Ş. 3. Yapı Kredi Yatırım Menkul Değerler A.Ş. 4. 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	1. Banque de Commerce et de Placements S.A. 2. Allianz Yaşam ve Emeklilik A.Ş.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

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

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and
Accounting Executive
Vice President

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

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

Name-Surname / Title : Barış Savur / International Reporting and Consolidation Manager
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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 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	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	July 2, 2007	Yapı Kredi NV

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 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⁽¹⁾:

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 Fadıl ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	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
Francesco GIORDANO	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

(1) The number of Board Directors' members was decided as 12, including independent members in accordance with the decision taken on the Ordinary General Assembly meeting dated 25 March 2015. Selected members are as follows: Mustafa Vehbi Koç, Carlo Vivaldi, Hüseyin Faik Açıkalın, Niccolò Ubertalli, Levent Çakıroğlu, Ahmet Fadıl Ashaboğlu, Fatma Füsün Akkal Bozok, Gianni Franco Giacomo Papa, Jürgen Dr. Kullnigg, Francesco Giordano. Adil Giray Öztoprak and Benedetta Navarra were assigned as independent member in accordance with the Communiqué of Corporate Governance released by Capital Markets Board (CMB).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	Retail Credits Management
Mehmet Murat ERMERT	Corporate Communication Management
Mert ÖNCÜ	Treasury Management
Mert YAZICIOĞLU	Private Banking and Asset Management
Nurgün EYÜBOĞLU	Corporate and Commercial Credit Management
Stefano PERAZZINI	Internal Audit / Chief Audit Executive
Süleyman Cihangir KAVUNCU	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Zeynep Nazan SOMER ÖZELGİN	Retail Banking Management

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2015 (continued)

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

General information (continued)

As of March 31, 2015, the Parent Bank has 1.006 branches operating in Turkey and 1 branch in overseas (December 31, 2014 – 1.002 branches operating in Turkey, 1 branch in overseas).

As of March 31, 2015, the Parent Bank has 18.125 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 March 31, 2015 the Group has 19.260 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 March 31, 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)

		Current Period (31/03/2015)			Prior Period (31/12/2014)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	2.030.428	22.851.838	24.882.266	2.990.682	20.223.983	23.214.665
II. Financial assets at fair value through profit or (loss) (net)	I-b	2.506.235	232.217	2.738.452	1.044.488	165.304	1.209.792
2.1 Trading financial assets		2.506.235	232.217	2.738.452	1.044.488	165.304	1.209.792
2.1.1 Government debt securities		322.116	31.299	353.415	69.529	25.622	95.151
2.1.2 Share certificates		4.383	-	4.383	4.037	-	4.037
2.1.3 Derivative financial assets held for trading		2.179.726	200.918	2.380.644	970.839	139.682	1.110.521
2.1.4 Other marketable securities	I-c	10	-	10	83	-	83
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-c	1.228.068	5.398.246	6.626.314	950.505	2.941.370	3.891.875
IV. Money markets		728.059	54.815	782.874	1.568.750	-	1.568.750
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		727.520	54.815	782.335	248.247	-	248.247
4.3 Receivables from reverse repurchase agreements		539	-	539	1.320.503	-	1.320.503
V. Financial assets available-for-sale (net)	I-d,e	18.023.063	3.185.640	21.208.703	15.321.839	3.352.258	18.674.097
5.1 Share certificates		43.689	370	44.059	43.210	400	43.610
5.2 Government debt securities		16.563.031	2.157.070	18.720.101	13.892.754	2.391.900	16.284.654
5.3 Other marketable securities		1.416.343	1.028.200	2.444.543	1.385.875	959.958	2.345.833
VI. Loans and receivables	I-f	90.378.929	46.664.597	137.043.526	84.713.077	42.094.032	126.807.109
6.1 Loans and receivables		89.257.804	46.281.510	135.539.314	83.654.068	41.879.999	125.534.067
6.1.1 Loans to bank's risk group		1.645.682	251.958	1.897.640	1.170.818	243.496	1.414.314
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		87.612.122	46.029.552	133.641.674	82.483.250	41.636.503	124.119.753
6.2 Loans under follow-up		4.127.929	843.395	4.971.324	3.762.524	616.799	4.379.323
6.3 Specific provisions (-)		(3.006.804)	(460.308)	(3.467.112)	(2.703.515)	(402.766)	(3.106.281)
VII. Factoring receivables		1.412.504	1.378.816	2.791.320	1.596.058	1.172.175	2.768.233
VIII. Held-to-maturity investments (net)	I-g	1.960.128	3.952.179	5.912.307	1.937.723	3.618.646	5.556.369
8.1 Government debt securities		1.951.270	3.649.678	5.600.948	1.927.769	3.314.617	5.242.386
8.2 Other marketable securities		8.858	302.501	311.359	9.954	304.029	313.983
IX. Investments in associates (net)	I-g	189.990	299.093	489.083	200.717	260.370	461.087
9.1 Consolidated based on equity method		185.487	299.093	484.580	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	2.300	-	2.300	2.300	-	2.300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-i	19.846	-	19.846	19.054	-	19.054
11.1 Accounted based on equity method		19.846	-	19.846	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	1.317.948	4.078.720	5.396.668	1.327.249	3.678.001	5.005.250
12.1 Financial lease receivables		1.645.599	4.778.008	6.423.607	1.660.553	4.309.742	5.970.295
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(327.651)	(699.288)	(1.026.939)	(333.304)	(631.741)	(965.045)
XIII. Derivative financial assets held for hedging	I-j	511.325	-	511.325	256.146	-	256.146
13.1 Fair value hedge		268.878	-	268.878	177.895	-	177.895
13.2 Cash flow hedge		242.447	-	242.447	78.251	-	78.251
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	2.017.137	42.165	2.059.302	1.061.686	48.101	1.109.787
XV. Intangible assets (net)	I-l	1.432.768	17.462	1.450.230	1.434.819	22.547	1.457.366
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		453.275	17.462	470.737	455.326	22.547	477.873
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		80.743	8.812	89.555	163.638	8.668	172.306
17.1 Current tax asset		-	5.115	5.115	-	3.272	3.272
17.2 Deferred tax asset	I-n	80.743	3.697	84.440	163.638	5.396	169.034
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	153.004	-	153.004	154.664	821	155.485
18.1 Held for sale purposes		153.004	-	153.004	154.664	821	155.485
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.792.839	1.528.802	3.321.641	1.536.347	1.092.687	2.629.034
Total assets		125.785.314	89.693.402	215.478.716	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 March 31, 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)

		Current Period (31/03/2015)			Prior Period (31/12/2014)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	64.474.057	55.222.316	119.696.373	62.903.994	44.726.637	107.630.631
1.1 Deposits of the Bank's risk group		8.432.648	6.004.361	14.437.009	7.450.703	6.474.508	13.925.211
1.2 Other		56.041.409	49.217.955	105.259.364	55.453.291	38.252.129	93.705.420
II. Derivative financial liabilities held for trading	II-b	1.926.275	352.205	2.278.480	700.537	159.789	860.326
III. Funds borrowed	II-c	2.051.420	21.354.578	23.405.998	2.071.547	19.345.409	21.416.956
IV. Money markets		8.499.476	1.269.915	9.769.391	6.408.838	2.365.914	8.774.752
4.1 Funds from interbank money market		400.000	-	400.000	-	-	-
4.2 Funds from Istanbul stock exchange money market		2.622.559	-	2.622.559	2.572.663	-	2.572.663
4.3 Funds provided under repurchase agreements		5.476.917	1.269.915	6.746.832	3.836.175	2.365.914	6.202.089
V. Marketable securities issued (net)	II-ç	3.568.955	12.271.266	15.840.221	3.287.064	10.068.873	13.355.937
5.1 Bills		2.011.917	2.003.649	4.015.566	1.638.373	1.712.209	3.350.582
5.2 Asset backed securities		-	4.287.500	4.287.500	-	3.054.498	3.054.498
5.3 Bonds		1.557.038	5.980.117	7.537.155	1.648.691	5.302.166	6.950.857
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		7.286.429	2.250.869	9.537.298	7.057.974	1.680.362	8.738.336
VIII. Other liabilities	II-d	1.444.576	944.024	2.388.600	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	148.112	226.688	374.800	229.099	211.349	440.448
11.1 Fair value hedge		708	-	708	657	-	657
11.2 Cash flow hedge		147.404	226.688	374.092	228.442	211.349	439.791
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.571.366	775.606	3.346.972	2.651.981	707.056	3.359.037
12.1 General loan loss provision		1.375.297	694.216	2.069.513	1.297.235	630.586	1.927.821
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		268.083	17.313	285.396	261.025	17.019	278.044
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		927.986	64.077	992.063	1.093.721	59.451	1.153.172
XIII. Tax liability	II-ğ	401.256	3.209	404.465	420.462	6.766	427.228
13.1 Current tax liability		350.447	428	350.875	420.462	4.327	424.789
13.2 Deferred tax liability		50.809	2.781	53.590	-	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	-	7.407.141	7.407.141	-	6.770.549	6.770.549
XVI. Shareholders' equity	II-i	21.007.055	21.922	21.028.977	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		2.293.741	22.417	2.316.158	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		6.424	183.590	190.014	193.539	197.929	391.468
16.2.4 Property and equipment revaluation differences		803.868	-	803.868	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)		(238.986)	(161.173)	(400.159)	(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		1.174.051	-	1.174.051	1.172.564	-	1.172.564
16.3 Profit reserves		12.270.128	(495)	12.269.633	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		370.365	(495)	369.870	352.186	(494)	351.692
16.4 Income or (loss)		2.095.697	-	2.095.697	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)		500.687	-	500.687	2.056.015	-	2.056.015
16.5 Minority interest	II-i	438	-	438	462	-	462
Total liabilities and shareholders' equity		113.378.977	102.099.739	215.478.716	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 March 31, 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 (31/03/2015)			Prior Period (31/12/2014)		
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A.	Off-balance sheet commitments (I+II+III)		141.891.701	216.438.113	358.329.814	118.310.117	146.577.194	264.887.311
I.	Guarantees and warranties	III-a-2,3	16.448.692	34.321.576	50.770.268	15.983.223	32.773.616	48.756.839
1.1	Letters of guarantee		16.393.139	22.996.931	39.390.070	15.913.418	22.081.794	37.995.212
1.1.1	Guarantees subject to state tender law		481.614	759.381	1.240.995	503.713	716.911	1.220.624
1.1.2	Guarantees given for foreign trade operations		2.289.161	22.031.426	24.320.587	2.316.159	21.151.474	23.467.633
1.1.3	Other letters of guarantee		13.622.364	206.124	13.828.488	13.093.546	213.409	13.306.955
1.2	Bank acceptances		-	127.168	127.168	-	126.982	126.982
1.2.1	Import letter of acceptance		-	127.168	127.168	-	126.982	126.982
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		-	8.175.714	8.175.714	3	7.859.830	7.859.833
1.3.1	Documentary letters of credit		-	8.175.375	8.175.375	3	7.859.528	7.859.531
1.3.2	Other letters of credit		-	339	339	-	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		55.553	984.170	1.039.723	69.802	788.994	858.796
1.9	Other warranties		-	2.037.593	2.037.593	-	1.916.016	1.916.016
II.	Commitments	III-a-1	46.972.238	28.962.366	75.934.604	42.919.920	3.749.599	46.669.519
2.1	Irrevocable commitments		46.972.238	28.735.972	75.708.210	42.919.920	3.503.210	46.423.130
2.1.1	Asset purchase and sale commitments		3.303.313	27.334.402	30.637.715	937.272	2.205.515	3.142.787
2.1.2	Deposit purchase and sales commitments		1.148	8	1.156	-	8	8
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		6.939.561	1.227.413	8.166.974	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		6.434.466	-	6.434.466	5.981.382	-	5.981.382
2.1.8	Tax and fund liabilities from export commitments		45.699	-	45.699	44.489	-	44.489
2.1.9	Commitments for credit card limits		26.529.698	-	26.529.698	25.612.776	-	25.612.776
2.1.10	Commitments for credit cards and banking services promotions		10.890	-	10.890	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		3.707.463	174.149	3.881.612	3.387.035	117.845	3.504.880
2.2	Revocable commitments		-	226.394	226.394	-	246.389	246.389
2.2.1	Revocable loan granting commitments		-	141.994	141.994	-	149.837	149.837
2.2.2	Other revocable commitments		-	84.400	84.400	-	96.552	96.552
III.	Derivative financial instruments	III-b-c	78.470.771	153.154.171	231.624.942	59.406.974	110.053.979	169.460.953
3.1	Derivative financial instruments for hedging purposes		22.197.279	26.725.860	48.923.139	19.811.674	22.135.823	41.947.497
3.1.1	Transactions for fair value hedge		470.329	782.507	1.252.836	481.084	699.338	1.180.422
3.1.2	Transactions for cash flow hedge		21.726.950	25.943.353	47.670.303	19.330.590	21.436.485	40.767.075
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		56.273.492	126.428.311	182.701.803	39.595.300	87.918.156	127.513.456
3.2.1	Forward foreign currency buy/sell transactions		3.585.088	8.022.272	11.607.360	2.539.384	4.580.613	7.119.997
3.2.1.1	Forward foreign currency transactions-buy		1.191.921	4.523.756	5.715.677	939.495	2.537.700	3.477.195
3.2.1.2	Forward foreign currency transactions-sell		2.393.167	3.498.516	5.891.683	1.599.889	2.042.913	3.642.802
3.2.2	Swap transactions related to foreign currency and interest rates		41.569.913	95.832.841	137.402.754	29.413.079	65.051.539	94.464.618
3.2.2.1	Foreign currency swap-buy		16.790.053	38.629.186	55.419.239	12.706.918	26.816.209	39.523.127
3.2.2.2	Foreign currency swap-sell		24.779.860	30.115.947	54.895.807	16.706.161	22.276.088	38.982.249
3.2.2.3	Interest rate swap-buy		-	13.543.854	13.543.854	-	7.979.621	7.979.621
3.2.2.4	Interest rate swap-sell		-	13.543.854	13.543.854	-	7.979.621	7.979.621
3.2.3	Foreign currency, interest rate and securities options		6.100.601	13.866.213	19.966.814	3.925.651	12.727.219	16.652.870
3.2.3.1	Foreign currency options-buy		3.160.922	4.611.516	7.772.438	1.777.316	2.931.949	4.709.265
3.2.3.2	Foreign currency options-sell		2.935.046	4.979.327	7.914.373	2.081.110	2.701.972	4.783.082
3.2.3.3	Interest rate options-buy		-	2.137.685	2.137.685	-	3.546.649	3.546.649
3.2.3.4	Interest rate options-sell		-	2.137.685	2.137.685	-	3.546.649	3.546.649
3.2.3.5	Securities options-buy		4.000	-	4.000	55.500	-	55.500
3.2.3.6	Securities options-sell		633	-	633	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		5.017.890	8.706.985	13.724.875	3.717.186	5.558.785	9.275.971
B.	Custody and pledges received (IV+V+VI)		191.734.105	49.352.613	241.086.718	181.534.531	40.764.950	222.299.481
IV.	Items held in custody		67.436.040	6.656.273	74.092.313	67.599.128	6.496.883	74.096.011
4.1	Customer fund and portfolio balances		-	-	-	-	-	-
4.2	Investment securities held in custody		51.351.124	5.746.077	57.097.201	50.443.151	5.602.765	56.045.916
4.3	Checks received for collection		13.785.362	168.506	13.953.868	14.227.339	165.338	14.392.677
4.4	Commercial notes received for collection		2.257.779	705.823	2.963.602	2.886.863	693.890	3.580.753
4.5	Other assets received for collection		-	30.449	30.449	-	29.819	29.819
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		41.775	5.418	47.193	41.775	5.071	46.846
4.8	Custodians		-	-	-	-	-	-
V.	Pledges received		122.791.900	40.943.125	163.735.025	112.458.919	32.656.709	145.115.628
5.1	Marketable securities		191.030	290	191.320	179.123	257	179.380
5.2	Guarantee notes		1.030.201	293.001	1.323.202	841.979	275.888	1.117.867
5.3	Commodity		32.149	10.318	42.467	28.446	5.895	34.341
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		75.789.087	29.633.878	105.422.965	69.897.086	24.504.811	94.401.897
5.6	Other pledged items		45.749.433	11.000.979	56.750.412	41.512.285	7.865.672	49.377.957
5.7	Pledged items-depository		-	4.659	4.659	-	4.186	4.186
VI.	Accepted independent guarantees and warranties		1.506.165	1.753.215	3.259.380	1.476.484	1.611.358	3.087.842
Total off-balance sheet commitments (A+B)			333.625.806	265.790.726	599.416.532	299.844.648	187.342.144	487.186.792

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 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- (31/03/2015)	Restated Prior Period 01/01- (31/03/2014)
I. Interest income	IV-a		3.615.104	2.880.721
1.1 Interest on loans	IV-a-1		2.940.406	2.191.774
1.2 Interest received from reserve deposits			1.151	12
1.3 Interest received from banks	IV-a-2		64.866	39.266
1.4 Interest received from money market transactions			12.356	79.626
1.5 Interest received from marketable securities portfolio	IV-a-3		460.900	453.920
1.5.1 Trading financial assets			1.843	820
1.5.2 Financial assets at fair value through profit or (loss)			-	-
1.5.3 Available-for-sale financial assets			364.147	328.397
1.5.4 Held to maturity investments			94.910	124.703
1.6 Financial lease income			93.555	78.157
1.7 Other interest income			41.870	37.966
II. Interest expense	IV-b		(2.097.317)	(1.529.230)
2.1 Interest on deposits	IV-b-4		(1.491.200)	(1.088.520)
2.2 Interest on funds borrowed	IV-b-1		(261.408)	(197.612)
2.3 Interest expense on money market transactions			(167.977)	(134.881)
2.4 Interest on securities issued	IV-b-3		(167.920)	(104.383)
2.5 Other interest expenses			(8.812)	(3.834)
III. Net interest income (I + II)			1.517.787	1.351.491
IV. Net fees and commissions income			631.782	510.348
4.1 Fees and commissions received			775.765	637.065
4.1.1 Non-cash loans			96.907	80.425
4.1.2 Other	IV-j		678.858	556.640
4.2 Fees and commissions paid			(143.983)	(126.717)
4.2.1 Non-cash loans			(2.647)	(2.579)
4.2.2 Other			(141.336)	(124.138)
V. Dividend income	IV-c		2.524	2.479
VI. Trading gain/(loss) (net)	IV-ç		(18.250)	(135.083)
6.1 Trading gains/(losses) on securities			135.814	14.533
6.2 Derivative financial transactions gains/(losses)	IV-d		(394.877)	(99.628)
6.3 Foreign exchange gains/(losses)			240.813	(49.988)
VII. Other operating income	IV-e		261.709	201.023
VIII. Total operating income / loss (III+IV+V+VI+VII)			2.395.552	1.930.258
IX. Provision for impairment of loans and other receivables (-)	IV-f		(570.952)	(462.929)
X. Other operating expenses (-)	IV-g		(1.183.861)	(934.688)
XI. Net operating income/(loss) (VIII-IX-X)			640.739	532.641
XII. Excess amount recorded as income after merger			-	-
XIII. Income/(loss) from investments accounted based on equity method			13.798	7.742
XIV. Income/(loss) on net monetary position			-	-
XV. Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ		654.537	540.383
XVI. Tax provision for continuing operations (±)	IV-h		(153.833)	(111.483)
16.1 Current tax provision			(39.446)	(190.149)
16.2 Deferred tax provision			(114.387)	78.666
XVII. Net profit/loss from continuing operations (XV±XVI)			500.704	428.900
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		500.704	428.900
23.1 Group's profit/loss			500.687	428.838
23.2 Minority interest profit/losses (-)	IV-i		17	62
Earnings/(loss) per share (in TL full)			0,0012	0,0010

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 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 (31/03/2015)	Prior Period (31/03/2014)
I. Transfers to marketable securities valuation differences from financial assets available for sale	(276.951)	(42.810)
II. Property and equipment revaluation differences	826.718	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	26.664	16.238
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	158.378	122.212
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	88	(19.823)
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	233	-
IX. Deferred tax on valuation differences	(20.521)	(10.951)
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	714.609	64.866
XI. Current year profit/loss	500.704	428.900
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	133.885	88
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(64.724)	(42.829)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	431.543	471.641
XII. Total income/loss accounted for the period (X+XI)	1.215.313	493.766

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of March 31, 2014

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

V. Consolidated statement of changes in shareholders' equity

Prior Period																				
March 31, 2014		Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves ⁽¹⁾	Status reserves	Extraordinary reserves ⁽¹⁾	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) ⁽¹⁾	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund	Total equity except minority interest	Minority Interest	Total shareholders' equity
I.	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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(34.225)	-	-	-	-	(34.225)	-	(34.225)
VII.	Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	81.912	-	81.912	-	81.912
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	97.770	-	97.770	-	97.770
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(15.858)	-	(15.858)	-	(15.858)
VIII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign exchange differences		-	-	-	-	-	-	-	20.941	-	-	2.293	-	-	(6.055)	-	17.179	-	17.179
XII.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	Current year income or loss		-	-	-	-	-	-	-	-	428.838	-	-	-	-	-	-	428.838	62	428.900
XXI.	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)	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	177.214	-	1.763.811	873.950	(3.658.952)	843.977	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII.	Transactions with minority		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+V+.....+VIII+IX+XX+ XXI)			4.347.051	-	543.881	-	641.000	-	9.815.284	1.654.597	428.838	1.383.961	(150.050)	-	4.503	(280.378)	-	18.388.687	2.542	18.391.229

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

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of March 31, 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⁾	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	onus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund	Total equity except minority interest	Minority Interest	Total shareholders' equity
March 31, 2015																			
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		-	-	-	-	-	-	-	-	-	-	(222.699)	-	-	-	-	(222.699)	-	(222.699)
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	126.772	-	126.772	-	126.772
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	126.702	-	126.702	-	126.702
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	70	-	70	-	70
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	785.383	-	-	-	785.383	-	785.383
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	17.945	-	-	21.245	-	-	(14.270)	-	24.920	-	24.920
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		-	-	-	-	-	-	-	233	-	-	-	-	-	-	-	233	-	233
XVII. Current year income or loss		-	-	-	-	-	-	-	-	500.687	-	-	-	-	-	-	500.687	17	500.704
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 (I+II+III+.....+XVII+XVIII+XIX)		4.347.051	-	543.881	-	751.512	-	11.148.251	1.543.921	500.687	1.595.010	190.014	803.868	4.503	(400.159)	-	21.028.539	438	21.028.977

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

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 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 (31/03/2015)	Prior Period (31/03/2014)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		108.911	1.397.473
1.1.1 Interest received		3.384.691	2.957.111
1.1.2 Interest paid		(1.889.089)	(1.526.883)
1.1.3 Dividend received		2.524	2.479
1.1.4 Fees and commissions received		775.765	637.065
1.1.5 Other income		(115.420)	404.040
1.1.6 Collections from previously written-off loans and other receivables		274.192	326.499
1.1.7 Payments to personnel and service suppliers		(1.229.824)	(729.254)
1.1.8 Taxes paid		(199.717)	(42.572)
1.1.9 Other		(894.211)	(631.012)
1.2 Changes in operating assets and liabilities		1.965.929	1.493.298
1.2.1 Net (increase)/decrease in trading securities		(259.171)	51.171
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(2.592.494)	100.095
1.2.4 Net (increase)/decrease in loans		(10.745.015)	(4.265.758)
1.2.5 Net (increase)/decrease in other assets		(691.969)	(739.040)
1.2.6 Net increase /(decrease) in bank deposits		2.112.953	(202.102)
1.2.7 Net increase /(decrease) in other deposits		9.848.952	2.060.859
1.2.8 Net increase /(decrease) in funds borrowed		3.447.952	3.275.802
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities		844.721	1.212.271
I. Net cash flows from banking operations		2.074.840	2.890.771
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(3.177.232)	(310.860)
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		-	(19)
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(148.331)	(33.861)
2.4 Disposals of property and equipment		6.615	12.433
2.5 Purchase of investments available-for-sale		(5.254.526)	(3.766.668)
2.6 Sale of investments available-for-sale		2.205.556	2.354.169
2.7 Purchase of investment securities		(116.896)	(451.183)
2.8 Sale of investment securities		130.350	1.574.269
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		1.610.804	981.536
3.1 Cash obtained from funds borrowed and securities issued		1.997.702	1.803.009
3.2 Cash used for repayment of funds borrowed and securities issued		(82.080)	(821.473)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(304.818)	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents		515.258	119.237
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		1.023.670	3.680.684
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	12.050.366	14.161.112

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 2015 (continued)

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

Accounting policies (continued)

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

Additional paragraph for convenience translation into English:

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

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

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

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

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

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 rates (%)	Direct and indirect rates (%)
			March 31, 2015	March 31, 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 March 31, 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 % March 31, 2015	Direct and indirect rates % March 31, 2015
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	İstanbul/Türkiye	Insurance	20,00	20,00

3. Consolidation principles of joint ventures:

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

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

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

Title	(City/ Country)	Main activities	Effective rates % March 31, 2015	Direct and indirect rates % March 31, 2015
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	REIT	30,45	30,45

4. Transactions with minority shareholders:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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, termination of the hedged risk or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

Yapı ve Kredi Bankası A.Ş.

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

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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Accounting policies (continued)

XIII. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement in accordance with the Turkish Accounting Standard (TAS 16) "Tangible Assets". Subsequently, 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 as of 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%
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 March 31, 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 March 31, 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 March 31, 2015 (continued)

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Accounting policies (continued)

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015. 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 March 31, 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 March 31, 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 March 31, 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.

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Notes to consolidated financial statements as of March 31, 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 1.820 (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	500.687	428.838
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share (full TL)	0,0012	0,0010

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2015 (continued)

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

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 March 31, 2015 (continued)

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

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

- a. The consolidated capital adequacy ratio of the Group is 13,73% (December 31, 2014 – 14,36%) and the Parent Bank is 14,25% (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)

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Information related to financial position of the Group (continued)

c. Information related to capital adequacy ratio:

	Risk Weights								
	Parent Bank								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	45.657.667	7.727.663	32.530.269	40.184.784	93.136.246	3.715.906	9.054.226	305.250	232.312.011
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	43.082.700	-	5.824.589	-	-	-	-	-	48.907.289
Conditional and unconditional receivables from regional or local governments	-	158	-	-	-	-	-	-	158
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	1.055	-	-	-	1.055
Conditional and unconditional receivables from multilateral development banks	4.152	-	-	-	-	-	-	-	4.152
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	7.597.722	7.858.421	-	147.322	-	-	-	15.603.465
Conditional and unconditional receivables from corporates	-	-	-	-	80.370.408	-	-	-	80.370.408
Conditional and unconditional retail receivables	-	-	-	40.184.784	6.411.708	-	-	-	46.596.492
Conditional and unconditional receivables secured by mortgages	-	-	18.819.854	-	-	-	-	-	18.819.854
Past due receivables	-	-	-	-	937.709	544.488	-	-	1.482.197
Receivables defined as high risk category by the Regulator	-	-	27.405	-	-	3.171.418	9.054.226	305.250	12.558.299
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.570.815	129.783	-	-	5.268.044	-	-	-	7.968.642
Credit Risk Weighted Amounts	-	1.545.533	16.265.135	30.138.588	93.136.246	5.573.859	18.108.452	763.125	165.530.938

	Risk Weights								
	Consolidated								
	0%	20%	50%	75%	100%	150%	200%	250%	Total
Amounts subject to credit risk	46.318.585	8.396.435	32.690.355	40.420.225	104.552.601	3.832.115	9.054.226	305.250	245.569.792
Risk classifications:									
Conditional and unconditional receivables from central governments or central banks	43.761.733	5.765	5.860.061	-	20.647	-	-	-	49.648.206
Conditional and unconditional receivables from regional or local governments	-	158	70	-	-	-	-	-	228
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	1.055	-	-	-	1.055
Conditional and unconditional receivables from multilateral development banks	4.152	-	-	-	-	-	-	-	4.152
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	8.260.729	7.982.965	-	424.661	-	-	-	16.668.355
Conditional and unconditional receivables from corporates	-	-	-	-	93.695.169	116.209	-	-	93.811.378
Conditional and unconditional retail receivables	-	-	-	40.420.225	6.411.708	-	-	-	46.831.933
Conditional and unconditional receivables secured by mortgages	-	-	18.819.854	-	-	-	-	-	18.819.854
Past due receivables	-	-	-	-	959.724	544.488	-	-	1.504.212
Receivables defined as high risk category by the Regulator	-	-	27.405	-	-	3.171.418	9.054.226	305.250	12.558.299
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Other receivables	2.552.700	129.783	-	-	3.039.637	-	-	-	5.722.120
Credit Risk Weighted Amounts	-	1.679.287	16.345.177	30.315.169	104.552.601	5.748.173	18.108.452	763.125	177.511.984

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

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Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio:

	The Parent Bank	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)	13.242.475	14.200.959	12.205.770	13.188.234
Capital requirement for market risk (MRCR)	169.165	185.147	130.250	131.992
Capital requirement for operational risk (ORCR)	934.030	1.026.665	817.197	920.434
Shareholders' equity	25.554.921	26.452.486	24.705.420	25.558.364
Shareholders' equity / (CRCR+ MRCR+ORCR) * 12,5*100	14,25	13,73	15,03	14,36
Common Equity /(CRCR+ MRCR+ORCR) * 12,5*100	10,36	10,11	10,94	10,58
Tier 1 Capital /(CRCR+ MRCR+ ORCR) *12,5*100)	10,83	10,56	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	12.269.633	10.807.976
Other Comprehensive Income according to TAS	2.167.933	1.582.517
Profit	2.095.697	3.439.976
<i>Net Current Period Profit</i>	<i>500.687</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	133.074	180.211
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	4.503	4.503
Minority shares	438	462
Common Equity Tier 1 capital before regulatory adjustments	21.562.210	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 (-)	-	-
Leasehold improvements on operational leases (-)	148.352	157.347
Goodwill and intangible assets and related deferred tax liabilities (-)	570.842	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 (-)	504.426	475.638
Total regulatory adjustments to Common equity Tier 1	1.223.620	919.972
Common Equity Tier 1 capital	20.338.590	19.986.605

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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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 (-)	856.264	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	19.482.326	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)	5.148.871	5.120.449
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-	-
Generic Provisions	2.069.513	1.927.821
Minority shares	-	-
Tier 2 capital before regulatory adjustments	7.218.384	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	7.218.384	7.048.270

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Information related to financial position of the Group (continued)

	Current Period	Prior Period
Total capital	26.700.710	25.886.926
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	5.886	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 (-)	8.040	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 (-)	175.610	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 (-)	58.688	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	26.452.486	25.558.364
Amounts below the thresholds for deduction	1.101.189	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	1.101.189	860.094

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	5
Issuer	UNICREDIT BANK	BANK AUSTRIA	MERRILL LYNCH	CITIBANK	YKB
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-	XS0861979440/ US984848AB73
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA	BRSA / CMB / LONDON STOCK EXCHANGE
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes	Yes
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Bond
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	1.442	1.227	194	192	2.094
Par value of instrument (Currency in million)	1.527	1.227	1.415	566	2.610
Accounting classification	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost
Original date of issuance	January 9, 2013	November 21, 2013	March 31, 2006	June 25, 2007	December 6, 2012
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	-	-	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	After 5th year
Coupons / dividends	3 months	3 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating	Fixed
Coupon rate and any related index	5,5	6,35	EURIBOR + 3%	EURIBOR + 2,78%	5,5
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	None	None
If convertible, conversion trigger (s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature	None	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-	-
If write-down, full or partial	-	-	-	-	-
If write-down, permanent or temporary	-	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
Incompliance with article number 7 and 8 of "Own fund regulation"	No	No	Yes	Yes	Yes
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-	-	8-2-ğ	8-2-ğ	8-2-ğ

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

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

II. Explanations on consolidated credit risk:

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

III. Explanations on consolidated market risk:

Risk management activities of the Parent Bank are carried out under the responsibility of Board of Directors in accordance with "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 March 31, 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	70.996	59.260
(II) Capital requirement against specific risks - standard method	1.959	3.137
Capital requirement against specific risks of securitization positions- standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	31.457	22.927
(IV) Capital requirement against commodity risks - standard method	186	133
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	1.021	1.718
(VII) Capital requirement against counterparty credit risks - standard method	79.528	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)	185.147	131.992
(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))	2.314.338	1.649.900

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Notes to consolidated financial statements as of March 31, 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 2,61020	TL 2,83090
First day current bid rate	TL 2,61070	TL 2,82920
Second day current bid rate	TL 2,59620	TL 2,85890
Third day current bid rate	TL 2,55550	TL 2,80360
Fourth day current bid rate	TL 2,55050	TL 2,79950
Fifth day current bid rate	TL 2,56990	TL 2,78650
Arithmetic average of the last 31 days:	TL 2,58655	TL 2,80536
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 March 31, 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	4.244.349	14.447.264	4.160.225	22.851.838
Banks	1.211.412	4.035.802	151.032	5.398.246
Financial assets at fair value through profit or loss	41.663	189.115	1.439	232.217
Money market placements	-	54.815	-	54.815
Available-for-sale financial assets	332.335	2.815.030	38.275	3.185.640
Loans ⁽¹⁾	13.558.069	37.206.916	1.190.216	51.955.201
Investments in associates, subsidiaries and joint ventures	-	-	299.093	299.093
Held-to-maturity investments	472.034	3.480.145	-	3.952.179
Hedging derivative financial assets	-	-	-	-
Tangible assets	3.015	-	39.150	42.165
Intangible assets ⁽⁶⁾	-	-	-	-
Other assets ⁽²⁾	3.563.561	2.813.132	545.492	6.922.185
Total assets	23.426.438	65.042.219	6.424.922	94.893.579
Liabilities				
Bank deposits	482.323	1.889.790	43.611	2.415.724
Foreign currency deposits	17.646.255	33.525.546	1.634.791	52.806.592
Funds from money market	-	1.269.914	1	1.269.915
Funds borrowed from other financial institutions	7.198.195	13.778.254	378.129	21.354.578
Marketable securities issued	3.337.994	8.738.312	194.960	12.271.266
Miscellaneous payables	956.684	1.272.558	21.627	2.250.869
Hedging derivative financial liabilities	58.323	168.365	-	226.688
Other liabilities ⁽³⁾	2.101.899	6.601.442	67.315	8.770.656
Total liabilities	31.781.673	67.244.181	2.340.434	101.366.288
Net on balance sheet position	(8.355.235)	(2.201.962)	4.084.488	(6.472.709)
Net off balance sheet position ⁽⁵⁾	8.404.449	2.227.282	(3.595.547)	7.036.184
Financial derivative assets	18.311.449	39.578.304	2.828.364	60.718.117
Financial derivative liabilities	9.907.000	37.351.022	6.423.911	53.681.933
Net position	49.214	25.320	488.941	563.475
Non-cash loans	10.936.323	21.820.311	1.564.942	34.321.576
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 5.290.604 (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 72.965 (December 31, 2014 - TL 76.011).

(3) Does not include foreign currency denominated general provisions for foreign currencies, hedged funds and marketable securities valuation differences under equity.

(4) Other FC column also includes gold balance.

(5) Forward transactions classified as commitments are also included.

(6) In accordance with the principles of the "Regulation on the calculation and implementation of foreign currency net general position/equity standard ratio by banks on consolidated and non-consolidated basis" foreign currency intangible assets amounted TL 17.462 is not considered in the calculation.

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Notes to consolidated financial statements as of March 31, 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. Furthermore, in order to reduce the repricing mismatch in the foreign currency balance sheet, foreign currency/foreign currency interest rate swaps are utilized.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	289.341	-	-	-	-	24.592.925	24.882.266
Banks	4.794.190	176.015	260.505	28.366	-	1.367.238	6.626.314
Financial assets at fair value through profit/loss	523.000	766.681	1.141.152	218.626	84.600	4.393	2.738.452
Money market placements	782.874	-	-	-	-	-	782.874
Available-for-sale financial assets	3.054.218	2.441.692	7.896.668	4.055.084	3.627.123	133.918	21.208.703
Loans	29.375.606	24.583.425	44.978.162	28.091.564	8.510.557	1.504.212	137.043.526
Held-to-maturity investments	1.037.518	5.843	408.795	954.183	3.505.968	-	5.912.307
Other assets	2.696.020	940.010	1.660.681	3.139.194	600.749	7.247.620	16.284.274
Total assets	42.552.767	28.913.666	56.345.963	36.487.017	16.328.997	34.850.306	215.478.716
Liabilities							
Bank deposits	2.638.558	81.784	749.365	30.925	-	1.156.668	4.657.300
Other deposits	67.845.697	21.438.474	6.656.413	877.038	253.790	17.967.661	115.039.073
Funds from money market	8.274.525	1.144.731	130.633	219.502	-	-	9.769.391
Miscellaneous payables	-	-	-	-	-	9.537.298	9.537.298
Marketable securities issued	1.395.329	7.606.356	1.395.566	5.414.114	28.856	-	15.840.221
Funds borrowed from other financial institutions	6.083.683	8.202.513	7.458.329	1.141.460	520.013	-	23.405.998
Other liabilities and shareholders' equity	545.894	1.593.604	2.285.735	221.224	5.446.260	27.136.718	37.229.435
Total liabilities	86.783.686	40.067.462	18.676.041	7.904.263	6.248.919	55.798.345	215.478.716
Balance sheet long position	-	-	37.669.922	28.582.754	10.080.078	-	76.332.754
Balance sheet short position	(44.230.919)	(11.153.796)	-	-	-	(20.948.039)	(76.332.754)
Off-balance sheet long position	3.473.001	14.394.552	1.854.240	-	-	-	19.721.793
Off-balance sheet short position	-	-	-	(17.574.298)	(2.365.199)	-	(19.939.497)
Total position	(40.757.918)	3.240.756	39.524.162	11.008.456	7.714.879	(20.948.039)	(217.704)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	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 March 31, 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	-	-	-	1,03
Banks	1,87	1,47	-	14,92
Financial assets at fair value through profit/loss	1,97	4,37	-	8,72
Money market placements	-	0,35	-	11,39
Available-for-sale financial assets	5,49	5,99	-	9,18
Loans	4,35	4,94	4,97	13,24
Held-to-maturity investments	3,59	5,47	-	9,57
Liabilities⁽¹⁾				
Bank deposits	1,25	0,40	-	11,64
Other deposits	1,85	2,20	1,78	10,65
Funds from money market	-	0,88	-	8,95
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,65	3,38	-	8,12
Funds borrowed from other financial institutions	1,47	3,24	3,04	9,26

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

Prior Period	EURO	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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 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	(2,440,872)	(9,55)%
TRY	(-)400 bp	2,395,185	9,37%
EUR	(+)200 bp	(110,730)	(0,43)%
EUR	(-)200 bp	168,445	0,66%
USD	(+)200 bp	84,468	0,33%
USD	(-)200 bp	67,835	0,27%
Total (for negative shock)		2,631,464	10,30%
Total (for positive shock)		(2,467,133)	(9,65)%

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

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Notes to consolidated financial statements as of March 31, 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:

Group has no unconsolidated subsidiaries and joint venture quoted in Borsa Istanbul as of March 31, 2015.

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 March 31, 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	5.025.039	19.857.227	-	-	-	-	-	24.882.266
Banks	1.367.238	4.794.190	120.569	315.951	28.366	-	-	6.626.314
Financial assets at fair value through profit or loss	10	447.388	591.933	1.083.688	432.871	178.179	4.383	2.738.452
Money market placements	-	782.874	-	-	-	-	-	782.874
Available-for-sale financial assets	89.859	6.919	188.834	4.487.748	6.106.573	10.284.711	44.059	21.208.703
Loans	-	20.312.721	10.528.481	32.527.631	42.663.028	29.507.453	1.504.212	137.043.526
Held-to-maturity Investments	-	2.743	5.843	64.711	2.033.036	3.805.974	-	5.912.307
Other assets ⁽¹⁾	2.088.670	3.098.032	871.849	1.669.902	3.731.152	660.481	4.164.188	16.284.274
Total assets	8.570.816	49.302.094	12.307.509	40.149.631	54.995.026	44.436.798	5.716.842	215.478.716
Liabilities								
Bank deposits	1.156.668	2.638.558	81.784	749.365	30.925	-	-	4.657.300
Other deposits	17.967.661	67.845.697	21.438.474	6.656.413	877.038	253.790	-	115.039.073
Funds borrowed from other financial institutions	-	2.337.380	5.126.463	9.412.242	3.281.034	3.248.879	-	23.405.998
Funds from money market	-	8.274.525	1.144.731	130.633	219.502	-	-	9.769.391
Marketable securities issued	-	1.123.424	2.446.577	2.620.456	7.870.252	1.779.512	-	15.840.221
Miscellaneous payables	8.338.175	931.939	131.516	130.001	304	-	5.363	9.537.298
Other liabilities ⁽²⁾	723.325	661.039	844.253	1.361.563	4.016.665	6.214.035	23.408.555	37.229.435
Total liabilities	28.185.829	83.812.562	31.213.798	21.060.673	16.295.720	11.496.216	23.413.918	215.478.716
Net liquidity gap	(19.615.013)	(34.510.468)	(18.906.289)	19.088.958	38.699.306	32.940.582	(17.697.076)	-
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.

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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Information related to financial position of the Group (continued)

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

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

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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Information related to financial position of the Group (continued)

Information about guarantees according to risk classifications:

Risk classifications	Amount ⁽¹⁾	Financial guarantees ⁽²⁾	Other / Physical guarantees ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	52.202.968	1.268.803	-	-
Conditional and unconditional receivables from regional or local governments	861	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	14.046	-	-	-
Conditional and unconditional receivables from multilateral development banks	208.816	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	45.035.479	71.815	-	-
Conditional and unconditional receivables from corporates	275.412.751	4.403.350	-	231.026
Conditional and unconditional retail receivables	121.474.952	313.213	-	10.298
Conditional and unconditional receivables secured by mortgages	19.266.758	-	-	-
Past due receivables	1.504.212	-	-	-
Receivables defined in high risk category by the Regulator	12.658.868	37.812	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	5.722.120	-	-	-
Total	533.501.831	6.094.993	-	241.324

- (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 March 31, 2015 (continued)

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Information related to financial position of the Group (continued)

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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

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

XIII. Explanations on hedge accounting:

The Group applies the following hedge accounting models as of March 31, 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 March 31, 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)	23.764.892	242.447	374.092	20.360.998	78.251	439.791
Cross currency interest rate swap (FVH)	470.329	268.878	708	481.084	177.895	657
Total	24.235.221	511.325	374.800	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 24.687.918 (December 31, 2014 - TL 21.105.415) the total notional of derivative financial assets amounting to TL 48.923.139 (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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Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Information related to financial position of the Group (continued)

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

Fair value hedge accounting:

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

The impact of application of FVH accounting is summarized below;

Current Period					
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instruments ⁽²⁾	
				Asset	Liability
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(16.712)	268.878	-
				Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾	
				(6.196)	

- (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 942.

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⁾	
				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	-
				Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾	
				(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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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	242.447	374.092	(184.577)	112.432

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 9.015 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.

Net Investment Hedge

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at March 31, 2015 is EUR 345 million (December 31, 2014 - EUR 275 million). The foreign exchange loss of TL 215.582 net-off tax (December 31, 2014 - TL 215.653 foreign exchange loss), on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

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

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

XV. Explanations on consolidated operating segments:

The Group carries out its banking operations through three main business units:

- (1) Retail Banking
- (2) Corporate and Commercial Banking
- (3) Private Banking and Wealth Management.

The Parent Bank's Retail Banking activities include card payment systems, SME (small medium size enterprises) banking and individual banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, SME loans, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Bank. The Bank also offers debit card and a prepaid card named World Hediye Card.

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

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Information related to financial position of the Group (continued)

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

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

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

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing	896.951	535.284	49.696	62.824	123.900	725.875	(1.502)	2.393.028
Operating expenses continuing	(842.653)	(302.692)	(20.974)	(38.247)	(51.252)	(500.409)	1.414	(1.754.813)
Net operating income continuing	54.298	232.592	28.722	24.577	72.648	225.466	(88)	638.215
Dividend income ⁽²⁾	-	-	-	-	-	2.524	-	2.524
Income/Loss from Investments accounted based on equity method	-	-	-	-	-	13.798	-	13.798
Profit before tax	54.298	232.592	28.722	24.577	72.648	241.788	(88)	654.537
Tax expense ⁽²⁾	-	-	-	-	-	(153.833)	-	(153.833)
Net period income from continuing operations	54.298	232.592	28.722	24.577	72.648	87.955	(88)	500.704
Minority interest (-)	-	-	-	-	-	(17)	-	(17)
Net period income from discontinued operations	-	-	-	-	-	-	-	-
Group income/loss	54.298	232.592	28.722	24.577	72.648	87.938	(88)	500.687
Segment assets ⁽³⁾	60.126.708	62.773.460	182.051	6.768.268	12.180.793	75.603.096	(2.666.889)	214.967.487
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	511.229	-	511.229
Total assets	60.126.708	62.773.460	182.051	6.768.268	12.180.793	76.114.325	(2.666.889)	215.478.716
Segment liabilities ⁽³⁾	43.194.882	47.786.334	26.197.264	5.502.970	10.358.067	64.068.518	(2.658.296)	194.449.739
Shareholders' equity	-	-	-	-	-	21.028.977	-	21.028.977
Total liabilities	43.194.882	47.786.334	26.197.264	5.502.970	10.358.067	85.097.495	(2.658.296)	215.478.716

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

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

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Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating revenue continuing ⁽⁴⁾	648.498	477.718	50.377	73.294	126.651	533.260	17.981	1.927.779
Operating expenses continuing ⁽⁴⁾	(681.700)	(160.715)	(20.249)	(35.106)	(54.879)	(446.808)	1.840	(1.397.617)
Net operating income continuing	(33.202)	317.003	30.128	38.188	71.772	86.452	19.821	530.162
Dividend income ^{(2), (4)}	-	-	-	-	-	2.479	-	2.479
Income/Loss from Investments accounted based on equity method ⁽⁴⁾	-	-	-	-	-	7.742	-	7.742
Profit before tax	(33.202)	317.003	30.128	38.188	71.772	96.673	19.821	540.383
Tax expense ^{(2), (4)}	-	-	-	-	-	(111.483)	-	(111.483)
Net period income from continuing operations	(33.202)	317.003	30.128	38.188	71.772	(14.810)	19.821	428.900
Minority interest (-) ⁽⁴⁾	-	-	-	-	-	(62)	-	(62)
Net period income from discontinued operations ⁽⁴⁾	-	-	-	-	-	-	-	-
Group income/loss	(33.202)	317.003	30.128	38.188	71.772	(14.872)	19.821	428.838
Segment assets ⁽³⁾	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 ⁽³⁾	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) Segment asset and liability balances are extracted from Management Information Systems (MIS).
- (4) Prior period balances are as of March 31, 2014.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	1.734.943	587.523	1.696.981	584.111
The CBRT ⁽¹⁾	295.485	21.924.585	1.293.701	19.460.663
Other	-	339.730	-	179.209
Total	2.030.428	22.851.838	2.990.682	20.223.983

- (1) The balance of gold amounting to TL 4.077.508 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⁾	295.485	2.067.358	1.293.701	2.046.196
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	19.857.227	-	17.414.467
Total	295.485	21.924.585	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 March 31, 2015, the Group's reserve deposits, including those at foreign banks, amount to TL 22.247.815 (December 31, 2014 - TL 20.785.117).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	165.620	4.633	48.509	3.088
Swap transactions ⁽¹⁾	1.942.864	174.182	894.930	118.185
Futures transactions	-	-	-	-
Options	71.242	22.103	27.400	18.409
Other	-	-	-	-
Total	2.179.726	200.918	970.839	139.682

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

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	43.508	1.148.136	947.196	425.461
Foreign ⁽¹⁾	1.184.560	4.250.110	3.309	2.515.909
Head quarters and branches abroad	-	-	-	-
Total	1.228.068	5.398.246	950.505	2.941.370

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 75.499 (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 2.724.290 (December 31, 2014 - TL 1.102.216) and available-for-sale financial assets subject to repo transactions amounts to TL 4.991.546 (December 31, 2014 - TL 4.607.767).

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

	Current Period	Prior Period
Debt securities	21.180.240	18.626.742
Quoted on stock exchange	19.592.444	17.095.631
Not quoted ⁽¹⁾	1.587.796	1.531.111
Share certificates	89.377	88.925
Quoted on stock exchange	149	177
Not quoted	89.228	88.748
Impairment provision (-) ⁽²⁾	(154.299)	(114.222)
Other ⁽³⁾	93.385	72.652
Total	21.208.703	18.674.097

(1) Includes credit linked notes amounting to TL 830.953 (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	33.241	639.526	29.825	536.763
Loans granted to employees	123.621	911	129.610	1.464
Total	156.862	640.437	159.435	538.227

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	131.258.815	1.496.070	-	4.280.499	1.325.636	42.145
Loans given to enterprises	61.111.451	217.477	-	1.150.538	442.919	14.997
Export loans	5.383.965	100.038	-	72.123	49.489	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.997.088	-	-	-	-	-
Consumer loans	23.944.329	586.236	-	1.370.266	144.273	18.303
Credit cards	17.537.529	403.927	-	568.682	345.665	6.853
Other	20.284.453	188.392	-	1.118.890	343.290	1.992
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	131.258.815	1.496.070	-	4.280.499	1.325.636	42.145

(1) Fair value differences of the hedged item amounting to TL (16.712) 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	1.356.870	1.024.352
Extended by 3,4 or 5 times	69.315	289.819
Extended by more than 5 times	69.885	11.465
Total	1.496.070	1.325.636

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	707.204	280.548
6 - 12 Months	142.809	139.779
1 - 2 Years	295.158	193.986
2 - 5 Years	303.827	382.782
5 Years and over	47.072	328.541
Total	1.496.070	1.325.636

- (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 twenty six loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 0 to 6 months and 1 to 5 years. Three of them were restructured three times, seventeen of them were twice and six 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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim periods.

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	199.837	24.144.211	24.344.048
Real estate loans	9.997	11.396.050	11.406.047
Automotive loans	3.713	571.542	575.255
Consumer loans	186.127	12.176.619	12.362.746
Other	-	-	-
Consumer loans-FC indexed	-	57.992	57.992
Real estate loans	-	57.240	57.240
Automotive loans	-	-	-
Consumer loans	-	752	752
Other	-	-	-
Consumer loans-FC	41.393	183.525	224.918
Real estate loans	456	30.005	30.461
Automotive loans	7.399	22.104	29.503
Consumer loans	12.303	93.004	105.307
Other	21.235	38.412	59.647
Individual credit cards-TL	12.701.715	680.320	13.382.035
With installments	6.542.051	674.566	7.216.617
Without installments	6.159.664	5.754	6.165.418
Individual credit cards-FC	906	62.057	62.963
With installments	906	62.057	62.963
Without installments	-	-	-
Personnel loans-TL	5.015	53.282	58.297
Real estate loans	69	1.033	1.102
Automotive loans	-	508	508
Consumer loans	4.946	51.741	56.687
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	670	1.034	1.704
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	498	817	1.315
Other	172	217	389
Personnel credit cards-TL	61.837	482	62.319
With installments	30.234	482	30.716
Without installments	31.603	-	31.603
Personnel credit cards-FC	2	677	679
With installments	2	677	679
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	627.596	-	627.596
Credit deposit account-FC (real person)	40	-	40
Total	13.639.011	25.183.580	38.822.591

(1) TL 622 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 March 31, 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	915.551	9.178.163	10.093.714
Business loans	2.565	663.305	665.870
Automotive loans	33.704	1.827.925	1.861.629
Consumer loans	879.282	6.686.933	7.566.215
Other	-	-	-
Commercial installments loans-FC indexed	28.860	240.577	269.437
Business loans	-	15.377	15.377
Automotive loans	-	57.414	57.414
Consumer loans	28.860	167.786	196.646
Other	-	-	-
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	4.592.795	5.420	4.598.215
With installment	2.881.086	5.052	2.886.138
Without installment	1.711.709	368	1.712.077
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	1.076.223	-	1.076.223
Credit deposit account-FC (legal person)	-	-	-
Total	6.613.429	9.424.160	16.037.589

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim periods.

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

	Current Period	Prior Period
Domestic loans	131.680.322	122.057.842
Foreign loans	3.858.992	3.476.225
Total	135.539.314	125.534.067

8. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	88.044	88.339
Indirect loans granted to associates and subsidiaries	-	-
Total	88.044	88.339

9. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	137.567	97.558
Loans and other receivables with doubtful collectability	503.943	484.214
Uncollectible loans and other receivables	2.825.602	2.524.509
Total	3.467.112	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 collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	2.953	38.365	290.806
Restructured loans and other receivables	2.953	38.365	290.806
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	-	-	-

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 (+)	793.144	22.592	53.723
Transfers from other categories of non-performing loans (+)	-	623.479	419.234
Transfer to other categories of non-performing loans (-)	(623.479)	(419.234)	-
Collections (-)	(33.871)	(66.575)	(173.746)
FX valuation differences	(144)	(170)	(2.869)
Write-offs (-)	-	-	(83)
Corporate and commercial loans	-	-	(44)
Consumer loans	-	-	(39)
Credit cards	-	-	-
Other	-	-	-
Current Period	757.278	1.217.805	2.996.241
Specific provision (-)	(137.567)	(503.943)	(2.825.602)
Net balance on balance sheet	619.711	713.862	170.639

(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	230.061	73.240	540.094
Specific provision (-)	(43.319)	(12.865)	(404.124)
Net balance on-balance sheet	186.742	60.375	135.970
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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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)	619.711	713.862	170.639
Loans granted to real persons and corporate entities (gross)	757.278	1.217.805	2.887.670
Specific provision amount (-)	(137.567)	(503.943)	(2.717.031)
Loans granted to real persons and corporate entities (net)	619.711	713.862	170.639
Banks (gross)	-	-	24.575
Specific provision amount (-)	-	-	(24.575)
Banks (net)	-	-	-
Other loans and receivables (gross) ⁽¹⁾	-	-	83.996
Specific provision amount (-) ⁽¹⁾	-	-	(83.996)
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) ⁽¹⁾	-	-	83.996
Specific provision amount (-) ⁽¹⁾	-	-	(83.996)
Other loans and receivables (Net)	-	-	-

- (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 1.675.182 (December 31, 2014 - TL 1.619.980). Held-to-maturity investments subject to repurchase agreements amount to TL 2.140.441 (December 31, 2014 - TL 2.143.948).

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

	Current Period	Prior Period
Government bond	5.600.948	5.242.386
Treasury bill	-	-
Other debt securities	311.359	313.983
Total	5.912.307	5.556.369

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

	Current Period	Prior Period
Debt securities	6.056.273	5.678.909
Quoted on stock exchange	6.056.273	5.678.909
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(143.966)	(122.540)
Total	5.912.307	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⁾	390.818	201.600
Purchases during year	116.896	834.017
Disposals through sales and redemptions	(130.350)	(2.376.954)
Impairment provision (-) ⁽²⁾	(21.426)	8.103
Period end balance	5.912.307	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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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⁾	İstanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	İstanbul/Türkiye	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	115.240	91.597	59.454	4.246	18	21.834	32.665	-
2	56.641	25.774	32.679	1.009	-	3.490	2.644	-

(1) Financial statement information disclosed above shows December 31, 2014 results.

2. Consolidated investments in associates:

(i). Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%) ⁽¹⁾
1	Banque de Commerce et de Placements S.A.	Geneva/Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş.	İstanbul/Türkiye	-	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	8.662.767	1.007.698	6.327	25.191	4.264	19.917	18.124	-
2	1.137.378	236.381	69.740	24.326	-	36.287	58.981	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	27.996	9.623
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	13.006	34.164
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries	36.926	(5.046)
Impairment provision ⁽¹⁾	(21.936)	(19.495)
Balance at the end of the period	484.580	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	299.093	260.370
Insurance companies	185.487	196.214
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	484.580	456.584

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	-	-	-	-	-
Marketable Securities Valuation					
Differences	13.597	-	-	-	(4.193)
Other reserves	93.423	-	(217.104)	-	-
Legal reserves	66.880	8.034	79.305	16.314	-
Extraordinary reserves	209.302	10.458	771.384	-	423.809
Other reserves	(94)	(10)	40	-	248.604
Profit/loss	(40.198)	114.308	320.722	5.622	14.090
Current period net profit	29.748	7.444	42.481	5.622	14.090
Prior period profit	(69.946)	106.864	278.241	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	1.998	488	3.139	747	459
Total core capital	439.830	193.016	1.341.136	26.896	794.293
Supplementary capital	-	10.127	27.595	-	159
Capital	439.830	203.143	1.368.731	26.896	794.452
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	439.830	203.143	1.368.731	26.896	794.452

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of March 31, 2015.

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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/Türkiye	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	İstanbul/Türkiye	99,96	99,99

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

	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	23.738	18.240	829	-	-	2.061	968	-
2	39.377	26.338	3.786	443	-	27	461	-

3. Consolidated subsidiaries:

(i). Information on consolidated subsidiaries:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	227.084	227.011	-	-	-	443	(30)	-	-
2	3.513.661	446.332	10.320	37.794	947	29.748	33.838	-	-
3	2.841.947	193.504	1.210	37.475	-	7.444	15.877	-	-
4	458.899	121.364	7.408	7.968	506	2.553	2.963	-	-
5	5.978.992	1.344.275	3.761	93.573	-	42.481	29.444	-	-
6	35.221	27.643	1.634	917	-	5.622	4.210	-	-
7	5.172.286	794.752	1.387	48.583	2.341	14.090	18.384	-	-
8	952.754	173.902	47.701	25.547	31	2.101	9.603	-	-
9	177.696	168.721	3.131	474	-	(768)	-	-	-

(1) The above financial information is extracted from the financial statements of companies included in the preparation of consolidated financial statements are used as of March 31, 2015.

(iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	2.434.550	2.363.467
Movements during the period	(65.302)	71.083
Purchases	-	124.138
Free shares obtained profit from current years share	-	-
Share of current year income	-	-
Sales	-	-
Liquidation ⁽¹⁾	-	(39.558)
Transfers	-	-
Revaluation (decrease) / increase	(65.302)	(13.497)
Impairment provision	-	-
Balance at the end of the period	2.369.248	2.434.550
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	467.395	525.238
Insurance companies	-	-
Factoring companies	335.223	328.859
Leasing companies	898.691	908.760
Finance companies	-	-
Other financial subsidiaries	667.939	671.693
Total financial subsidiaries	2.369.248	2.434.550

(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	67.518	144.900	8.987	21.285	(18.564)
Total			67.518	144.900	8.987	21.285	(18.564)

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.925.221	1.584.771	1.906.241	1.577.071
Between 1- 4 years	3.249.188	2.692.195	2.780.122	2.273.797
More than 4 years	1.249.198	1.119.702	1.283.932	1.154.382
Total	6.423.607	5.396.668	5.970.295	5.005.250

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	1.645.599	4.778.008	1.660.553	4.309.742
Unearned financial income from leases (-)	(327.651)	(699.288)	(333.304)	(631.741)
Amount of cancelled leases (-)	-	-	-	-
Total	1.317.948	4.078.720	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⁾	268.878	-	177.895	-
Cash flow hedge ⁽¹⁾	242.447	-	78.251	-
Foreign net investment hedge			-	-
Total	511.325	-	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 785.383. Additionally, there has been a reversal out of previously incurred impairment amounting to TL 103.401, which is booked as an income. Had the Bank did not apply fair value accounting; carrying amount of buildings would have been TL 540.917, as of 31 March 2015.

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 March 31, 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	13.469	64.578
Transfers	-	-
Disposals (-), net	(14.881)	(63.481)
Impairment provision reversal	204	979
Impairment provision (-)	(92)	(566)
Depreciation (-)	(1.284)	(4.958)
Translation differences	103	(462)
Net book value at the end of the period	153.004	155.485
Cost at the end of the period	167.185	169.027
Accumulated depreciation at the end of the period (-)	(14.181)	(13.542)
Net book value at the end of the period	153.004	155.485

As of March 31, 2015, the Group booked impairment provision on assets held for resale with an amount of TL 7.886 (December 31, 2014 - TL 7.998).

ö. Information on other assets:

As of March 31, 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 March 31, 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	3.665.294	1.316	2.428.034	22.720.617	1.006.223	259.183	247.328	30.327.995
Foreign currency deposits	8.342.698	25.767	4.801.886	28.780.797	5.030.015	2.599.554	2.569.974	52.150.691
Residents in Turkey	7.586.985	18.635	4.443.214	27.980.405	2.176.557	1.176.559	1.055.943	44.438.298
Residents abroad	755.713	7.132	358.672	800.392	2.853.458	1.422.995	1.514.031	7.712.393
Public sector deposits	1.110.311	-	231	66.807	297	255	72	1.177.973
Commercial deposits	4.414.071	-	5.810.827	14.266.076	1.184.428	407.113	315.400	26.397.915
Other institutions deposits	75.883	-	60.413	2.770.246	810.881	605.355	5.820	4.328.598
Precious metals vault	359.404	-	21.946	59.788	26.393	42.004	146.366	655.901
Bank deposits	1.156.668	10.398	2.177.945	429.713	195.777	624.187	62.612	4.657.300
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	2.100	-	2.167.144	423.180	2.021	6.117	6.476	2.607.038
Foreign banks	130.591	10.398	10.801	6.533	193.756	618.070	56.136	1.026.285
Participation banks	1.023.977	-	-	-	-	-	-	1.023.977
Other	-	-	-	-	-	-	-	-
Total	19.124.329	37.481	15.301.282	69.094.044	8.254.014	4.537.651	3.347.572	119.696.373

(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

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Notes to consolidated financial statements as of March 31, 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	15.348.377	14.413.302	15.077.121	15.541.985
Foreign currency savings deposit	5.500.078	5.038.690	16.362.322	13.437.356
Other deposits in the form of savings deposits	299.792	453.318	294.524	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	7.046	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	125.596	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	186.270	4.736	58.781	3.942
Swap transactions ⁽¹⁾	1.672.404	318.069	610.069	132.892
Futures transactions	-	-	-	-
Options	67.601	29.400	31.687	22.955
Other	-	-	-	-
Total	1.926.275	352.205	700.537	159.789

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	1.608.689	1.132.311	1.408.691	906.936
From foreign banks, institutions and funds	442.731	20.222.267	662.856	18.438.473
Total	2.051.420	21.354.578	2.071.547	19.345.409

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1.578.125	13.484.926	1.394.185	9.627.189
Medium and long-term	473.295	7.869.652	677.362	9.718.220
Total	2.051.420	21.354.578	2.071.547	19.345.409

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	2.011.917	2.003.649	1.638.373	1.712.209
Asset backed securities	-	4.287.500	-	3.054.498
Bonds	1.557.038	5.980.117	1.648.691	5.302.166
<i>Collateralized securities</i>	471.727	-	462.642	-
Total	3.568.955	12.271.266	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 IAS 39 paragraph 9. As of March 31, 2015, the total amount of financial liabilities classified as fair value through profit/loss is TL 2.111.776 (December 31, 2014: TL 1.163.996) and the fair value difference is TL 28.830 (December 31, 2014: TL 5.673) recognised in the income statement as income.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 March 31, 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⁾	708	-	657	-
Cash flow hedge ⁽¹⁾	147.404	226.688	228.442	211.349
Foreign net investment hedge	-	-	-	-
Total	148.112	226.688	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	1.586.678	1.489.110
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	90.514	61.798
II. Provisions for second group loans and receivables	193.983	194.464
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	53.198	55.839
Provisions for non-cash loans	87.255	84.796
Other	201.597	159.451
Total	2.069.513	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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Discount rate (%)	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. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.541,37 effective from January 1, 2015 (January 1, 2014 - full TL 3.438,22) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	141.134	122.718
Changes during the period	8.993	28.456
Recognized in equity	-	21.194
Paid during the period	(10.219)	(31.631)
Foreign currency differences	52	397
Balance at the end of the period	139.960	141.134

In addition, the Group has accounted for unused vacation rights provision amounting to TL 145.436 as of March 31, 2015 (December 31, 2014 - TL 136.910).

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

As of March 31, 2015, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 11.768 (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	654.901	654.901
Provisions on unindemnified non cash loans	90.803	82.424
Provisions on credit cards and promotion campaigns related to banking services	36.524	35.877
Provision on export commitment tax and funds liability	45.699	44.489
Other	31.062	155.270
Total	858.989	972.961

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

(ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	133.074	180.211
Total	133.074	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	63.589	179.027
Taxation of Marketable Securities	100.784	94.719
Property Tax	2.857	2.411
Banking Insurance Transaction Tax ("BITT")	79.570	79.811
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.474	10.766
Other	64.656	30.592
Total	314.930	397.326

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	321	239
Social security premiums - employer	375	280
Bank pension fund premiums - employee	15.681	11.981
Bank pension fund premiums - employer	16.210	12.397
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	1.119	855
Unemployment insurance - employer	2.239	1.711
Other	-	-
Total	35.945	27.463

(iii) Information on deferred tax liability:

There is a deferred tax liability amounting to TL 53.590 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2014 – TL 2.439).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	-	7.407.141	-	6.770.549
From other foreign institutions	-	-	-	-
Total	-	7.407.141	-	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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference	-	-	-	-
Available for sale securities	6.424	183.590	193.539	197.929
Valuation differences	6.424	183.590	193.539	197.929
Foreign currency differences	-	-	-	-
Total	6.424	183.590	193.539	197.929

9. Other:

It was decided to distribute unconsolidated net profit of TL 1.844.966 as of December 31, 2014, in accordance with the General Assembly dated March 25, 2015 as follows: TL 400.000 to be paid as dividend to shareholders, TL 110.512 to be transferred to legal reserves, TL 1.487 to be transferred to special funds account in accordance with the article No 5 1/e section of the Corporate Tax Law numbered 5520 as 75% of the profit from the sale of real estate and the remaining TL 1.332.967 to be transferred to extraordinary reserves.

i. **Information on minority interest:**

	Current Period	Prior Period
Period opening balance	462	2.527
Current period income/(loss)	17	167
Dividends paid	(41)	(47)
Transaction done with minority ⁽¹⁾	-	(2.185)
Period ending balance	438	462

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

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Notes to consolidated financial statements as of March 31, 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	26.529.698	25.612.776
Loan granting commitments	8.166.974	8.125.659
Commitments for cheques	6.434.466	5.981.382
Other irrevocable commitments	34.577.072	6.703.313
Total	75.708.210	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 87.255 (December 31, 2014 - TL 84.796) and specific provision amounting to TL 410.215 (December 31, 2014 - TL 381.510) for non-cash loans which are not indemnified yet amounting to TL 90.803 (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	127.168	126.982
Letter of credits	8.175.714	7.859.833
Other guarantees and collaterals	3.077.316	2.774.812
Total	11.380.198	10.761.627

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

	Current Period	Prior Period
Temporary letter of guarantees	1.755.034	1.825.976
Definite letter of guarantees	28.520.712	27.510.437
Advance letter of guarantees	4.647.891	4.339.852
Letter of guarantees given to customs	2.022.042	2.069.847
Other letter of guarantees	2.444.391	2.249.100
Total	39.390.070	37.995.212

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Notes to consolidated financial statements as of March 31, 2015 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.166.712	1.980.658
With original maturity of 1 year or less than 1 year	394.415	360.254
With original maturity of more than 1 year	1.772.297	1.620.404
Other non-cash loans	48.603.556	46.776.181
Total	50.770.268	48.756.839

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

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

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

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

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

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

b. Information on derivative financial instruments:

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

c. Information on credit derivatives and risk exposures:

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

ç. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 82.648 (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.

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Notes to consolidated financial statements as of March 31, 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⁾	1.136.125	73.718	881.001	63.835
Medium/long-term loans ⁽¹⁾	1.193.141	518.671	809.028	411.021
Interest on loans under follow-up	18.711	40	26.709	180
Premiums received from resource utilisation support fund	-	-	-	-
Total	2.347.977	592.429	1.716.738	475.036

(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	31.546	4	32.715	500
From foreign banks	1.032	32.284	1.409	4.642
Headquarters and branches abroad	-	-	-	-
Total	32.578	32.288	34.124	5.142

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	1.558	285	327	493
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	314.127	50.020	273.978	54.419
From held-to-maturity investments	42.335	52.575	74.230	50.473
Total	358.020	102.880	348.535	105.385

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	1.887	1.261

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Notes to consolidated financial statements as of March 31, 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	38.747	208.477	29.293	168.225
The CBRT	-	-	-	-
Domestic banks	17.998	3.349	7.245	1.984
Foreign banks	20.749	205.128	22.048	166.241
Headquarters and branches abroad	-	-	-	-
Other institutions	17	14.167	-	94
Total⁽¹⁾	38.764	222.644	29.293	168.319

(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	436	244

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	72.230	95.690	43.954	60.429
Total	72.230	95.690	43.954	60.429

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	59	13.177	305	76	330	-	-	13.947	2.214
Saving deposit	-	38.583	551.364	29.869	5.756	5.553	-	631.125	462.758
Public sector deposit	-	14	1.246	5	11	-	-	1.276	933
Commercial deposit	8	67.248	342.451	69.304	10.984	6.081	-	496.076	225.468
Other deposit	-	4.619	99.693	17.305	12.237	139	-	133.993	120.246
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	67	123.641	995.059	116.559	29.318	11.773	-	1.276.417	811.619
FC									
Foreign currency deposit	250	45.052	129.086	9.017	6.067	17.963	-	207.435	269.357
Bank deposit	14	1.231	562	746	4.097	205	-	6.855	6.921
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	197	229	22	36	9	-	493	623
Total	264	46.480	129.877	9.785	10.200	18.177	-	214.783	276.901
Grand total	331	170.121	1.124.936	126.344	39.518	29.950	-	1.491.200	1.088.520

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Notes to consolidated financial statements as of March 31, 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 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	10.794.286	8.727.901
Gain from capital market transactions	157.662	26.966
Derivative financial transaction gains	4.024.304	2.944.669
Foreign exchange gains	6.612.320	5.756.266
Loss(-)	(10.812.536)	(8.862.984)
Loss from capital market transactions	(21.848)	(12.433)
Derivative financial transaction losses	(4.419.181)	(3.044.297)
Foreign exchange loss	(6.371.507)	(5.806.254)
Net gain/loss	(18.250)	(135.083)

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 234.785 (March 31, 2014 - TL 102.965 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 103.401, as an income. Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of fixed assets.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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	393.765	342.868
III. Group loans and receivables	61.859	20.808
IV. Group loans and receivables	35.285	61.233
V. Group loans and receivables	296.621	260.827
General provision expenses	144.053	88.318
Provision expense for possible risks	3.869	7.919
Marketable securities impairment expenses ⁽¹⁾	8.307	11.698
Financial assets at fair value through profit or loss	217	206
Available-for-sale financial assets	8.090	11.492
Impairment of investments in associates, subsidiaries and held-to-maturity securities	6.937	9.040
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	6.937	9.040
Other	14.021	3.086
Total	570.952	462.929

(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	471.827	394.860
Reserve for employee termination benefits	124	57
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	50.286	39.941
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	31.776	24.487
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	92	102
Depreciation expenses of assets held for resale	1.284	1.243
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	380.679	293.705
Operational lease expenses	55.552	46.548
Repair and maintenance expenses	18.702	9.338
Advertising expenses	27.537	26.335
Other expense	278.888	211.484
Loss on sales of assets	23	45
Other	247.770	180.248
Total	1.183.861	934.688

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Notes to consolidated financial statements as of March 31, 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 March 31, 2015, the Group has current tax expense amounting to TL 39.446 (March 31, 2014 - TL 190.149) and deferred tax expense amounting to TL 114.387 (March 31, 2014 - TL 78.666 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	17	62

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 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 communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim periods.

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

None.

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

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

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

Current Period Group's risk group ⁽¹⁾⁽²⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	88.339	5.916	47.956	536.763	1.320.617	2.117.169
Balance at the end of the period	156.210	15.774	53.551	639.526	1.816.013	1.634.137
Interest and commission income received	1.887	12	3.983	1.213	37.711	1.882

(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 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	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	88.320	3.769	127.213	450.294	903.056	1.029.707
Balance at the end of the period	88.339	5.916	47.956	536.763	1.320.617	2.117.169
Interest and commission income received ⁽³⁾	1.261	14	1.286	947	27.537	3.133

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

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

(3) Financial statement information disclosed above shows March 31, 2014 results.

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

Group's risk group ⁽¹⁾⁽²⁾ Deposit	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Beginning of the period	121.840	6.688	13.660.682	15.480.464	10.291.156	6.544.935
End of the period	15.718	121.840	13.651.124	13.660.682	6.803.345	10.291.156
Interest expense on deposits ⁽³⁾	436	244	191.608	142.911	104.802	75.252

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

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

(3) Financial statement information disclosed above for prior periods shows March 31, 2014 results.

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Notes to consolidated financial statements as of March 31, 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⁾	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⁾	-	-	150.569	442.253	879.327	659.635
End of the period ⁽³⁾	4.794	-	1.099.491	150.569	1.060.320	879.327
Total profit / loss ⁽⁴⁾	31	(98)	(1.323)	2.855	(72.020)	(44.132)
Transactions for hedging purposes ⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss ⁽⁴⁾	-	-	-	-	-	-

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

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

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

(4) Financial statement information disclosed above shows March 31, 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 25.284 as of March 31, 2015 (March 31, 2014 - TL 20.574).

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)

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Notes to consolidated financial statements as of March 31, 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 March 31, 2015 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated May 8, 2015 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.