

Yapı ve Kredi Bankası A.Ş.

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

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

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

Independent audit report

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

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

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

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

Additional paragraph for convenience translation to English:

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

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

Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, February 10, 2014

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

E-Mail: financialreports@yapikredi.com.tr

**The unconsolidated year end financial report of
Yapı ve Kredi Bankası A.Ş. as of December 31, 2013**

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

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

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

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

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Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2013

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

Section One

General Information

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

Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi"), 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. Explanations about the 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 Bank's publicly traded shares are traded on the Borsa İstanbul ("BIST") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of December 31, 2013, 18,20% of the shares of the Bank are publicly traded (December 31, 2012 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organization 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. As a result of the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS shares in the Bank increased to 81,80%.

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

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

Board of Directors Members:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2013 (continued)

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

General information (continued)

Audit Committee Members:

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

General Manager and Deputy General Manager:

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

Assistant General Managers:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2013 (continued)

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

General information (continued)

IV. Information on the individual and corporate shareholders having control shares of the 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 Bank's activities and service types:

The Bank's activities summarized from the section 3 of the articles of association are as follows.

The 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.

As of December 31, 2013, the Bank has 948 branches operating in Turkey and 1 branch in overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas). As of December 31, 2013, the Bank has 15.683 employees (December 31, 2012 - 14.733 employees).

The accompanying unconsolidated 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 consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş., on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group. These entities are taken into account as a deduction item in shareholders' equity for the purpose of calculation of capital adequacy ratio.

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

All other subsidiaries are fully consolidated.

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

None.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

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

Section two Unconsolidated financial statements

I. Balance sheet (Statement of Financial Position)

Assets	Note (Section Five)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	1.330.472	17.446.710	18.777.182	1.620.811	9.455.751	11.076.562
II. Financial assets at fair value through profit or (loss) (net)	I-b	1.535.234	130.008	1.665.242	629.323	211.078	840.401
2.1 Trading financial assets		1.535.234	130.008	1.665.242	629.323	211.078	840.401
2.1.1 Government debt securities		11.000	24.519	35.519	341.736	110.557	452.293
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading	I-c	1.524.234	104.294	1.628.528	287.587	92.640	380.227
2.1.4 Other marketable securities		-	1.195	1.195	-	7.881	7.881
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-ç	506.372	2.495.274	3.001.646	297.735	2.423.218	2.720.953
IV. Money markets		2.851.375	48.453	2.899.828	2.618.818	111.234	2.730.052
4.1 Interbank money market placements		-	-	-	330.046	-	330.046
4.2 Receivables from Istanbul Stock Exchange Money Market		1.701.131	48.453	1.749.584	1.396.571	111.234	1.507.805
4.3 Receivables from reverse repurchase agreements		1.150.244	-	1.150.244	892.201	-	892.201
V. Financial assets available-for-sale (net)	I-d,e	9.254.920	3.856.941	13.111.861	7.742.462	7.119.001	14.861.463
5.1 Share certificates		5.760	229	5.989	5.132	179	5.311
5.2 Government debt securities		7.853.497	3.383.608	11.237.105	6.200.265	6.939.048	13.139.313
5.3 Other marketable securities		1.395.663	473.104	1.868.767	1.537.065	179.774	1.716.839
VI. Loans and receivables	I-f	65.761.979	30.276.751	96.038.730	54.892.258	20.877.058	75.769.316
6.1 Loans and receivables		64.824.545	30.066.698	94.891.243	54.024.235	20.770.277	74.794.512
6.1.1 Loans to bank's risk group		615.998	284.051	900.049	602.690	305.441	908.131
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		64.208.547	29.782.647	93.991.194	53.421.545	20.464.836	73.886.381
6.2 Loans under follow-up		3.056.127	501.476	3.557.603	2.202.516	323.389	2.525.905
6.3 Specific provisions (-)		(2.118.693)	(291.423)	(2.410.116)	(1.334.493)	(216.608)	(1.551.101)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	I-g	3.526.884	2.927.024	6.453.908	3.286.761	2.399.687	5.686.448
8.1 Government debt securities		3.526.884	2.927.024	6.453.908	3.286.761	2.399.687	5.686.448
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-ğ	4.503	43.404	47.907	4.503	43.404	47.907
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	43.404	47.907	4.503	43.404	47.907
9.2.1 Investments in financial associates		-	43.404	43.404	-	43.404	43.404
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	I-h	1.825.790	539.977	2.365.767	3.254.382	565.797	3.820.179
10.1 Unconsolidated financial subsidiaries		1.823.490	539.977	2.363.467	3.252.082	565.797	3.817.879
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	19.623	-	19.623	19.623	-	19.623
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		19.623	-	19.623	19.623	-	19.623
11.2.1 Financial joint ventures		19.623	-	19.623	19.623	-	19.623
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	I-j	462.819	4.808	467.627	94.166	-	94.166
13.1 Fair value hedge		307.375	-	307.375	93.996	-	93.996
13.2 Cash flow hedge		155.444	4.808	160.252	170	-	170
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	934.355	-	934.355	984.674	-	984.674
XV. Intangible assets (net)	I-l	1.376.092	-	1.376.092	1.329.944	-	1.329.944
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		396.599	-	396.599	350.451	-	350.451
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		25.032	-	25.032	52.535	-	52.535
17.1 Current tax asset		7.407	-	7.407	-	-	-
17.2 Deferred tax asset	I-n	17.625	-	17.625	52.535	-	52.535
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	151.396	-	151.396	132.195	-	132.195
18.1 Held for sale purposes		151.396	-	151.396	132.195	-	132.195
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	943.597	601.519	1.545.116	1.006.493	1.007.296	2.013.789
Total assets		90.510.443	58.370.869	148.881.312	77.966.683	44.213.524	122.180.207

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2013 and 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

I. Balance sheet (Statement of Financial Position)

	Note (Section Five)	Current Period			Prior Period		
		TL	FC	Total	TL	FC	Total
		(31/12/2013)			(31/12/2012)		
I. Deposits	II-a	44.303.269	42.004.358	86.307.627	41.440.810	26.603.130	68.043.940
1.1 Deposits of the Bank's risk group		4.005.367	8.432.153	12.437.520	4.838.601	3.907.990	8.746.591
1.2 Other		40.297.902	33.572.205	73.870.107	36.602.209	22.695.140	59.297.349
II. Derivative financial liabilities held for trading	II-b	755.244	88.312	843.556	286.669	84.585	371.254
III. Funds borrowed	II-c	1.087.491	15.340.417	16.427.908	638.396	11.782.055	12.420.451
IV. Money markets		249.162	3.143.784	3.392.946	1.711.008	3.019.074	4.730.082
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		249.162	3.143.784	3.392.946	1.711.008	3.019.074	4.730.082
V. Marketable securities issued (net)	II-ç	1.659.777	4.186.983	5.846.760	1.441.014	885.367	2.326.381
5.1 Bills		1.165.920	827.050	1.992.970	737.778	-	737.778
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		493.857	3.359.933	3.853.790	703.236	885.367	1.588.603
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		5.457.238	1.399.101	6.856.339	4.759.776	617.741	5.377.517
VIII. Other liabilities	II-d	1.145.831	722.667	1.868.498	1.605.587	1.027.930	2.633.517
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-e	288	477	765	596	6.791	7.387
10.1 Financial lease payables		310	486	796	681	6.983	7.664
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		(22)	(9)	(31)	(85)	(192)	(277)
XI. Derivative financial liabilities held for hedging	II-f	30.573	355.822	386.395	412.001	492.686	904.687
11.1 Fair value hedge		-	-	-	90.233	-	90.233
11.2 Cash flow hedge		30.573	355.822	386.395	321.768	492.686	814.454
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.435.870	536.807	2.972.677	2.438.060	461.105	2.899.165
12.1 General loan loss provision		982.335	488.336	1.470.671	919.039	385.793	1.304.832
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		216.717	-	216.717	213.610	-	213.610
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.236.818	48.471	1.285.289	1.305.411	75.312	1.380.723
XIII. Tax liability	II-ğ	187.911	-	187.911	408.142	-	408.142
13.1 Current tax liability		187.911	-	187.911	408.142	-	408.142
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	6.480.981	6.480.981	-	5.195.642	5.195.642
XVI. Shareholders' equity	II-ı	17.335.719	(26.770)	17.308.949	15.926.652	935.390	16.862.042
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		1.255.221	(26.770)	1.228.451	2.758.337	935.390	3.693.727
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		218.075	267.891	485.966	2.039.404	1.377.550	3.416.954
16.2.4 Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investments in associates, subsidiaries and joint ventures		15.107	-	15.107	-	-	-
16.2.8 Hedging funds (effective portion)		179.544	(294.661)	(115.117)	(118.653)	(442.160)	(560.813)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		298.614	-	298.614	293.705	-	293.705
16.3 Profit reserves		8.530.472	-	8.530.472	6.907.792	-	6.907.792
16.3.1 Legal reserves		463.786	-	463.786	359.847	-	359.847
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		8.051.473	-	8.051.473	6.546.849	-	6.546.849
16.3.4 Other profit reserves		15.213	-	15.213	1.096	-	1.096
16.4 Income or (loss)		3.202.975	-	3.202.975	1.913.472	-	1.913.472
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		3.202.975	-	3.202.975	1.913.472	-	1.913.472
Total liabilities and shareholders' equity		74.648.373	74.232.939	148.881.312	71.068.711	51.111.496	122.180.207

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

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

II. Off-balance sheet commitments

	Note (Section Five)	Current Period (31/12/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (II+III)	102.762.440	122.829.471	225.591.911	113.305.921	113.241.494	226.547.415
I.	Guarantees and warranties	12.898.958	24.693.477	37.592.435	11.376.121	16.986.676	28.362.797
1.1	Letters of guarantee	12.818.400	14.584.549	27.402.949	11.271.953	9.239.705	20.511.658
1.1.1	Guarantees subject to state tender law	482.038	657.448	1.139.486	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations	1.521.868	13.927.101	15.448.969	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee	10.814.494	-	10.814.494	9.573.268	-	9.573.268
1.2	Bank acceptances	-	118.686	118.686	-	121.325	121.325
1.2.1	Import letter of acceptance	-	118.686	118.686	-	121.325	121.325
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	1.208	6.458.142	6.459.350	13.789	5.596.826	5.610.615
1.3.1	Documentary letters of credit	1.208	6.458.142	6.459.350	13.789	5.596.826	5.610.615
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	-	-	-	143	2.377	2.520
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	79.350	2.016.957	2.096.307	90.236	1.057.479	1.147.715
1.9	Other warranties	-	1.515.143	1.515.143	-	968.964	968.964
II.	Commitments	37.495.938	7.552.103	45.048.041	75.280.393	28.375.675	103.656.068
2.1	Irrevocable commitments	37.495.938	7.552.103	45.048.041	29.934.837	7.009.518	36.944.355
2.1.1	Asset purchase and sale commitments	1.816.025	6.966.286	8.782.311	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments	-	9	9	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	5.884.104	510.050	6.394.154	4.992.286	330.326	5.322.612
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.385.711	-	5.385.711	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments	41.007	-	41.007	38.106	-	38.106
2.1.9	Commitments for credit card limits	21.610.762	-	21.610.762	17.856.081	-	17.856.081
2.1.10	Commitments for credit cards and banking services promotions	7.365	-	7.365	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	2.750.964	75.758	2.826.722	1.754.294	18.130	1.772.424
2.2	Revocable commitments	-	-	-	45.345.556	21.366.157	66.711.713
2.2.1	Revocable loan granting commitments	-	-	-	45.345.556	21.366.157	66.711.713
2.2.2	Other revocable commitments	-	-	-	-	-	-
III.	Derivative financial instruments	52.367.544	90.583.891	142.951.435	26.649.407	67.879.143	94.528.550
3.1	Derivative financial instruments for hedging purposes	12.176.363	25.452.330	37.628.693	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge	1.104.763	1.506.212	2.610.975	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge	11.071.600	23.946.118	35.017.718	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	40.191.181	65.131.561	105.322.742	12.524.949	41.221.886	53.746.835
3.2.1	Forward foreign currency buy/sell transactions	3.874.595	5.596.930	9.471.525	3.004.739	5.217.724	8.222.463
3.2.1.1	Forward foreign currency transactions-buy	1.101.765	3.679.900	4.781.665	988.634	3.092.645	4.081.279
3.2.1.2	Forward foreign currency transactions-sell	2.772.830	1.917.030	4.689.860	2.016.105	2.125.079	4.141.184
3.2.2	Swap transactions related to foreign currency and interest rates	28.989.040	46.974.699	75.963.739	5.339.212	24.430.414	29.769.626
3.2.2.1	Foreign currency swap-buy	11.579.789	21.617.962	33.197.751	2.604.049	10.715.333	13.319.382
3.2.2.2	Foreign currency swap-sell	17.409.251	15.044.967	32.454.218	2.735.163	10.500.961	13.236.124
3.2.2.3	Interest rate swap-buy	-	5.155.885	5.155.885	-	1.607.060	1.607.060
3.2.2.4	Interest rate swap-sell	-	5.155.885	5.155.885	-	1.607.060	1.607.060
3.2.3	Foreign currency, interest rate and securities options	6.469.546	12.184.618	18.654.164	3.473.998	10.919.644	14.393.642
3.2.3.1	Foreign currency options-buy	2.028.284	4.259.197	6.287.481	1.246.132	3.539.644	4.785.776
3.2.3.2	Foreign currency options-sell	3.064.188	3.206.369	6.270.557	1.684.220	3.214.377	4.898.597
3.2.3.3	Interest rate options-buy	70.800	2.359.526	2.430.326	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell	70.800	2.359.526	2.430.326	145.800	2.047.816	2.193.616
3.2.3.5	Securities options-buy	820.104	-	820.104	215.704	-	215.704
3.2.3.6	Securities options-sell	415.370	-	415.370	111.342	-	111.342
3.2.4	Foreign currency futures	-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate futures	-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	858.000	375.314	1.233.314	707.000	654.104	1.361.104
B.	Custody and pledges received (IV+V+VI)	132.274.872	33.461.678	165.736.550	115.496.598	25.192.246	140.688.844
IV.	Items held in custody	54.881.691	5.616.895	60.498.586	51.688.636	4.089.103	55.777.739
4.1	Customer fund and portfolio balances	-	12	12	-	117	117
4.2	Investment securities held in custody	42.507.367	4.918.699	47.426.066	40.031.441	3.492.529	43.523.970
4.3	Checks received for collection	9.754.090	136.315	9.890.405	9.364.237	88.780	9.453.017
4.4	Commercial notes received for collection	2.612.459	531.332	3.143.791	2.282.730	483.701	2.766.431
4.5	Other assets received for collection	-	30.537	30.537	-	23.976	23.976
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	7.775	-	7.775	10.228	-	10.228
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	76.079.903	27.120.977	103.200.880	62.639.447	20.520.383	83.159.830
5.1	Marketable securities	204.521	237	204.758	220.994	193	221.187
5.2	Guarantee notes	681.445	433.893	1.115.338	703.951	365.205	1.069.156
5.3	Commodity	22.983	-	22.983	28.559	-	28.559
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	52.696.177	19.738.023	72.434.200	41.434.412	15.196.331	56.630.743
5.6	Other pledged items	22.474.777	6.944.919	29.419.696	20.251.531	4.955.489	25.207.020
5.7	Pledged items-depository	-	3.905	3.905	-	3.165	3.165
VI.	Accepted independent guarantees and warranties	1.313.278	723.806	2.037.084	1.168.515	582.760	1.751.275
Total off-balance sheet commitments (A+B)		235.037.312	156.291.149	391.328.461	228.802.519	138.433.740	367.236.259

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

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

III. Income statement

	Note (Section Five)	Current Period 01/01-31/12/2013	Prior Period 01/01-31/12/2012
Income and expense items			
I. Interest income	IV-a	9.235.690	9.372.833
1.1 Interest on loans	IV-a-1	7.557.038	7.589.281
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks	IV-a-2	35.087	33.517
1.4 Interest received from money market transactions		121.487	144.533
1.5 Interest received from marketable securities portfolio	IV-a-3	1.519.160	1.604.762
1.5.1 Trading financial assets		8.832	20.431
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		1.092.835	643.440
1.5.4 Held to maturity investments		417.493	940.891
1.6 Financial lease income		-	-
1.7 Other interest income		2.918	740
II. Interest expense	IV-b	(4.571.458)	(4.880.824)
2.1 Interest on deposits	IV-b-4	(3.501.698)	(3.977.981)
2.2 Interest on funds borrowed	IV-b-1	(701.435)	(553.951)
2.3 Interest expense on money market transactions		(115.292)	(152.459)
2.4 Interest on securities issued	IV-b-3	(236.433)	(186.708)
2.5 Other interest expenses		(16.600)	(9.725)
III. Net interest income (I + II)		4.664.232	4.492.009
IV. Net fees and commissions income		2.006.317	1.761.005
4.1 Fees and commissions received		2.397.619	2.165.631
4.1.1 Non-cash loans		277.365	245.698
4.1.2 Other	IV-i	2.120.254	1.919.933
4.2 Fees and commissions paid		(391.302)	(404.626)
4.2.1 Non-cash loans		(263)	(487)
4.2.2 Other		(391.039)	(404.139)
V. Dividend income	IV-c	132.787	183.377
VI. Trading gain/(loss) (net)	IV-ç	115.048	(39.001)
6.1 Trading gains/(losses) on securities		569.121	305.957
6.2 Derivative financial transactions gains/(losses)	IV-d	1.683.541	(948.671)
6.3 Foreign exchange gains/(losses)		(2.137.614)	603.713
VII. Other operating income	IV-e	452.360	338.192
VIII. Total operating income (III+IV+V+VI+VII)		7.370.744	6.735.582
IX. Provision for impairment of loans and other receivables (-)	IV-f	(1.475.405)	(1.293.415)
X. Other operating expenses (-)	IV-g	(3.339.012)	(2.992.925)
XI. Net operating income/(loss) (VIII-IX-X)		2.556.327	2.449.242
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		-	-
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	2.556.327	2.449.242
XVI. Tax provision for continuing operations (±)	IV-h	(525.787)	(535.770)
16.1 Current tax provision		(151.385)	(739.096)
16.2 Deferred tax provision		(374.402)	203.326
XVII. Net profit/loss from continuing operations (XV±XVI)		2.030.540	1.913.472
XVIII. Income from discontinued operations		1.227.271	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		1.227.271	-
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-ı	1.227.271	-
XXI. Tax provision for discontinued operations (±)	IV-h	(54.836)	-
21.1 Current tax provision		(54.836)	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		1.172.435	-
XXIII. Net profit/loss (XVII+XXII)	IV-i	3.202.975	1.913.472
Earnings/(loss) per share (full TL)		0,0074	0,0044

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

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

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

	Current Period	Prior Period
Income and expense items accounted under shareholders' equity	(31/12/2013)	(31/12/2012)
I. Transfers to marketable securities valuation differences from financial assets available for sale	(3.669.718)	2.402.759
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	179.693	18.864
V. Profit /loss on cash flow hedges (effective part of the fair value changes)	661.738	(336.707)
VI. Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	32.727	269
IX. Deferred tax on valuation differences	339.492	(387.544)
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(2.456.068)	1.697.641
XI. Current year profit/loss	3.202.975	1.913.472
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	1.690.028	4.236
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(247.017)	(209.965)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.759.964	2.119.201
XII. Total income/loss accounted for the period (X+XI)	746.907	3.611.113

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of December 31, 2012

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

V. Statement of changes in shareholders' equity

Prior Period	Note	Paid-	Adjustment	Share	Share	Legal	Status	Extra ord.	Other	Current	Prior	Marketable	Property and	Bonus	Hedging	Assets held	Total
December 31, 2012	(Section	in capital	to share	premium	cancellation	reserves	reserves	reserves	reserves	period	period	securities	equipment and	shares from	funds	for resale/	shareholders'
	five)		capital		profits					net	income	Value	intangible	investments	revaluation	discontinued	equity
										income/(loss)	/(loss)	increase	assets		fund	operations	
I. Period opening balance		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	1.467.299	-	-	(308.530)	-	13.250.929
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I-II)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	1.467.299	-	-	(308.530)	-	13.250.929
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	1.951.647	-	-	-	-	1.951.647
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(269.366)	-	(269.366)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(269.366)	-	(269.366)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(1.992)	-	-	17.083	-	15.091
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	269	-	-	-	-	-	-	-	269
XIX. Current year income or loss		-	-	-	-	-	-	-	-	1.913.472	-	-	-	-	-	-	1.913.472
XX. Profit distribution		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+V+.....+ XVIII +XIX+XX)		4.347.051	-	543.881	-	359.847	-	6.546.849	294.801	1.913.472	-	3.416.954	-	-	(560.813)	-	16.862.042

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of December 31, 2013

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

V. Statement of changes in shareholders' equity

Current Period		Note	Paid-in	Adjustment	Share	Share	Legal	Status	Extra ord.	Other	Current	Prior period	Marketable	Property and	Bonus shares	Hedging	Assets held	Total
December 31, 2013		(Section	capital	to share	premium	cancellation	reserves	reserves	reserves	reserves	period net	income/(loss)	securities	and intangible	from	funds	for resale/	shareholders'
		five)		capital		profits					income/(loss)		value	assets	investments		discontinued	equity
													increase	revaluation		operations	revaluation	
													fund	fund		fund	fund	
I.	Prior period end balance		4.347.051	-	543.881	-	359.847	-	6.546.849	294.801	1.913.472	-	3.416.954	-	-	(560.813)	-	16.862.042
	Changes in the period																	
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(3.158.437)	-	-	-	-	(3.158.437)
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	15.107	-	-	15.107
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	227.449	-	-	(83.695)	-	143.754
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		-	-	-	-	-	-	-	14.117	-	-	-	-	-	-	-	14.117
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	3.202.975	-	-	-	-	-	-	3.202.975
XVIII.	Profit distribution		-	-	-	-	103.939	-	1.504.624	4.909	(1.913.472)	-	-	-	-	-	-	(300.000)
18.1	Dividend paid		-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	-	(300.000)
18.2	Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(1.613.472)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+...+XVI+XVII+XVIII)		4.347.051	-	543.881	-	463.786	-	8.051.473	313.827	3.202.975	-	485.966	-	15.107	(115.117)	-	17.308.949

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2013 and 2012

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

VI. Statement of cash flows

	Notes (Section Five)	Current Period (31/12/2013)	Prior Period (31/12/2012)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		3.619.866	5.000.529
1.1.1 Interest received		10.291.967	8.715.216
1.1.2 Interest paid		(4.388.150)	(4.702.612)
1.1.3 Dividend received		132.787	150.349
1.1.4 Fees and commissions received		2.398.398	2.166.084
1.1.5 Other income		1.450.270	(899.474)
1.1.6 Collections from previously written-off loans and other receivables		1.209.846	1.576.539
1.1.7 Payments to personnel and service suppliers		(2.734.427)	(2.413.358)
1.1.8 Taxes paid		(521.256)	(716.167)
1.1.9 Other	VI-c	(4.219.569)	1.123.952
1.2 Changes in operating assets and liabilities		(5.337.148)	(7.712.256)
1.2.1 Net (increase)/decrease in trading securities		412.601	(283.257)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(7.187.982)	(4.312.304)
1.2.4 Net (increase)/decrease in loans		(22.423.162)	(9.957.615)
1.2.5 Net (increase)/decrease in other assets		689.716	(238.922)
1.2.6 Net increase /(decrease) in bank deposits		980.858	13.988
1.2.7 Net increase /(decrease) in other deposits		17.248.694	4.499.412
1.2.8 Net increase /(decrease) in funds borrowed		3.049.273	(2.173.684)
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	1.892.854	4.740.126
I. Net cash flows from banking operations		(1.717.282)	(2.711.727)
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(653.507)	702.063
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(71.129)	(22.236)
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		1.247.195	-
2.3 Purchases of property and equipment		(251.481)	(271.209)
2.4 Disposals of property and equipment		61.070	35.543
2.5 Purchase of investments available-for-sale		(10.005.484)	(3.258.932)
2.6 Sale of investments available-for -sale		8.611.406	3.349.491
2.7 Purchase of investment securities		(262.570)	(342)
2.8 Sale of investment securities		17.486	869.748
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		2.712.059	702.315
3.1 Cash obtained from funds borrowed and securities issued		11.204.385	7.808.583
3.2 Cash used for repayment of funds borrowed and securities issued		(8.183.185)	(7.059.732)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(300.000)	-
3.5 Payments for finance leases		(9.141)	(46.536)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-c	621.837	(163.969)
V. Net increase in cash and cash equivalents (I+II+III+IV)		963.107	(1.471.318)
VI. Cash and cash equivalents at beginning of the period	VI-a	8.309.106	9.780.424
VII. Cash and cash equivalents at end of the period	VI-a	9.272.213	8.309.106

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2013 and 2012

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

VII. Profit appropriation statement ⁽¹⁾

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements (continued)

As of December 31, 2013

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

Section Three

Accounting policies

I. Explanations on basis of presentation:

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

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

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 2012. TAS/TFRS changes which are effective from January 01, 2013 (TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment), TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income, TAS 19 Employee Benefits (Amended), TAS 27 Separate Financial Statements (Amended), TAS 28 Investments in Associates and Joint Ventures (Amended), TFRS 10 Consolidated Financial Statements, TFRS 11 Joint Arrangements, TFRS 12 Disclosure of Interests in Other Entities, TFRS 13 Fair Value Measurement) do not have a significant effect on the Bank's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II to XXVI below. The changes introduced by TFRS 10 as adopted by the Bank are evaluated and it was concluded that the changes have no impact on consolidation of investments and associates of the Bank.

The effects of TFRS 9, "Financial Instruments" which has not been implemented yet, are under evaluation by the Bank. The standard which the Bank did not early adopt will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. However, as the impact of adoption depends on the assets held by the Bank 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 Bank's accounting policies, financial position and performance.

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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

Accounting policies (continued)

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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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 Bank 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 Bank is deposits. The Bank is also sustaining a lengthened liability structure by using long-term foreign and local currency borrowings from domestic and international investors and 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 Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank 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 exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized 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. Since the foreign currency investments and subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the date when the fair values are remeasured and are accounted under shareholders equity.. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

III. Explanations on investments in associates, subsidiaries and joint ventures:

Investments in associates, subsidiaries and joint ventures are accounted for in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement" in the unconsolidated financial statements. Investments in subsidiaries quoted on organized markets or for which their fair values can be reliably measured, are accounted for at their fair values. While calculating the fair value of foreign currency denominated subsidiaries and associates, exchange rate at the valuation date is used. Differences arising from the revaluation of the subsidiaries are accounted for in the line item "Marketable Securities Valuation Differences" under equity. Investments in subsidiaries which are not quoted on organized markets and for which their fair values cannot be reliably measured, are accounted for at their historical cost less allowance for impairment, if any.

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

The Bank's derivative transactions mostly include 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 remeasured 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 applied to the income or loss arising from

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements (continued)

As of December 31, 2013

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

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

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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

Accounting policies (continued)

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 transaction 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 derecognition of the hedged item.

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

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

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Bank'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 are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

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

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

As of December 31, 2013, the 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.

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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

Accounting policies (continued)

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

Credit default swaps are valued daily by the valuation model of the 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 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, currency exchange transactions, which are 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 Turkish Accounting 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 counterparty.

V. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method periodically. The Bank 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 Bank 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 Bank 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 Bank. 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.

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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

Accounting policies (continued)

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 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.

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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements (continued)

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Accounting policies (continued)

The 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 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.

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

d. Available-for-sale financial assets:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements (continued)

As of December 31, 2013

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

Accounting policies (continued)

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.

IX. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize 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 Bank 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 Bank has no securities lending transactions.

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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Accounting policies (continued)

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 Bank's business classified as sold or held for sale. The operating results of the discontinued operations are disclosed separately in the income statement.

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 recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, 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 recognized 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 amortization 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").

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Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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Accounting policies (continued)

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 amortization and the provision for impairment.

The Bank 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 Bank 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 amortized 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 utilize 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%

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
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Accounting policies (continued)

Expenditures for the repair and maintenance of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized 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 Bank performs financial and operational leasing in the capacity of the lessee.

Financial lease

The Bank 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 recognized. 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. The Bank does not perform financial leasing operations as "Lessor".

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.

XV. Explanations on provisions, contingent liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognized 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 recognized when the Bank 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 recognized in the period of occurrence in accordance with the "Matching principle". A provision is recognized 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.

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
As of December 31, 2013

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Accounting policies (continued)

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 Bank 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 Bank 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 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 23 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.

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. It was decided to extend the transfer date by one year in accordance with the decision of the Council of Ministers on 3 May, 2013.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements (continued)

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Accounting policies (continued)

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 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. Short term benefits of employee:

Within the scope of TAS 19, the Bank 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.

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.

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.

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Accounting policies (continued)

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.

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.

b. Deferred tax:

The Bank 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 Bank 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.

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 unconsolidated financial statements (continued)
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Accounting policies (continued)

XVIII. Explanations on borrowings:

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

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

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

XIX. Explanations on issuance of share certificates:

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

No dividend payments 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 Bank received government grant from TÜBİTAK amounting to TL 1.203 (December 31, 2012 - TL 1.096).

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	2.030.540	1.913.472
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	0,0047	0,0044

	Current Period	Prior Period
Net Income/(loss) from discontinued operations to be appropriated to ordinary shareholders	1.172.435	-
Weighted average number of issued ordinary shares(thousand)	434.705.128	-
Earnings per share from discontinued operations (full TL)	0,0027	-

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

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Notes to unconsolidated financial statements (continued)

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Accounting policies (continued)

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

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

XXIV. Related parties:

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

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements (continued)
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Section Four

Information related to financial position of the Bank

I. Explanations on capital adequacy ratio:

- a. The capital adequacy ratio of the Bank is 16,00% (December 31, 2012 – 16,30%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 26333 as of November 1, 2006".

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

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

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

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

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

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.

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Information related to financial position of the Bank (continued)

Information related to capital adequacy ratio:

	Risk Weights									Total
	0%	20%	50%	75%	100%	150%	200%	250%		
Amounts subject to credit risk	29.251.835	7.315.757	19.909.664	32.989.097	68.429.271	3.349.618	6.926.484	827.921	168.999.647	
Risk classifications:										
Conditional and unconditional receivables from central governments or central banks	27.345.073	-	4.549.670	-	-	-	-	-	31.894.743	
Conditional and unconditional receivables from regional or local governments	-	139	-	-	-	-	-	-	139	
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	894	-	-	-	894	
Conditional and unconditional receivables from multilateral development banks	3.211	-	-	-	-	-	-	-	3.211	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	-	7.311.885	4.443.778	-	465.911	-	-	-	12.221.574	
Conditional and unconditional receivables from corporates	-	-	-	-	54.421.563	-	-	-	54.421.563	
Conditional and unconditional retail receivables	-	-	-	32.989.097	8.608.957	-	-	-	41.598.054	
Conditional and unconditional receivables secured by mortgages	-	-	10.914.915	-	-	-	-	-	10.914.915	
Past due receivables	-	-	-	-	438.373	718.543	-	-	1.156.916	
Receivables defined as high risk category by the Regulator	-	-	1.301	-	4.759	2.631.075	6.926.484	827.921	10.391.540	
Secured by mortgages	-	-	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	
Other receivables	1.903.551	3.733	-	-	4.488.814	-	-	-	6.396.098	
Credit Risk Weighted Amounts	-	1.463.151	9.954.832	24.741.823	68.429.271	5.024.427	13.852.968	2.069.803	125.536.275	

Summary information about capital adequacy ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	10.042.902	8.639.259
Capital requirement for market risk (MRCR)	197.468	134.553
Capital requirement for operational risk (ORCR)	802.350	746.900
Shareholders' equity	22.084.113	19.397.778
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	16,00	16,30

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Information related to financial position of the Bank (continued)

Information about shareholders' equity items:

	Current Period	Prior Period
Core Capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Adjustment to paid-in capital	-	-
Share premium	543.881	543.881
Share repeal	-	-
Legal reserves	8.530.472	6.907.792
Adjustment to legal reserves	-	-
Profit	3.202.975	1.913.472
Net current period profit	3.202.975	1.913.472
Prior period profit	-	-
Provisions for possible losses up to 25% of core capital	190.112	229.247
Income on sale of equity shares and real estates ⁽¹⁾	298.614	293.705
Primary subordinated loans	-	-
Loss (in excess of Reserves) (-)	-	-
Net current period's losses	-	-
prior periods' losses	-	-
Leasehold Improvements on Operational Leases (-)	81.772	77.850
Intangible assets (-)	1.376.092	1.329.944
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total core capital	15.655.241	12.827.354
	Current Period	Prior Period
Supplementary capital		
General reserves	1.470.671	1.304.832
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	15.107	-
Primary Subordinated Debts excluding the portion included in Core Capital	-	-
Secondary subordinated loans ⁽²⁾	5.089.496	3.990.969
45% of value increase fund of financial assets available for sale and associates and subsidiaries	218.684	1.537.629
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Total supplementary capital	6.793.958	6.833.430
Capital	22.449.199	19.660.784
Deductions from the capital	365.086	263.006
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	63.027	63.027
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	162.443	-
Loans extended being noncompliant with articles 50 and 51 of the Law	3.203	3.190
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.638	6.844
Securitization positions that is deducted -preferably- from the shareholders' equity	-	-
Other	129.775	189.945
Total shareholders' equity	22.084.113	19.397.778

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

(2) In accordance with the "Regulation Regarding Banks' Shareholders' Equity", the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

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Information related to financial position of the Bank (continued)

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

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

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

II. Explanations on credit risk:

- a. Credit risk is the loss or the risk of the Bank in case counterparty cannot fulfill its obligations stated in agreements where the Bank is at a side. The Bank identifies loan limits for each customer considering statutory regulations. Internal scoring system, financial analysis reports, geographical and sectoral concentrations and credit policies, which are approved and reviewed by the Bank's Board of Directors annually, are taken into consideration for limit allocation to customers. The limits defined by the Bank's Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each dealer at Treasury department who is authorized for transactions in the market are performed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

The Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations.

Loans and other receivables are monitored in terms of the credit worthiness of borrowers in accordance with the relevant legislation. In addition, the account status documents for new loans is controlled, and updated where if necessary.

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

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

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

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

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower

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

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

Risk classifications:	Current period risk amount⁽¹⁾	Average risk amount
Conditional and unconditional receivables from central governments or central banks	34.895.595	33.808.706
Conditional and unconditional receivables from regional or local governments	139	142
Conditional and unconditional receivables from administrative units and non-commercial enterprises	894	986
Conditional and unconditional receivables from multilateral development banks	3.211	2.437
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.207.410	11.595.104
Conditional and unconditional receivables from corporates	55.816.741	53.093.235
Conditional and unconditional retail receivables	41.782.662	34.028.238
Conditional and unconditional receivables secured by mortgages	10.914.915	9.598.663
Past due receivables	1.156.916	1.150.865
Receivables defined as high risk category by the Regulator	10.396.109	8.513.321
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	6.396.098	7.337.561
Total	173.570.690	159.129.258

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

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Information related to financial position of the Bank (continued)

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

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

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

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

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

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

- f. The Bank provided a general loan loss provision amounting to TL 1.470.671 (December 31, 2012 - TL 1.304.832).

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Information related to financial position of the Bank (continued)

g. Risk profile according to the geographical concentration:

	Risk Classifications ⁽¹⁾⁽²⁾											Total
	1	2	3	4	5	6	7	8	9	10	11	
Current Period												
Domestic	34.895.595	139	894	-	5.539.312	54.297.553	41.719.190	10.911.360	1.088.666	10.395.996	4.025.828	162.874.533
EU countries	-	-	-	2.302	5.199.529	705.441	23.484	2.605	4.216	84	-	5.937.661
OECD countries ⁽³⁾	-	-	-	-	251.464	21.371	835	-	24.640	-	-	298.310
Off-shore banking regions	-	-	-	-	259	-	21.055	-	-	-	-	21.314
USA, Canada	-	-	-	909	1.013.090	128.592	612	187	-	-	-	1.143.390
Other countries	-	-	-	-	203.756	663.784	17.486	763	39.394	29	-	925.212
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	2.370.270	2.370.270
Undistributed Assets / Liabilities ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	-	-
Total	34.895.595	139	894	3.211	12.207.410	55.816.741	41.782.662	10.914.915	1.156.916	10.396.109	6.396.098	173.570.690

	Risk Classifications ⁽¹⁾⁽²⁾											Total
	1	2	3	4	5	6	7	8	9	10	11	
Prior Period												
Domestic	31.401.101	148	4.437	-	5.290.636	49.935.158	30.475.699	8.528.624	1.020.525	7.069.529	4.650.065	138.375.922
EU countries	-	-	-	1.335	5.265.140	545.493	4.407	18.868	1.305	-	-	5.836.548
OECD countries ⁽³⁾	-	-	-	-	385.586	17.804	233	-	7.281	-	-	410.904
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	22.059
USA, Canada	-	-	-	1.431	539.413	98.138	884	140	3	-	-	640.009
Other countries	-	-	-	-	199.441	638.526	856	433	4.285	-	-	843.541
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	3.824.682	3.824.682
Undistributed Assets / Liabilities ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	-	-
Total	31.401.101	148	4.437	2.766	11.681.977	51.255.409	30.482.087	8.548.065	1.033.399	7.069.529	8.474.747	149.953.665

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

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

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

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

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

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Information related to financial position of the Bank (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications ⁽¹⁾⁽²⁾											TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11			
Agricultural	-	-	-	-	-	1.544.985	939.521	237.471	23.370	94.918	-	488.240	2.352.025	2.840.265
Farming and raising livestock	-	-	-	-	-	1.469.921	793.361	207.326	19.117	90.735	-	433.822	2.146.638	2.580.460
Forestry	-	-	-	-	-	41.726	107.572	22.730	1.538	1.824	-	29.884	145.506	175.390
Fishing	-	-	-	-	-	33.338	38.588	7.415	2.715	2.359	-	24.534	59.881	84.415
Manufacturing	-	1	20	-	-	31.690.834	10.859.174	2.258.942	634.136	262.776	4.188	28.323.968	17.386.103	45.710.071
Mining	-	-	-	-	-	6.689.033	1.450.551	241.586	194.174	14.592	43	5.818.065	2.771.914	8.589.979
Production	-	1	12	-	-	18.319.562	8.881.948	1.926.269	429.542	245.274	4.145	15.849.947	13.956.806	29.806.753
Electric, gas and water	-	-	8	-	-	6.682.239	526.675	91.087	10.420	2.910	-	6.655.956	657.383	7.313.339
Construction	5	2	-	-	-	6.764.860	4.229.152	1.186.609	84.246	48.017	-	6.254.207	6.058.684	12.312.891
Services	34.895.590	60	627	909	11.327.467	13.686.443	7.101.175	1.611.997	200.652	272.174	5.164.743	42.237.465	32.024.372	74.261.837
Wholesale and retail trade	-	1	3	-	-	4.249.262	3.448.159	606.843	42.574	106.106	-	2.315.642	6.137.306	8.452.948
Hotel, food and beverage services	-	-	18	-	-	1.624.167	940.336	492.967	17.958	40.058	-	2.080.299	1.035.205	3.115.504
Transportation and telecommunication	-	-	2	-	-	3.842.383	1.063.597	169.259	41.487	52.104	-	3.592.814	1.576.018	5.168.832
Financial institutions	34.895.590	7	8	909	11.327.467	2.232.603	316.185	41.950	28.713	10.413	5.161.990	32.902.541	21.113.294	54.015.835
Real estate and renting services	-	-	-	-	-	188.078	121.004	24.807	1.119	5.636	-	166.833	173.811	340.644
Self-employment services	-	-	-	-	-	306.753	341.765	61.117	45.890	20.036	95	210.317	565.339	775.656
Education services	-	-	416	-	-	38.414	133.528	22.249	1.543	3.601	-	13.954	185.797	199.751
Health and social services	-	52	180	-	-	1.204.783	736.601	192.805	21.368	34.220	2.658	955.065	1.237.602	2.192.667
Other	-	76	247	2.302	879.943	2.129.619	18.653.640	5.619.896	214.512	9.718.224	1.227.167	1.220.519	37.225.107	38.445.626
Total	34.895.595	139	894	3.211	12.207.410	55.816.741	41.782.662	10.914.915	1.156.916	10.396.109	6.396.098	78.524.399	95.046.291	173.570.690

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

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

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

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h. Risk profile according to remaining maturities:

Risk classifications⁽¹⁾	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Total
Conditional and unconditional receivables from central governments or central banks	17.331.156	1.604.475	17.847	813.313	15.102.983	34.869.774
Conditional and unconditional receivables from regional or local governments	-	-	139	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	314	-	501	-	79	894
Conditional and unconditional receivables from multilateral development banks	725	204	1.044	1.238	-	3.211
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	4.127.342	1.261.528	1.537.176	361.529	2.934.507	10.222.082
Conditional and unconditional receivables from corporates	4.771.251	3.722.933	8.689.334	6.899.406	31.733.815	55.816.739
Conditional and unconditional retail receivables	1.001.516	3.111.220	12.070.658	3.690.198	21.909.070	41.782.662
Conditional and unconditional receivables secured by mortgages	172.658	347.333	669.750	569.340	9.155.834	10.914.915
Past due receivables	15.158	7.394	20.763	22.309	193.508	259.132
Receivables defined as high risk category by the Regulator	226	646	18.292	1.988.424	8.388.521	10.396.109
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
General Total	27.420.346	10.055.733	23.025.504	14.345.757	89.418.317	164.265.657

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

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

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

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Information related to financial position of the Bank (continued)

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

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

i. Risk balances according to risk weights:

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

Risk Weights	0%	20%	50%	75%	100%	150%	200%	250%	Total	Deductions
										from the shareholders' equity
1 Total exposure before credit risk mitigation	29.222.088	7.387.974	22.853.922	33.173.704	69.824.470	3.352.383	6.928.228	827.921	173.570.690	365.086
2 Total exposure after credit risk mitigation	29.251.835	7.315.757	19.909.664	32.989.097	68.429.271	3.349.618	6.926.484	827.921	168.999.647	365.086

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Information related to financial position of the Bank (continued)

j. Information according to sectors and counterparties:

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

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

Sectors / Counterparties	Loans		General Provisions	Specific Provisions
	Impaired Loans	Past due		
Agricultural	102.476	139.800	11.548	66.784
Farming and raising livestock	92.815	126.252	10.145	60.788
Forestry	5.843	3.852	543	3.885
Fishing	3.818	9.696	860	2.111
Manufacturing	1.263.465	495.556	227.182	838.640
Mining	54.970	11.170	13.271	35.803
Production	1.199.929	472.184	213.287	796.943
Electric, gas and water	8.566	12.202	624	5.894
Construction	293.417	267.002	48.963	160.120
Services	577.958	497.502	49.073	402.336
Wholesale and retail trade	269.479	181.593	26.866	176.471
Hotel, food and beverage services	48.725	79.761	3.720	28.486
Transportation and telecommunication	125.677	162.080	10.518	100.490
Financial institutions	8.439	11.468	516	5.477
Real estate and renting services	67.728	13.395	1.385	54.206
Self-employment services	-	-	-	-
Education services	5.247	6.005	331	3.340
Health and social services	52.663	43.200	5.737	33.866
Other	1.654.400	1.214.962	47.492	1.016.026
Total	3.891.716	2.614.822	384.258	2.483.906

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

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

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

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

		Provision amounts				
	Opening	set aside during	Reversal of	Other	Close out	
	balance	the	provisions	adjustments ⁽¹⁾	balance	
		period				
1	Specific provisions	1.551.101	1.097.268	(35.781)	(202.472)	2.410.116
2	General provisions	1.304.832	224.817	(58.978)	-	1.470.671

(1) Figure represents write-off's and also includes NPL sales amounts.

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Information related to financial position of the Bank (continued)

III. Explanations on market risk:

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

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

Market risk policies, which are approved by the Bank's Board of Directors 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 to the Bank's Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications.

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

(1) Explanations on market risk:

a. Information on market risk:

	Current Period	Prior Period
(I) Capital requirement against general market risk - standard method	63.954	24.099
(II) Capital requirement against specific risks - standard method	39.031	22.162
Capital requirement against specific risks of securitization positions– standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	5.846	65.876
(IV) Capital requirement against commodity risks - standard method	667	3.024
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	6.308	1.277
(VII) Capital requirement against counterparty credit risks - standard method	81.662	18.115
(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)	197.468	134.553
(IX) Value-at-market risk (12,5 x VIII) or (12,5 x IX)	2.468.350	1.681.913

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Information related to financial position of the Bank (continued)

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	41.773	66.591	20.031	23.999	32.018	15.752
Share price risk	29.304	64.030	7.739	15.709	18.512	9.458
Currency risk	29.591	58.224	5.150	49.482	65.876	36.687
Commodity risk	1.579	3.363	638	2.074	3.024	637
Settlement risk	-	-	-	-	-	-
Option risk	1.317	6.308	318	836	1.391	226
Counterparty credit risk	40.738	81.662	15.352	27.817	37.654	18.115
Total amount subject to risk	144.302	280.178	49.228	119.917	158.475	80.875

(2) Quantitative information on counterparty risk:

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

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

The Bank uses the same policy and procedures applicable to credit collateral and provisioning for counterparty credit risk.

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

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

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

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

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Information related to financial position of the Bank (continued)

Total counterparty credit risk from trading activities is TL 1.020.775 for the year ended December 31, 2013.

	Current Period ⁽¹⁾	Prior Period
Interest rate contracts	182.300	52.801
Foreign exchange rate contracts	2.987.699	487.013
Commodity contracts	3.708	-
Equity shares related contracts	52.938	6.768
Other	2.080	-
Gross Positive Fair Value	981.279	261.452
Netting benefits	-	-
Net current exposure amount	-	-
Collateral received	-	-
Net derivative position	981.279	261.452

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

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

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

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2012, 2011 and 2010 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated June 28, 2012, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2013, the total amount subject to operational risk is TL 10.029.381 (December 31, 2012 - TL 9.336.245) and the amount of the related capital requirement is TL 802.350 (December 31, 2012 - TL 746.900).

	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	4.753.333	4.961.755	6.331.921	5.349.003	15	802.350
Amount subject to operational risk (Total*12,5)						10.029.381

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

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Information related to financial position of the Bank (continued)

V. Explanations on currency risk:

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

(Exchange rates presented as full TL)

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

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Information related to financial position of the Bank (continued)

	EUR	USD	OTHER FC ⁽⁴⁾	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.553.863	7.917.722	2.975.125	17.446.710
Banks	757.383	1.406.064	331.827	2.495.274
Financial assets at fair value through profit or loss	18.298	110.872	838	130.008
Money market placements	48.453	-	-	48.453
Available-for-sale financial assets	375.958	3.472.204	8.779	3.856.941
Loans ⁽¹⁾	11.154.838	23.312.416	523.504	34.990.758
Investments in associates, subsidiaries and joint ventures	356.964	183.013	43.404	583.381
Held-to-maturity investments	150.864	2.776.160	-	2.927.024
Hedging derivative financial assets	-	4.808	-	4.808
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	119.336	268.991	158.320	546.647
Total assets	19.535.957	39.452.250	4.041.797	63.030.004
Liabilities				
Bank deposits	105.398	199.020	7.918	312.336
Foreign currency deposits	15.759.867	24.227.118	1.705.037	41.692.022
Funds from money market	-	3.143.784	-	3.143.784
Funds borrowed from other financial institutions	7.312.492	7.961.379	66.546	15.340.417
Marketable securities issued	138.260	4.031.068	17.655	4.186.983
Miscellaneous payables	1.071.678	317.445	9.978	1.399.101
Hedging derivative financial liabilities	85.582	270.240	-	355.822
Other liabilities ⁽³⁾	2.322.158	5.015.803	2.947	7.340.908
Total liabilities	26.795.435	45.165.857	1.810.081	73.771.373
Net on-balance sheet position⁽⁵⁾	(7.259.478)	(5.713.607)	2.231.716	(10.741.369)
Net off-balance sheet position	7.265.312	5.815.756	(2.219.669)	10.861.399
Financial derivative assets	10.449.480	19.606.587	1.588.241	31.644.308
Financial derivative liabilities	3.184.168	13.790.831	3.807.910	20.782.909
Net Position	5.834	102.149	12.047	120.030
Non-cash loans	9.355.736	13.550.480	1.787.261	24.693.477
Prior Period				
Total assets	11.281.116	33.390.424	2.729.917	47.401.457
Total liabilities	17.242.025	30.721.507	1.826.781	49.790.313
Net on-balance sheet position	(5.960.909)	2.668.917	903.136	(2.388.856)
Net off-balance sheet position	5.895.947	(1.553.974)	(1.111.471)	3.230.502
Financial derivative assets	7.533.536	7.960.682	414.402	15.908.620
Financial derivative liabilities	1.637.589	9.514.656	1.525.873	12.678.118
Net Position	(64.962)	1.114.943	(208.335)	841.646
Non-cash loans	6.592.226	10.094.529	299.921	16.986.676

(1) Includes FX indexed loans amounting to TL 4.714.007 (December 31, 2012 – TL 3.221.773) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 54.872 (December 31, 2012 - TL 33.840).

(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.

Currency risk sensitivity analysis:

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

15% change is the assumption of parity change that may be faced according to the Bank's stress test scenarios.

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

(1) Excluding tax effect.

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Information related to financial position of the Bank (continued)

VI. Explanations on interest rate risk:

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	18.777.182	18.777.182
Banks	1.269.494	191.460	29.610	217.731	-	1.293.351	3.001.646
Financial assets at fair value through profit/loss	681.151	284.116	605.569	78.496	15.910	-	1.665.242
Money market placements	2.899.828	-	-	-	-	-	2.899.828
Available-for-sale financial assets	1.478.922	1.800.046	3.015.914	3.363.521	3.360.951	92.507	13.111.861
Loans	21.368.120	23.436.173	26.995.043	17.436.018	5.655.889	1.147.487	96.038.730
Held-to-maturity investments	419.645	1.849.971	1.257.268	-	2.927.024	-	6.453.908
Other assets	51.591	128.772	287.264	-	-	6.465.288	6.932.915
Total assets	28.168.751	27.690.538	32.190.668	21.095.766	11.959.774	27.775.815	148.881.312
Liabilities							
Bank deposits	462.603	481.035	52.751	65	-	682.780	1.679.234
Other deposits	52.730.425	13.562.753	5.304.371	10.804	-	13.020.040	84.628.393
Funds from money market	895.883	1.536.041	673.882	287.140	-	-	3.392.946
Miscellaneous payables	-	-	-	-	-	6.856.339	6.856.339
Marketable securities issued	42.903	727.277	1.896.948	2.127.754	1.051.878	-	5.846.760
Funds borrowed from other financial institutions	3.200.701	7.024.279	3.747.923	1.925.741	529.264	-	16.427.908
Other liabilities and shareholders' equity	196.228	4.215.956	3.262.485	34.027	3.001	22.338.035	30.049.732
Total liabilities	57.528.743	27.547.341	14.938.360	4.385.531	1.584.143	42.897.194	148.881.312
Balance sheet long position	-	143.197	17.252.308	16.710.235	10.375.631	-	44.481.371
Balance sheet short position	(29.359.992)	-	-	-	-	(15.121.379)	(44.481.371)
Off-balance sheet long position	5.408.564	10.396.614	404.906	-	-	-	16.210.084
Off-balance sheet short position	-	-	-	(14.322.488)	(1.247.341)	-	(15.569.829)
Total position	(23.951.428)	10.539.811	17.657.214	2.387.747	9.128.290	(15.121.379)	640.255

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

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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	-	-	-	-	-	11.076.562	11.076.562
Banks	755.441	193.448	4.043	177.291	-	1.590.730	2.720.953
Financial assets at fair value through profit/loss	129.691	104.992	185.673	122.150	297.895	-	840.401
Money market placements	2.620.972	109.080	-	-	-	-	2.730.052
Available-for-sale financial assets	1.615.316	1.523.937	2.296.245	2.968.458	6.452.196	5.311	14.861.463
Loans	17.264.421	18.436.046	19.056.320	14.662.021	4.446.618	1.903.890	75.769.316
Held-to-maturity investments	17.390	1.585.559	1.438.080	245.732	2.399.687	-	5.686.448
Other assets	10.930	36.115	47.121	-	-	8.400.846	8.495.012
Total assets	22.414.161	21.989.177	23.027.482	18.175.652	13.596.396	22.977.339	122.180.207
Liabilities							
Bank deposits	69.851	214.492	97.352	258	-	313.856	695.809
Other deposits	41.942.540	12.628.554	1.997.437	33.251	-	10.746.349	67.348.131
Funds from money market	3.222.368	1.507.714	-	-	-	-	4.730.082
Miscellaneous payables	-	-	-	-	-	5.377.517	5.377.517
Marketable securities issued	170.578	34.135	1.236.302	885.366	-	-	2.326.381
Funds borrowed from other financial institutions	420.171	4.902.762	5.103.676	1.376.644	617.198	-	12.420.451
Other liabilities and shareholders' equity	288.180	2.761.163	1.635.699	41.771	1.752.157	22.802.866	29.281.836
Total liabilities	46.113.688	22.048.820	10.070.466	2.337.290	2.369.355	39.240.588	122.180.207
Balance sheet long position	-	-	12.957.016	15.838.362	11.227.041	-	40.022.419
Balance sheet short position	(23.699.527)	(59.643)	-	-	-	(16.263.249)	(40.022.419)
Off-balance sheet long position	4.790.872	13.601.622	-	-	-	-	18.392.494
Off-balance sheet short position	-	-	(1.508.907)	(16.133.414)	(1.356.983)	-	(18.999.304)
Total position	(18.908.655)	13.541.979	11.448.109	(295.052)	9.870.058	(16.263.249)	(606.810)

b. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,39	0,86	-	8,15
Financial assets at fair value through profit/loss	2,34	4,59	-	9,07
Money market placements	0,50	-	-	8,56
Available-for-sale financial assets	5,41	6,75	-	9,39
Loans	4,93	4,91	4,93	12,37
Held-to-maturity investments	5,20	5,51	-	8,94
Liabilities⁽¹⁾				
Bank deposits	-	0,75	-	8,02
Other deposits	2,73	2,83	2,72	9,05
Funds from money market	-	0,89	-	4,63
Miscellaneous payables	-	-	-	-
Marketable securities issued	1,50	4,55	-	8,13
Funds borrowed from other financial institutions	2,07	3,52	2,99	8,79

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Information related to financial position of the Bank (continued)

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	-	-	-	-
Banks	0,30	1,41	-	6,11
Financial assets at fair value through profit/loss	2,57	4,03	-	7,10
Money market placements	-	0,60	-	6,26
Available-for-sale financial assets	5,41	7,05	-	9,19
Loans	5,44	5,18	4,40	12,52
Held-to-maturity investments	5,48	5,51	-	8,98
Liabilities⁽¹⁾				
Bank deposits	0,36	-	-	6,23
Other deposits	3,00	2,92	0,30	8,34
Funds from money market	0,71	1,37	-	5,63
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,36	3,92	2,46	10,67

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

c. Interest rate risk arising from banking accounts:

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

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

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

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

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

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Information related to financial position of the Bank (continued)

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

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

- Consolidated subsidiaries of the Bank are carried at fair value in the accompanying financial statements. Valuation differences at the end of the period are presented in marketable securities valuation differences account in shareholder's equity.
- Comparison of carrying value of equity investments at fair value with the market value;

There is no equity instruments which are traded in organized markets, as of 31, December 2013.
- Information on realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Below figures represent valuation differences, after tax, arising from fair value accounting of subsidiaries which are presented in the line item "marketable securities valuation differences" under equity and accumulated differences in the valuation of assets held for sale.

Portfolio	Realized gains (losses) in the current period	Revaluation Surpluses		Unrealized gains and losses		
		Total	Amount under supplementary capital	Total	Amount under core capital	Amount under supplementary capital
1. Equity Shares Investments	1.247.195	584.627	263.082	-	-	-
2. Quoted Equity Shares	-	-	-	-	-	-
3. Other Equity Shares	-	-	-	-	-	-
Total	1.247.195	584.627	263.082	-	-	-

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Information related to financial position of the Bank (continued)

VIII. Explanations on 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 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 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, the Bank carries out its activities accordance with the "Emergency Situation Liquidity Plan" where duties and responsibilities are defined in detail. Liquidity stress test scenarios are used to measure the Bank's resistance to unexpected situations.

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

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

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

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

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Information related to financial position of the Bank (continued)

Breakdown of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.816.098	14.961.084	-	-	-	-	-	18.777.182
Banks	1.293.351	1.269.494	191.460	29.610	217.731	-	-	3.001.646
Financial assets at fair value through profit or loss	-	576.651	226.076	506.801	280.901	74.813	-	1.665.242
Money market placements	-	2.899.828	-	-	-	-	-	2.899.828
Available-for-sale financial assets	86.518	606.768	48.677	516.006	4.942.711	6.905.192	5.989	13.111.861
Loans	-	14.754.134	10.974.650	21.055.123	28.120.153	19.987.183	1.147.487	96.038.730
Held-to-maturity investments	-	-	1.577.226	663.474	1.013.439	3.199.769	-	6.453.908
Other assets ⁽¹⁾	942.038	754.471	-	96.627	298.258	72.745	4.768.776	6.932.915
Total assets	6.138.005	35.822.430	13.018.089	22.867.641	34.873.193	30.239.702	5.922.252	148.881.312
Liabilities								
Bank deposits	682.782	462.601	481.035	52.751	65	-	-	1.679.234
Other deposits	13.020.038	52.579.405	13.566.373	5.304.513	158.064	-	-	84.628.393
Funds borrowed from other financial institutions	-	237.837	619.265	9.358.724	4.548.021	1.664.061	-	16.427.908
Funds from money market	-	895.883	1.536.041	673.882	287.140	-	-	3.392.946
Marketable securities issued	-	42.903	696.111	1.434.256	2.621.612	1.051.878	-	5.846.760
Miscellaneous payables	1.387.291	5.469.048	-	-	-	-	-	6.856.339
Other liabilities ⁽²⁾	259.350	359.186	329.585	886.297	3.711.343	4.909.327	19.594.644	30.049.732
Total liabilities	15.349.461	60.046.863	17.228.410	17.710.423	11.326.245	7.625.266	19.594.644	148.881.312
Net liquidity gap	(9.211.456)	(24.224.433)	(4.210.321)	5.157.218	23.546.948	22.614.436	(13.672.392)	-
Prior Period								
Total assets	6.030.719	27.048.810	8.662.255	18.946.861	29.312.329	24.944.257	7.234.976	122.180.207
Total liabilities	11.975.313	50.569.935	15.045.260	10.630.512	9.386.631	4.456.827	20.115.729	122.180.207
Net liquidity gap	(5.944.594)	(23.521.125)	(6.383.005)	8.316.349	19.925.698	20.487.430	(12.880.753)	-

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

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

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Information related to financial position of the Bank (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

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

Current Period⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	67.034.202	14.244.426	5.546.669	176.563	-	87.001.860
Funds borrowed from other financial institutions	247.608	668.011	9.579.216	4.548.021	1.664.061	16.706.917
Funds from money market	898.606	1.544.836	678.563	298.811	-	3.420.816
Subordinated loans	-	75.410	287.226	3.277.800	5.465.517	9.105.953
Marketable securities issued	64.493	732.402	1.553.624	3.201.510	1.115.907	6.667.936
Total	68.244.909	17.265.085	17.645.298	11.502.705	8.245.485	122.903.482

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

Prior Period⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	53.078.322	13.053.568	2.195.961	283.356	-	68.611.207
Funds borrowed from other financial institutions	318.270	601.393	7.293.881	3.744.368	1.294.712	13.252.624
Funds from money market	3.234.257	1.511.106	-	-	-	4.745.363
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	118.057	887.746	1.468.552	24.734	2.669.667
Total	56.801.427	15.326.362	10.638.257	9.016.964	4.937.687	96.720.697

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

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

The Bank 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 appraisal companies' 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.

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Information related to financial position of the Bank (continued)

The 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 Bank'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.

Information about guarantees according to risk classifications:

Current Period	Amount⁽¹⁾	Financial guarantees⁽²⁾	Other / Physical guarantees⁽²⁾	Guarantees and credit derivatives⁽²⁾
Conditional and unconditional receivables from central governments or central banks	35.578.233	3.134.436	-	-
Conditional and unconditional receivables from regional or local governments	715	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.037	-	-	-
Conditional and unconditional receivables from multilateral development banks	170.744	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	31.943.184	79.654	-	-
Conditional and unconditional receivables from corporates	163.950.957	2.464.905	-	77.605
Conditional and unconditional retail receivables	123.818.652	220.319	-	23.057
Conditional and unconditional receivables secured by mortgages	11.175.245	-	-	-
Past due receivables	1.156.916	-	-	-
Receivables defined in high risk category by the Regulator	10.467.959	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	6.396.098	-	-	-
Total	384.671.740	5.899.314	-	100.662

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

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

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Information related to financial position of the Bank (continued)

XI. Strategies and policies of the risk management system:

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

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

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

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	121.505.973	101.768.232	122.626.280	103.234.734
Due from money market	2.899.828	2.730.052	2.899.828	2.730.052
Banks	3.001.646	2.720.953	3.001.990	2.721.827
Available-for-sale financial assets	13.111.861	14.861.463	13.111.861	14.861.463
Held-to-maturity investments	6.453.908	5.686.448	6.456.637	6.046.615
Loans	96.038.730	75.769.316	97.155.964	76.874.777
Financial liabilities	121.919.615	93.363.931	122.090.695	94.496.823
Bank deposits	1.679.234	695.809	1.679.072	695.941
Other deposits	84.628.393	67.348.131	84.699.905	67.425.419
Funds borrowed from other financial institutions	16.427.908	12.420.451	16.418.559	12.474.469
Subordinated loans	6.480.981	5.195.642	6.556.485	6.166.951
Marketable securities issued	5.846.760	2.326.381	5.880.335	2.356.526
Miscellaneous payables	6.856.339	5.377.517	6.856.339	5.377.517

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

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

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

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

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

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

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

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Information related to financial position of the Bank (continued)

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

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	35.519	1.629.723	-	1.665.242
Government debt securities	35.519	-	-	35.519
Share certificates	-	-	-	-
Trading derivative financial assets	-	1.628.528	-	1.628.528
Other marketable securities	-	1.195	-	1.195
Available-for-sale financial assets	11.323.623	1.782.249	-	13.105.872
Government debt securities	11.237.105	-	-	11.237.105
Other marketable securities ⁽¹⁾	86.518	1.782.249	-	1.868.767
Subsidiaries⁽²⁾	-	-	2.363.467	2.363.467
Hedging derivative financial assets	-	467.627	-	467.627
Total assets	11.359.142	3.879.599	2.363.467	17.602.208
Trading derivative financial liabilities	-	843.556	-	843.556
Hedging derivative financial liabilities	-	386.395	-	386.395
Total liabilities	-	1.229.951	-	1.229.951
Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	452.293	388.108	-	840.401
Government debt securities	452.293	-	-	452.293
Share certificates	-	-	-	-
Trading derivative financial assets	-	380.227	-	380.227
Other marketable securities	-	7.881	-	7.881
Available-for-sale financial assets	13.220.253	1.635.899	-	14.861.463
Government debt securities	13.139.313	-	-	13.139.313
Other marketable securities ⁽¹⁾	80.940	1.635.899	-	1.722.150
Subsidiaries⁽²⁾	1.231.950	-	2.585.929	3.817.879
Hedging derivative financial assets	-	94.166	-	94.166
Total assets	14.904.496	2.118.173	2.585.929	19.613.909
Trading derivative financial liabilities	-	371.254	-	371.254
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	-	1.275.941	-	1.275.941

(1) Non-listed share certificates amounting of TL 5.989 are accounted in accordance with TAS 39, at acquisition costs, are not included. (December 31, 2012 – TL 5.311)

(2) The Bank has sold its 7.548.164.112 shares in YKS, disclosed in Level 1, with a notional amount of full TL 75.481.641,12 representing 74,01% of its shares for full TL 1.410.079.178 to Allianz SE. ("Allianz").

Information on movement of subsidiaries indicated on Level 3 column:

	Current Period	Prior Period
Opening Balance	2.585.929	2.616.319
Movements during the period	(222.462)	(30.390)
Purchases	156	22.236
Free shares obtained profit from current year's share	15.107	19.463
Sales	-	-
Transfers ⁽¹⁾	39.558	-
Revaluation recognized in equity (decrease) / increase	(277.283)	(72.089)
Balance at the end of the period	2.363.467	2.585.929

(1) Since Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. is delisted from İstanbul Stock Exchange, it is transferred to level 3, from level 1.

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Information related to financial position of the Bank (continued)

Subsidiaries of the Bank are measured at fair value. Total carrying value of subsidiaries is determined through an organized markets. There is no subsidiaries which are traded in organized markets as of December 31, 2013 (December 31, 2012 - 1.231.950 TL). Since Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. is delisted from Borsa İstanbul Stock Exchange and is under liquidation, it is measured with the final call price. Fair value of the rest of the subsidiaries is determined by using "Gordon Growth Model" and "Multiple Comparison" models. For the Gordon Growth Model, a multiple is determined by using return on equity ratio of each subsidiaries based on their business plans with growth rate and discount factors. This multiple is used to calculate the fair value of the subsidiary by multiplying with its existing total equity figure. Total carrying value of subsidiaries for which the modeling approach is used amounts to TL 2.323.909 (31 December 2012: TL 2.585.929).

XIII. Explanations on hedge accounting:

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

Fair value hedge accounting:

Starting from March 1, 2009, the 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 instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(5.113)	307.375	-	(153.748)

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

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

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

Prior 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 instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

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

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

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

At the inception date, the 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 accordance with 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.

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Information related to financial position of the Bank (continued)

The effectiveness tests are performed prospectively and retrospectively on a monthly basis. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method.

Cash flow hedge accounting:

The Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL deposits, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	160.252	386.395	(115.117)	445.696

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 434.

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	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

At the inception date, the 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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

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

XV. Explanations on operating segments:

The Bank 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 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.

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 Bank'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.

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Information related to financial position of the Bank (continued)

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue continuing	3.041.777	1.705.313	159.474	2.331.393	7.237.957
Operating expenses continuing	(2.522.807)	(470.916)	(72.996)	(1.747.698)	(4.814.417)
Net operating income continuing	518.970	1.234.397	86.478	583.695	2.423.540
Dividend income ⁽¹⁾	-	-	-	132.787	132.787
Profit before tax	518.970	1.234.397	86.478	716.482	2.556.327
Tax provision expense ⁽¹⁾	-	-	-	(525.787)	(525.787)
Net period income from continuing operations	518.970	1.234.397	86.478	190.695	2.030.540
Net period income from discontinued operations	-	-	-	1.172.435	1.172.435
Net profit	518.970	1.234.397	86.478	1.363.130	3.202.975
Segment asset ⁽²⁾	47.229.794	41.802.945	177.420	57.237.856	146.448.015
Investments in associates, subsidiaries and joint ventures	-	-	-	2.433.297	2.433.297
Total assets	47.229.794	41.802.945	177.420	59.671.153	148.881.312
Segment liabilities ⁽²⁾	34.135.357	35.600.735	18.846.849	42.989.422	131.572.363
Shareholders' equity	-	-	-	17.308.949	17.308.949
Total liabilities	34.135.357	35.600.735	18.846.849	60.298.371	148.881.312

Prior Period	Retail Banking	Corporate and commercial banking	Private banking and wealth management	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue continuing	3.003.309	1.565.201	123.909	1.859.786	6.552.205
Operating expenses continuing	(2.283.382)	(424.478)	(67.650)	(1.510.830)	(4.286.340)
Net operating income continuing	719.927	1.140.723	56.259	348.956	2.265.865
Dividend income ⁽¹⁾	-	-	-	183.377	183.377
Profit before tax	719.927	1.140.723	56.259	532.333	2.449.242
Tax provision expense ⁽¹⁾	-	-	-	(535.770)	(535.770)
Net period income from continuing operations	719.927	1.140.723	56.259	(3.437)	1.913.472
Net period income from discontinued operations	-	-	-	-	-
Net profit	719.927	1.140.723	56.259	(3.437)	1.913.472
Segment assets ⁽²⁾	38.170.950	31.191.828	169.225	48.760.495	118.292.498
Investments in associates, subsidiaries and joint ventures	-	-	-	3.887.709	3.887.709
Total assets	38.170.950	31.191.828	169.225	52.648.204	122.180.207
Segment liabilities ⁽²⁾	30.189.733	25.936.583	17.125.662	32.066.187	105.318.165
Shareholders' equity	-	-	-	16.862.042	16.862.042
Total liabilities	30.189.733	25.936.583	17.125.662	48.928.229	122.180.207

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Section Five

Explanations and notes related to unconsolidated financial statements

I. Explanations and notes related to assets

a. Information related to cash and the account of the Central Bank of the Republic of Turkey (the "CBRT"):

1. Information on cash and the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.287.179	461.674	1.206.771	308.515
The CBRT ⁽¹⁾	43.293	16.984.910	414.040	9.147.081
Other	-	126	-	155
Total	1.330.472	17.446.710	1.620.811	9.455.751

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

2. Information on the account of the CBRT:

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

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

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

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

1. The Bank does not have financial assets at fair value through profit and loss subject to repo transactions and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2012 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	180.238	-	52.215	-
Swap transactions ⁽¹⁾	1.183.707	83.328	226.076	70.326
Futures transactions	-	-	-	-
Options	160.289	20.966	9.296	22.314
Other	-	-	-	-
Total	1.524.234	104.294	287.587	92.640

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	464.738	204.829	297.634	372.828
Foreign ⁽¹⁾	41.634	2.290.445	101	2.050.390
Head quarters and branches abroad	-	-	-	-
Total	506.372	2.495.274	297.735	2.423.218

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 294.275 (December 31, 2012 – TL 401.708).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.079.454	1.426.541	187.412	100.349
USA, Canada	986.439	465.140	-	-
OECD countries (1)	44.497	45.492	-	-
Off-shore banking regions	206	109	-	-
Other	34.071	12.860	-	-
Total	2.144.667	1.950.142	187.412	100.349

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

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 amounts to TL 709.201 (December 31, 2012 - TL 1.118.165) and available-for-sale financial assets subject to repo transactions amounts to TL 2.320.047 (December 31, 2012 – TL 2.570.408).

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

	Current Period	Prior Period
Debt securities	13.393.691	14.928.018
Quoted on stock exchange	11.699.818	13.303.177
Not quoted ⁽¹⁾	1.693.873	1.624.841
Share certificates	51.299	50.611
Quoted on stock exchange	-	-
Not quoted	51.299	50.611
Impairment provision (-) ⁽²⁾	(425.276)	(198.106)
Other ⁽³⁾	92.147	80.940
Total	13.111.861	14.861.463

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

f. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	20.756	450.294	5.390	403.915
Loans granted to employees	109.391	470	104.256	68
Total	130.147	450.764	109.646	403.983

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	92.484.334	1.455.719	-	2.406.909	545.949	14.434
Loans given to enterprises	37.750.364	441.843	-	455.835	173.500	4.310
Export loans	4.151.507	196.088	-	78.987	56.025	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.034.155	-	-	-	-	-
Consumer loans	17.394.879	475.478	-	883.991	101.655	5.781
Credit cards	18.441.976	95.871	-	292.270	17.721	3.887
Other	12.711.453	246.439	-	695.826	197.048	456
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	92.484.334	1.455.719	-	2.406.909	545.949	14.434

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan⁽¹⁾⁽²⁾⁽³⁾		
Extended by 1 or 2 times	1.378.735	412.939
Extended by 3,4 or 5 times	28.129	117.487
Extended by more than 5 times	48.855	15.523
Total	1.455.719	545.949

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

Extended period of time ⁽¹⁾⁽²⁾⁽³⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	138.562	79.759
6 - 12 Months	190.158	51.659
1 - 2 Years	434.572	113.441
2 - 5 Years	421.105	178.709
5 Years and over	271.322	122.381
Total	1.455.719	545.949

- (1) There is no loan which is subject to the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated on April 09, 2011.
- (2) There are seven loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 1 to 5 years. One of them was restructured three times, one was twice and rest of the five are 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.

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	38.421.538	324.870	573.492	71.409
Non-specialised loans	38.421.538	324.870	573.492	71.409
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	52.607.077	1.130.849	1.273.034	488.974
Non-specialised loans	52.607.077	1.130.849	1.273.034	488.974
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	56.647.479	17.394.879	18.441.976	92.484.334
Watch list	1.230.648	883.991	292.270	2.406.909
Loans under legal follow-up	2.291.198	830.435	435.970	3.557.603
Specific provisions (-)	(1.571.108)	(551.481)	(287.527)	(2.410.116)
Total	58.598.217	18.557.824	18.882.689	96.038.730

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	44.002.168	14.087.248	14.132.862	72.222.278
Watch list	1.185.474	1.099.770	286.990	2.572.234
Loans under legal follow-up	1.537.533	560.067	428.305	2.525.905
Specific provisions (-)	(1.000.877)	(286.258)	(263.966)	(1.551.101)
Total	45.724.298	15.460.827	14.584.191	75.769.316

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	353.521	407.371	-	760.892
Loans under legal follow-up ⁽¹⁾	346.377	37.883	-	384.260
Total	699.898	445.254	-	1.145.152

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	368.963	541.077	-	910.040
Loans under legal follow-up ⁽¹⁾	288.968	37.102	-	326.070
Total	657.931	578.179	-	1.236.110

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	164.206	17.565.640	17.729.846
Real estate loans	3.478	8.887.493	8.890.971
Automotive loans	8.222	1.110.200	1.118.422
Consumer loans	1.438	56.715	58.153
Other	151.068	7.511.232	7.662.300
Consumer loans-FC indexed	-	99.590	99.590
Real estate loans	-	98.831	98.831
Automotive loans	-	-	-
Consumer loans	-	759	759
Other	-	-	-
Individual credit cards-TL	14.368.053	824.366	15.192.419
With installments	9.189.994	821.186	10.011.180
Without installments	5.178.059	3.180	5.181.239
Personnel loans-TL	4.775	48.363	53.138
Real estate loans	-	664	664
Automotive loans	44	933	977
Consumer loans	-	-	-
Other	4.731	46.766	51.497
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	54.721	428	55.149
With installments	29.133	428	29.561
Without installments	25.588	-	25.588
Credit deposit account-TL (real person)⁽¹⁾	396.296	-	396.296
Total	14.988.051	18.538.387	33.526.438

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	997.751	1.153.905
Private	93.893.492	73.640.607
Total	94.891.243	74.794.512

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

	Current Period	Prior Period
Domestic loans	93.454.949	73.717.769
Foreign loans	1.436.294	1.076.743
Total	94.891.243	74.794.512

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	109.348	203.903
Indirect loans granted to associates and subsidiaries	-	-
Total	109.348	203.903

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	111.903	95.603
Loans and other receivables with doubtful collectibility	422.430	359.150
Uncollectible loans and other receivables	1.875.783	1.096.348
Total	2.410.116	1.551.101

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	1.000.877	286.258	263.966	1.551.101
Allowance for impairment	769.160	571.716	308.649	1.649.525
Amount recovered during the period	(198.929)	(306.493)	(82.616)	(588.038)
Loans written off during the period as uncollectible ⁽¹⁾	-	-	(202.472)	(202.472)
December 31	1.571.108	551.481	287.527	2.410.116

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	932.632	152.877	259.464	1.344.973
Allowance for impairment	573.018	477.222	244.472	1.294.712
Amount recovered during the period	(175.604)	(277.535)	(75.639)	(528.778)
Loans written off during the period as uncollectible ⁽¹⁾	(329.169)	(66.306)	(164.331)	(559.806)
December 31	1.000.877	286.258	263.966	1.551.101

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

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

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

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
Current Period	4.701	40.937	216.811
(Gross amounts before specific reserves)			
Restructured loans and other receivables	4.701	40.937	216.811
Rescheduled loans and other receivables	-	-	-
Prior Period	21.912	40.169	102.289
(Gross amounts before specific reserves)			
Restructured loans and other receivables	21.912	40.169	102.289
Rescheduled loans and other receivables	-	-	-

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Prior Period	554.524	733.508	1.237.873
Additions (+)	2.119.005	153.138	171.873
Transfers from other categories of non-performing loans (+)	-	1.545.714	1.257.495
Transfer to other categories of non-performing loans (-)	(1.545.714)	(1.257.495)	-
Collections (-)	(528.576)	(263.651)	(417.619)
Write-offs(-)	-	-	(202.472)
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	(202.472)
Other	-	-	-
Current Period	599.239	911.214	2.047.150
Specific provision (-)	(111.903)	(422.430)	(1.875.783)
Net balance on balance sheet	487.336	488.784	171.367

The Bank sold part of its non-performing loans (from credit cards portfolio) amounting to TL 214.815 on December 06, 2013 to LBT Varlık Yönetimi A.Ş., Finansal Varlık Yönetimi A.Ş. and Anadolu Varlık Yönetimi A.Ş. for TL 39.650, in accordance with the Board of Directors' decision dated December 18, 2013. Total amount of provision for the sold portfolio was TL 202.472.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
Period end balance	117.601	7.276	376.599
Specific provision (-)	(23.517)	(6.273)	(261.633)
Net balance on-balance sheet	94.084	1.003	114.966
Prior Period			
Period end balance	1.340	1.063	320.986
Specific provision (-)	(184)	(1.019)	(215.405)
Net balance on-balance sheet	1.156	44	105.581

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (net)	487.336	488.784	171.367
Loans granted to real persons and corporate entities (gross)	599.239	911.214	1.938.572
Specific provision amount (-)	(111.903)	(422.430)	(1.767.205)
Loans granted to real persons and corporate entities (net)	487.336	488.784	171.367
Banks (gross)	-	-	24.582
Specific provision amount (-)	-	-	(24.582)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-
Prior Period (net)	458.921	374.358	141.525
Loans granted to real persons and corporate entities (gross)	554.524	733.508	1.129.289
Specific provision amount (-)	(95.603)	(359.150)	(987.764)
Loans granted to real persons and corporate entities (net)	458.921	374.358	141.525
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-

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

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

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

13. Explanation on "Write-off" policies:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated 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 1.365.524 (December 31, 2012 - TL 1.299.927). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 1.968.378 (December 31, 2012 - TL 2.986.312).

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

	Current Period	Prior Period
Government bond	6.453.908	5.686.448
Treasury bill	-	-
Other debt securities	-	-
Total	6.453.908	5.686.448

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

	Current Period	Prior Period
Debt securities	6.584.551	5.725.926
Quoted on stock exchange	6.584.551	5.725.926
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(130.643)	(39.478)
Total	6.453.908	5.686.448

- (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	5.686.448	12.537.425
Foreign currency differences on monetary assets ⁽¹⁾	613.541	(569.191)
Purchases during the year	262.570	342
Disposals through sales and redemptions ⁽³⁾	(17.486)	(6.282.128)
Impairment provision (-) ⁽²⁾	(91.165)	-
Period end balance	6.453.908	5.686.448

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ğ. Information on investments in associates (net):

1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage(%)
1.	Banque de Commerce et de Placements S.A. ⁽¹⁾	Cenevre/İsviçre	30,67	69,33
2.	Kredi Kayıt Bürosu ⁽¹⁾	İstanbul/Türkiye	18,18	18,18
3.	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	İstanbul/Türkiye	9,98	9,98

2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1	4.818.921	773.091	5.840	70.519	15.484	26.162	45.530	-
2	91.353	78.926	48.824	1.368	-	28.149	24.043	-
3	33.001	23.773	19.197	347	-	4.171	4.238	-

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

3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	47.907	47.907
Movements during the period	-	-
Purchases	-	-
Transfers	-	-
Free shares obtained profit from current year's share	-	-
Profit from current year's income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
Balance at the end of the period	47.907	47.907
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

4. Information on sectors and the carrying amounts of unconsolidated financial investments in associates:

	Current Period	Prior Period
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	43.404	43.404

5. The Bank has no investments in associates quoted on a stock exchange.

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 equity of the 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	13.614	-	-	-	(4.349)
Differences					
Legal reserves	69.400	8.034	79.305	20.469	-
Extraordinary reserves	13.878	-	484.964	-	331.465
Other reserves	119	12	40	-	279.810
Profit/loss	199.121	193.352	412.296	23.408	41.778
Current period net profit	269.067	147.894	139.445	23.408	41.778
Prior period profit	(69.946)	45.458	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	711	64	3.426	340	94
Total core capital	394.339	262.048	1.363.107	49.244	761.052
Supplementary capital	-	9.024	19.847	-	164
Capital	394.339	271.072	1.382.954	49.244	761.216
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	394.339	271.072	1.382.954	49.244	761.216

The above information is based on the consolidated financial statements of the Bank as of December 31, 2013.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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.

2. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding BV.	Amsterdam/Hollanda	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,98	100,00
3	Yapı Kredi Faktoring A.Ş.	İstanbul/Türkiye	99,95	100,00
4	Yapı Kredi Moscow	Moskova/Rusya Federasyonu	99,84	100,00
5	Yapı Kredi Finansal Kiralama A.O.	İstanbul/Türkiye	99,99	99,99
6	Yapı Kredi Portföy Yönetimi A.Ş.	İstanbul/Türkiye	12,65	99,99
7	Yapı Kredi Niderland	Amsterdam/Hollanda	67,24	100,00
8	Yapı Kredi Azerbaycan	Bakü/Azerbaycan	99,80	100,00
9	Enternasyonal Turizm Yatırım A.Ş.	İstanbul/Türkiye	99,96	99,99
10	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	İstanbul/Türkiye	99,99	100,00
11	Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	95,36	95,36

The Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 4.460.251 (including for a share call price of full 5,02 per share) in accordance with the ongoing delisting process, and Bank's share has increased to 99,99% as a result of this process.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

3. Main financial figures of the subsidiaries in order of the above table: ⁽¹⁾

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value ⁽²⁾	Required equity
1	133.135	133.021	-	-	-	(211)	(130)	318.560	-
2	3.306.679	492.977	5.232	111.568	2.652	269.067	75.722	468.271	-
3	2.191.475	262.112	649	110.031	-	147.894	24.861	375.529	-
4	519.527	159.029	11.401	24.379	2.823	20.311	11.045	98.375	-
5	4.634.023	1.149.429	33.540	284.635	-	139.445	130.074	917.951	-
6	57.130	49.584	1.085	3.969	227	23.408	23.734	178.327	-
7	4.720.949	761.147	2.029	184.134	12.505	41.778	47.617	319.649	-
8	855.018	167.487	45.744	61.417	463	3.219	7.664	84.962	-
9	17.806	13.701	928	4	-	1.412	1.405	-	-
10	38.404	25.562	3.848	1.213	-	932	1.311	-	-
11	47.678	45.981	21	4.229	(1.779)	1.154	6.676	41.481	-

(1) Consolidated financial statements are used for the financial information above.

(2) Determined based on the amounts determined through valuation models.

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

4. Movement schedule of subsidiaries:

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

(1) Yapı Kredi Finansal Kiralama A.O. has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99,99% purchasing the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares. The Bank has decided to cancel the signed agreement to sell its shares on Tasfiye Halinde Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these unconsolidated financial statements, total shareholding of the Bank increased to 95,36%.

(2) During the General Assembly meeting of Yapı Kredi Faktoring on December 2, 2013 it was decided to increase the share capital of Yapı Kredi Faktoring for TL 15.114 by using internal sources (inflation accounting differences).

(3) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012 it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.

(4) The Bank has sold its 7.548.164.112 shares with a notional amount of full TL 75.481.641,12 representing 74,01% of its shares in Yapı Kredi Sigorta ("YKS") for full TL 1.410.079.178 to Allianz.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

5. Sectoral information on financial subsidiaries and the related carrying amounts:

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

6. Subsidiaries quoted on stock exchange:

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

I. Information on joint ventures (net):

Joint ventures in unconsolidated financial statements are accounted and monitored at cost according to "Financial Instruments: Recognition and Measurement of Accounting Standard for Turkey" ("TAS 39").

Joint ventures	Bank's share	Group's share	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	79.111	43.321	31.970	45.381	(64.588)
Total	30,45	30,45	79.111	43.321	31.970	45.381	(64.588)

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

i. Information on lease receivables (net):

None (December 31, 2012 - None).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

j. Information on hedging derivative financial assets:

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

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

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	1.963.142	423.958	1.804	856.711	3.245.615
Accumulated depreciation (-)	(1.343.839)	(308.425)	(1.636)	(607.041)	(2.260.941)
Net book value	619.303	115.533	168	249.670	984.674
Current Period					
Net book value at beginning of the period	619.303	115.533	168	249.670	984.674
Additions	-	1.835	1.328	126.221	129.384
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(2.933)	(1.409)	(1)	(19.481)	(23.824)
Reversal of impairment, net	131	-	-	-	131
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.440)	(36.057)	(80)	(80.433)	(156.010)
Net book value at end of the period	577.061	79.902	1.415	275.977	934.355
Cost at the end of the period	1.953.627	394.188	2.965	864.324	3.215.104
Accumulated depreciation at the period end (-)	(1.376.566)	(314.286)	(1.550)	(588.347)	(2.280.749)
December 31, 2013	577.061	79.902	1.415	275.977	934.355

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

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	1.329.944	1.261.854
Additions during the period	122.097	138.784
Unused and disposed items (-)	(183)	(6.190)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(75.766)	(64.504)
Balance at the end of the period	1.376.092	1.329.944

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	216.717	43.344	213.610	42.722
Provision for the actuarial deficit of the pension fund	767.131	153.426	827.177	165.435
Derivative financial liabilities	1.242.819	248.564	1.285.779	257.156
Securities portfolio valuation differences	18.499	3.700	642.366	128.474
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.117	24.423
Other	348.236	69.647	277.230	55.446
Total deferred tax asset	2.715.519	543.104	3.368.279	673.656
Derivative financial assets	(2.209.279)	(441.856)	(727.109)	(145.422)
Valuation difference of securities portfolio	(205.653)	(41.131)	(1.883.250)	(376.650)
Property, equipment and intangibles, net	(224.219)	(34.381)	(242.554)	(38.048)
Subsidiaries valuation differences	-	-	(1.062.069)	(53.103)
Other	(40.558)	(8.111)	(39.490)	(7.898)
Total deferred tax liability	(2.679.709)	(525.479)	(3.954.472)	(621.121)
Deferred tax asset, net	35.810	17.625	(586.193)	52.535

Deferred tax income amounting to TL 374.402 was recognized in profit and loss statement, whereas deferred tax expense amounting to TL 339.492 was recognized directly in equity accounts for the period ended December 31, 2013.

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	132.195	100.396
Additions	66.521	68.043
Transfers ⁽¹⁾	1.410.080	-
Disposals (-), net ⁽¹⁾	(1.453.446)	(33.226)
Impairment provision reversal	934	983
Impairment provision (-)	(302)	(235)
Depreciation (-)	(4.586)	(3.766)
Net book value at the end of the period	151.396	132.195
Cost at the end of the period	163.378	141.484
Accumulated depreciation at the end of the period (-)	(11.982)	(9.289)
Net book value at the end of the period	151.396	132.195

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

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

ö. Information on other assets:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

II. Explanations and notes related to liabilities

a. Information on deposits:

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

1 (i). Current Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	2.767.886	900.117	18.909.197	779.262	177.904	218.014	23.752.380
Foreign currency deposits	4.705.202	4.035.687	26.375.113	3.011.008	842.762	1.544.563	40.514.335
Residents in Turkey	4.541.996	3.998.272	26.024.540	1.532.506	688.242	841.504	37.627.060
Residents abroad	163.206	37.415	350.573	1.478.502	154.520	703.059	2.887.275
Public sector deposits	715.021	206.687	151	1.778	2.387.769	30	3.311.436
Commercial deposits	4.009.631	3.277.531	5.470.728	353.024	159.709	84.801	13.355.424
Other institutions deposits	75.070	198.765	1.132.227	255.756	851.554	3.759	2.517.131
Precious metals vault	747.228	1.579	114.459	43.762	96.790	173.869	1.177.687
Bank deposits	682.782	1.352	912.763	32.740	37.795	11.802	1.679.234
The CBRT	-	-	-	-	-	-	-
Domestic banks	364.778	-	848.726	32.740	37.795	11.802	1.295.841
Foreign banks	151.542	1.352	64.037	-	-	-	216.931
Participation banks	166.462	-	-	-	-	-	166.462
Other	-	-	-	-	-	-	-
Total	13.702.820	8.621.718	52.914.638	4.477.330	4.554.283	2.036.838	86.307.627

1 (ii). Prior Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	1.989.153	1.449.252	18.956.316	1.122.181	119.581	406.577	24.043.060
Foreign currency deposits	4.129.993	3.872.345	13.542.703	1.870.383	239.044	1.425.775	25.080.243
Residents in Turkey	3.921.261	3.830.154	12.192.951	1.036.990	229.304	854.304	22.064.964
Residents abroad	208.732	42.191	1.349.752	833.393	9.740	571.471	3.015.279
Public sector deposits	598.082	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.141.122	2.234.583	6.487.144	2.067.758	200.984	191.268	14.322.859
Other institutions deposits	31.789	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	313.856	58.414	200.158	65.190	51.355	6.836	695.809
The CBRT	-	-	-	-	-	-	-
Domestic banks	1.774	55.008	155.268	65.190	51.170	6.836	335.246
Foreign banks	208.135	3.406	44.890	-	185	-	256.616
Participation banks	103.947	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-
Total	11.060.205	7.770.512	40.147.799	6.199.186	690.924	2.175.314	68.043.940

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on saving deposits insurance:

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

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits ⁽¹⁾	12.632.644	9.004.712	11.119.884	15.038.237
Foreign currency savings deposit ⁽¹⁾	3.392.658	2.215.005	14.092.624	8.917.028
Other deposits in the form of savings ⁽¹⁾ deposits	638.262	527.019	423.714	663.011
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.329	6.128
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	64.101	43.584
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	55.016	-	94.242	-
Swap transactions ⁽¹⁾	565.484	64.603	173.880	59.555
Futures transactions	-	-	-	-
Options	134.744	23.709	18.547	25.030
Other	-	-	-	-
Total	755.244	88.312	286.669	84.585

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated 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	259.957	338.810	218.279	259.396
From foreign banks, institutions and funds	827.534	15.001.607	420.117	11.522.659
Total	1.087.491	15.340.417	638.396	11.782.055

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	665.168	8.816.013	216.477	6.564.928
Medium and long-term	422.323	6.524.404	421.919	5.217.127
Total	1.087.491	15.340.417	638.396	11.782.055

3. Information on securitization borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	2.576.083	-	1.638.858
From foreign institutions	-	-	-	-
From foreign funds	-	-	-	-
Total	-	2.576.083	-	1.638.858

ç. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.165.920	827.050	737.778	-
Bonds	493.857	3.359.933	703.236	885.367
Collateralized securities	462.691	-	462.720	-
Total	1.659.777	4.186.983	1.441.014	885.367

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

d. Information on other liabilities:

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

e. Information on lease payables:

1. Information on financial leasing agreements:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	792	765	7.664	7.387
More than 4 years	4	-	-	-
Total	796	765	7.664	7.387

2. Information on operational leasing agreements:

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

f. Information on hedging derivative financial liabilities:

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

(1) Explained in Note XIII of Section IV.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	1.163.206	944.130
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	60.329	149.855
Provisions for second group loans and receivables	102.193	119.251
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	26.777	15.593
Provisions for non cash loans	65.611	72.986
Others	139.661	168.465
Total	1.470.671	1.304.832

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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.

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

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

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

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	119.086	99.080
Changes during the period	24.787	49.330
Paid during the period	(35.209)	(29.324)
Balance at the end of the period	108.664	119.086

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 108.054 as of December 31, 2013 (December 31, 2012 - TL 94.524).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

4. Other provisions:

- (i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	767.131	827.177
Provisions on unindemnified non cash loans	73.790	125.749
Provisions on credit cards and promotion campaigns related to banking services	28.741	36.708
Provision on export commitment tax and funds liability	41.007	38.106
Other	184.508	123.736
Total	1.095.177	1.151.476

- (ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	190.112	229.247
Total	190.112	229.247

5. Pension fund provision:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

The principal actuarial assumptions used were as follows:

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

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

Plan assets are comprised as follows:

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

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	-	221.167
Taxation of Marketable Securities	71.659	80.738
Property Tax	2.000	1.705
Banking Insurance Transaction Tax ("BITT")	61.204	56.025
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.690	6.188
Other	24.374	22.130
Total	165.927	387.953

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Information on premium payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Social security premiums – employee	-	-	-	-
Social security premiums – employer	-	-	-	-
Bank pension fund premiums – employee	9.751	-	8.946	-
Bank pension fund premiums – employer	10.146	-	9.327	-
Pension fund deposit and provisions – employee	-	-	-	-
Pension fund deposit and provisions – employer	-	-	-	-
Unemployment insurance – employee	695	-	638	-
Unemployment insurance – employer	1.392	-	1.278	-
Other	-	-	-	-
Total	21.984	-	20.189	-

(iii) Information on deferred tax liability:

None (December 31, 2012 - None).

h. Information on subordinated loans:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

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

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

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 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 Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

3. Information on the share capital increases during the period and the sources:

None (December 31, 2012 - None).

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

6. Information on prior period's indicators on the Bank'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 Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

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	472.536	112.091	1.769.966	137.911
Valuation difference	472.536	112.091	1.769.966	137.911
Foreign currency difference ⁽¹⁾	-	-	-	-
From fixed assets held for sale	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	(254.461)	155.800	269.438	1.239.639
Valuation differences ⁽²⁾	(254.461)	(71.649)	269.438	1.241.631
Foreign currency differences ⁽¹⁾	-	227.449	-	(1.992)
Total	218.075	267.891	2.039.404	1.377.550

(1) Includes current period foreign currency differences.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	21.610.762	17.856.081
Loan granting commitments	6.394.154	5.322.612
Commitments for cheques	5.385.711	5.258.480
Other irrevocable commitments	11.657.414	8.507.182
Total	45.048.041	36.944.355

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 Bank set aside general provision for its non-cash loans amounting to TL 65.611 (December 31, 2012 - TL 72.986) and specific provision amounting to TL 334.113 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet amounting to TL 73.790 (December 31, 2012 - TL125.749).

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

	Current Period	Prior Period
Bank acceptance loans	118.686	121.325
Letter of credits	6.459.350	5.610.615
Other guarantees and collaterals	3.611.450	2.119.199
Total	10.189.486	7.851.139

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

	Current Period	Prior Period
Temporary letter of guarantees	1.275.206	1.572.512
Definite letter of guarantees	18.748.924	14.471.452
Advance letter of guarantees	4.442.137	2.677.145
Letter of guarantees given to customs	1.367.093	1.032.686
Other letter of guarantees	1.569.589	757.863
Total	27.402.949	20.511.658

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.320.733	583.744
With original maturity of 1 year or less than 1 year	111.652	72.182
With original maturity of more than 1 year	1.209.081	511.562
Other non-cash loans	36.271.702	27.779.053
Total	37.592.435	28.362.797

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	149.219	1,15	286.469	1,16	167.706	1,48	336.850	1,99
Farming and raising livestock	120.504	0,93	250.704	1,02	133.845	1,18	315.460	1,86
Forestry	23.781	0,18	15.860	0,06	29.706	0,26	16.222	0,10
Fishing	4.934	0,04	19.905	0,08	4.155	0,04	5.168	0,03
Manufacturing	5.435.621	42,14	10.933.667	44,27	4.363.236	38,35	8.000.390	47,09
Mining	784.397	6,08	820.152	3,32	528.278	4,64	1.014.730	5,97
Production	4.052.815	31,42	8.603.830	34,84	3.313.134	29,12	5.814.798	34,23
Electric, gas and water	598.409	4,64	1.509.685	6,11	521.824	4,59	1.170.862	6,89
Construction	3.395.001	26,32	6.323.447	25,61	3.264.824	28,70	3.896.086	22,94
Services	2.791.833	21,64	4.826.320	19,54	2.475.221	21,77	2.535.623	14,93
Wholesale and retail trade	1.171.783	9,08	2.159.162	8,74	1.095.298	9,63	936.939	5,52
Hotel, food and beverage services	120.130	0,93	124.214	0,50	122.334	1,08	92.529	0,54
Transportation and telecommunication	332.783	2,58	568.268	2,30	470.803	4,14	351.926	2,07
Financial institutions	722.895	5,60	1.020.411	4,13	412.537	3,63	476.751	2,81
Real estate and leasing services	144.743	1,12	375.658	1,52	99.138	0,87	377.955	2,23
Self-employment services	-	-	-	-	-	-	-	-
Education services	18.745	0,15	4.124	0,02	14.901	0,13	1.495	0,01
Health and social services	280.754	2,18	574.483	2,33	260.210	2,29	298.028	1,75
Other	1.127.284	8,75	2.323.574	9,42	1.105.134	9,70	2.217.727	13,05
Total	12.898.958	100,00	24.693.477	100,00	11.376.121	100,00	16.986.676	100,00

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

Current Period	Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	12.663.136	14.532.069	155.264	52.480
Bank acceptances	-	118.517	-	169
Letters of credit	1.208	6.458.142	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	79.350	3.532.100	-	-
Total	12.743.694	24.640.828	155.264	52.649

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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Explanations and notes related to unconsolidated financial statements (continued)

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	11.136.586	9.177.883	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.596.185	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	11.240.754	16.920.767	135.367	65.909

3(iv) Maturity distribution of non cash loans:

Current Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	4.097.109	2.056.800	305.441	-	6.459.350
Letter of guarantee	14.954.003	3.527.576	7.989.503	931.867	27.402.949
Bank acceptances	118.686	-	-	-	118.686
Other	328.556	1.731.701	1.156.224	394.969	3.611.450
Total	19.498.354	7.316.077	9.451.168	1.326.836	37.592.435

Prior Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	3.369.154	2.030.817	210.644	-	5.610.615
Letter of guarantee	9.619.433	3.264.847	6.574.378	1.053.000	20.511.658
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	13.361.776	6.110.526	7.669.482	1.221.013	28.362.797

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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Explanations and notes related to unconsolidated financial statements (continued)

b. (i) Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	87.681.532	44.462.342
FC trading forward transactions	9.471.525	8.222.463
Trading swap transactions	65.651.969	26.555.506
Futures transactions	-	-
Trading option transactions	12.558.038	9.684.373
Interest related derivative transactions (II)	15.172.422	7.596.343
Forward interest rate agreements	-	-
Interest rate swaps	10.311.770	3.214.120
Interest rate options	4.860.652	4.382.223
Interest rate futures	-	-
Other trading derivative transactions (III)	2.468.788	1.688.150
A. Total trading derivative transactions (I+II+III)	105.322.742	53.746.835
Types of hedging derivative transactions		
Transactions for fair value hedge	2.610.975	3.821.809
Cash flow hedges	35.017.718	36.959.906
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	37.628.693	40.781.715
Total derivative transactions (A+B)	142.951.435	94.528.550

(ii) Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	511.098	67.632	298.526	(578.027)	-	299.229
– Inflow	18.229.743	10.491.679	14.832.944	2.975.896	-	46.530.262
– Outflow	(17.718.645)	(10.424.047)	(14.534.418)	(3.553.923)	-	(46.231.033)
Interest rate derivatives	3.660	1.102	(1.692)	212.848	20.476	236.394
– Inflow	71.149	4.739	1.357.960	4.902.707	896.372	7.232.927
– Outflow	(67.489)	(3.637)	(1.359.652)	(4.689.859)	(875.896)	(6.996.533)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(24.452)	113.106	144.742	109.545	90.267	433.208
– Inflow	20.158	1.448.718	2.538.347	13.644.678	424.882	18.076.783
– Outflow	(44.610)	(1.335.612)	(2.393.605)	(13.535.133)	(334.615)	(17.643.575)
Total cash inflow	18.321.050	11.945.136	18.729.251	21.523.281	1.321.254	71.839.972
Total cash outflow	(17.830.744)	(11.763.296)	(18.287.675)	(21.778.915)	(1.210.511)	(70.871.141)

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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Explanations and notes related to unconsolidated financial statements (continued)

Prior Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(40.622)	(7.223)	94.711	(512.591)	(157.000)	(622.725)
– Inflow	12.105.375	3.900.791	6.677.707	1.990.915	-	24.674.788
– Outflow	(12.145.997)	(3.908.014)	(6.582.996)	(2.503.506)	(157.000)	(25.297.513)
Interest rate derivatives	259	(2.256)	39.907	53.997	30.600	122.507
– Inflow	23.713	259.367	1.547.445	2.709.313	454.205	4.994.043
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.655.316)	(423.605)	(4.871.536)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(41.305)	9.547	(213.752)	(1.463.759)	(158.052)	(1.867.321)
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	12.150.799	4.333.934	12.320.402	19.893.658	1.640.546	50.339.339
Total cash outflow	(12.232.467)	(4.333.866)	(12.399.536)	(21.816.011)	(1.924.998)	(52.706.878)

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

c. Information on credit derivatives and risk exposures:

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

ç. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 50.927 (December 31, 2012 - TL 34.091) for litigation and has accounted for it in the accompanying 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 cash outflow for such claims.

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

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

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.250.477	142.719	3.579.677	165.254
Medium/long-term loans ⁽¹⁾	2.901.328	1.155.801	2.736.626	995.781
Interest on loans under follow-up	104.305	2.408	111.893	50
Premiums received from resource utilization support fund	-	-	-	-
Total	6.256.110	1.300.928	6.428.196	1.161.085

(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	24.144	651	21.065	1.124
From foreign banks	3.479	6.813	2.713	8.615
Headquarters and branches abroad	-	-	-	-
Total	27.623	7.464	23.778	9.739

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	6.137	2.695	18.389	2.042
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	726.964	365.871	600.494	42.946
From held-to-maturity investments	263.875	153.618	332.346	608.545
Total	996.976	522.184	951.229	653.533

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest received from associates and subsidiaries		13.304		15.004

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	66.748	634.323	67.883	486.068
The CBRT	-	-	-	-
Domestic banks	13.162	9.342	17.979	7.762
Foreign banks	53.586	624.981	49.904	478.306
Headquarters and branches abroad	-	-	-	-
Other institutions	-	364	-	-
Total ⁽¹⁾	66.748	634.687	67.883	486.068

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	58.058	57.590

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	121.402	115.031	131.641	55.067
Total	121.402	115.031	131.641	55.067

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposits	298	826	10.189	1.600	603	169	-	13.685	8.551
Saving deposits	1	51.547	1.403.471	80.916	21.886	21.135	-	1.578.956	2.066.024
Public sector deposits	-	11	639	115	28	2	-	795	510
Commercial deposits	22	186.702	569.737	56.659	38.615	9.527	-	861.262	979.099
Other deposits	-	5.881	124.179	12.739	208.848	148	-	351.795	153.190
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	321	244.967	2.108.215	152.029	269.980	30.981	-	2.806.493	3.207.374
FC									
Foreign currency deposits	104	124.485	490.799	23.648	15.127	36.843	-	691.006	766.283
Bank deposits	83	482	762	208	1	-	-	1.536	1.528
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	631	1.646	179	171	36	-	2.663	2.796
Total	187	125.598	493.207	24.035	15.299	36.879	-	695.205	770.607
Grand total	508	370.565	2.601.422	176.064	285.279	67.860	-	3.501.698	3.977.981

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	3.235	103
Subsidiaries and associates	129.552	183.274
Total	132.787	183.377

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

	Current Period	Prior Period
Gain	29.900.931	47.373.392
Gain from capital market transactions	627.410	317.241
Derivative financial transaction gains	10.459.089	19.858.334
Foreign exchange gains	18.814.432	27.197.817
Loss (-)	(29.785.883)	(47.412.393)
Loss from capital market transactions	(58.289)	(11.284)
Derivative financial transaction losses	(8.775.548)	(20.807.005)
Foreign exchange loss	(20.952.046)	(26.594.104)
Net gain/loss	115.048	(39.001)

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 2.299.926 loss (December 31, 2012 – TL 418.701 loss).

e. Information on other operating income:

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

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	1.097.268	787.602
III. Group loans and receivables	23.158	37.862
IV. Group loans and receivables	65.545	170.057
V. Group loans and receivables	1.008.565	579.683
General provision expenses	224.817	332.482
Provision expense for possible risks	50.705	93.528
Marketable securities impairment expenses ⁽¹⁾	31.124	2.302
Financial assets at fair value through profit or loss	1.436	1.693
Available-for-sale financial assets	29.688	609
Impairment of investments in associates, subsidiaries and held-to-maturity securities	32.081	72.886
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	32.081	72.886
Other	39.410	4.615
Total	1.475.405	1.293.415

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

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.330.147	1.236.495
Reserve for employee termination benefits	7.090	20.006
Provision expense for pension fund	-	51.891
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	156.010	152.855
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	75.766	64.504
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	302	235
Depreciation expenses of assets held for resale	4.586	3.766
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.140.522	939.046
Operational lease expenses	171.965	149.504
Repair and maintenance expenses	58.544	51.440
Advertising expenses	96.920	78.040
Other expense	813.093	660.062
Loss on sales of assets	299	138
Other	624.290	523.989
Total	3.339.012	2.992.925

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ğ. Information on profit/loss before taxes from continuing operations and discontinued operations:

The profit before tax includes TL 4.664.232 (31 December 2012 – TL 4.492.009) of net interest income, TL 2.006.317 (31 December 2012 – TL 1.761.005) of net fees and commissions and TL 3.339.012 (31 December 2012 – TL 2.992.925) of other operations.

As of December 31, 2013, the Bank has TL 1.227.271 (December 31, 2012 – none) profit before tax from discontinued operations.

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

As of December 31, 2013, the Bank has TL 151.385 (December 31, 2012 – 739.096) tax expense from continued operations, TL 54.836 from discontinued operations (December 31, 2012 – TL None) and deferred tax expense from continued operations amounting to TL 374.402 (December 31, 2012 – TL 203.326 revenue).

Total provision for taxes on income for the current period and the previous period:

	Current Period	Prior Period
Profit before tax	3.783.598	2.449.242
Tax calculated at rate of 20%	756.720	489.848
Nondeductible expenses, discounts and other, net	(176.097)	45.922
Total	580.623	535.770

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

i. Other items in income statement:

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

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

a. Information on dividends:

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

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

None.

c. Information on available for sale financial assets:

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

ç. Hedging transactions:

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

d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to statement of cash flows

a. Information on cash and cash equivalents:

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

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

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

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

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Cash	4.836.744	7.208.779
Cash and effectives	1.515.441	1.013.783
Demand deposits in banks	3.321.303	6.194.996
Cash equivalents	3.472.362	2.571.645
Interbank money market	2.725.227	2.136.834
Time deposits in banks	747.135	434.811
Total cash and cash equivalents	8.309.106	9.780.424

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

	Current Period	Prior Period
Cash	5.109.449	4.836.744
Cash and effectives	1.748.979	1.515.441
Demand deposits in banks	3.360.470	3.321.303
Cash equivalents	4.162.764	3.472.362
Money market	2.893.436	2.725.227
Time deposits in banks	1.269.328	747.135
Total cash and cash equivalents	9.272.213	8.309.106

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

Reserves amounting to TL 17.027.952 (December 31, 2012 – TL 9.560.872) in CBRT represent the reserve requirements of the Bank. There is also TL 187.412 blocked amount in foreign banks account (December 31, 2012 – TL 100.349).

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

Decrease in "Other Account" amounting to TL 4.219.569 as of December 31, 2013 (December 31, 2012 – TL 1.123.952 increase), which is classified under "Operating profit before changes in operating assets and liabilities", includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.892.854 as of December 31, 2013 (December 31, 2012 – TL 4.740.126 increase), which is classified under "Changes in operating assets and liabilities", mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 621.837 as of December 31, 2013 (December 31, 2012 – TL 163.969 decrease).

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Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

VII. Explanations and notes related to the Bank's risk group

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

1. Current Period:

Bank'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	203.903	151.354	15.430	403.915	706.576	936.967
Balance at the end of the period	109.348	497.720	52.615	450.294	806.128	1.048.902
Interest and commission income received	13.304	2.227	9.531	2.835	63.416	13.048

(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:

Bank'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	701.047	291.713	8.292	230.061	673.086	722.958
Balance at the end of the period	203.903	151.354	15.430	403.915	706.576	936.967
Interest and commission income received⁽³⁾	15.004	1.504	3.365	2.215	64.940	14.901

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

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

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

Bank's risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	770.943	1.239.623	5.838.878	5.160.138	8.016.750	4.414.388
End of the period	2.443.971	770.943	11.261.140	5.838.878	6.391.249	8.016.750
Interest expense on deposits⁽³⁾	58.058	57.590	389.370	277.539	279.868	233.982

(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.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

Bank'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⁾	1.403.949	2.044.472	300.627	216.174	273.177	97.206
End of the period ⁽³⁾	5.973.118	1.403.949	460.395	300.627	659.635	273.177
Total profit / (loss)	80.224	12.377	5.174	2.952	25	7.999
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / (loss)	-	-	-	-	-	-

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

(2) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39.

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

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

Salaries and benefits paid to the Bank's top management amount to TL 36.657 as of December 31, 2013 (December 31, 2012 – TL 27.892).

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

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

IX. Explanations and notes related to subsequent events:

None.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, See note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2013 (continued)

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

Section Six

Other Explanations and Notes

I. Other explanations on the Bank's operations

None

Section Seven

Explanations on independent audit report

I. Explanations on independent auditor's report

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

II. Explanations and notes prepared by independent auditor

None.