

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced unconsolidated financial statements and related disclosures at December 31, 2014 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, 2014, 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 with the Independent Auditing Standards which is a part of Turkish Auditing Standards promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”). 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, 2014 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.

*Reports on arising from other regulatory requirements:*

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period January 1 – December 31, 2014 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

*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

Ethem Kutucular, SMMM  
Partner

Istanbul, February 2, 2015

**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](mailto:financialreports@yapikredi.com.tr)**

**The unconsolidated year end financial report of  
Yapı ve Kredi Bankası A.Ş. as of December 31, 2014**

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**  
Financial Reporting and  
Accounting Executive  
Vice President

**Gianni F.G. PAPA**  
Chairman of Audit Committee

**Francesco GIORDANO**  
Member of Audit Committee

**F. Füsün Akkal BOZOK**  
Member of Audit Committee

**Benedetta NAVARRA**  
Member of Audit Committee

**Adil G. ÖZTOPRAK**  
Member of Audit Committee

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

**Name-Surname / Title** : Aysel Taktak / Regulatory Reporting Manager  
**Telephone Number** : 0212 339 63 29  
**Fax Number** : 0212 339 61 05

## **Section one**

### General information

I.	History of the Bank including its incorporation date, initial legal status and amendments to legal status, if any	1
II.	Explanation 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	1
III.	Explanations regarding the board of directors, members of the audit committee, chief executive officer and executive vice presidents and their areas of responsibility and shares if any	1
IV.	Information on the individual and corporate shareholders having control shares of the Bank	2
V.	Summary information on the Bank's activities and service types	3
VI.	Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods	3
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	3

## **Section two**

### Unconsolidated financial statements

I.	Balance sheet (Statement of Financial Position)	4
II.	Off-balance sheet commitments	6
III.	Income statements	7
IV.	Statement of income and expense items accounted under shareholders' equity	8
V.	Statement of changes in shareholders' equity	9
VI.	Statement of cash flows	11
VII.	Profit appropriation statement	12

## **Section three**

### Accounting policies

I.	Explanations on basis of presentation	13
II.	Explanations on strategy of using financial instruments and foreign currency transactions	14
III.	Explanations on investments in associates, subsidiaries and joint ventures	14
IV.	Explanations on forward and option contracts and derivative instruments	14
V.	Explanations on interest income and expense	16
VI.	Explanations on fee and commission income and expense	16
VII.	Explanations on financial assets	17
VIII.	Explanations on impairment of financial assets	19
IX.	Explanations on offsetting financial assets	19
X.	Explanations on sales and repurchase agreements and securities lending transactions	19
XI.	Information on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	20
XII.	Explanations on goodwill and other intangible assets	20
XIII.	Explanations on property and equipment	21
XIV.	Explanations on leasing transactions	22
XV.	Explanations on provisions, contingent asset and liabilities	22
XVI.	Explanations on obligations related to employee rights	23
XVII.	Explanations on taxation	24
XVIII.	Explanations on borrowings	26
XIX.	Explanations on issuance of share certificates	26
XX.	Explanations on avalized drafts and acceptances	26
XXI.	Explanations on government grants	26
XXII.	Profit reserves and profit distribution	26
XXIII.	Earnings per share	27
XXIV.	Related parties	27
XXV.	Explanations on operating segments	27
XXVI.	Explanations on other matters	27

## **Section four**

### Financial Position and Risk Management

I.	Explanations on capital adequacy ratio	28
II.	Explanations on credit risk	35
III.	Explanations on market risk	43
IV.	Explanations on operational risk	45
V.	Explanations on currency risk	46
VI.	Explanations on interest rate risk	48
VII.	Explanation on share certificates position risk from banking book	51
VIII.	Explanations on liquidity risk	52
IX.	Explanations on securitization exposures	54
X.	Explanations on treatments of credit risk mitigation	54
XI.	Strategies and policies of the risk management system	56
XII.	Explanations on the presentation of financial assets and liabilities at fair values	56
XIII.	Explanations on hedge accounting	59
XIV.	Explanations on the activities carried out on behalf of others and fiduciary transactions	61
XV.	Explanations on operating segments	62

## **Section five**

### Explanations and notes related to unconsolidated financial statements

I.	Explanations and notes related to assets	64
II.	Explanations and notes related to liabilities	81
III.	Explanations and notes related to off-balance sheet accounts	90
IV.	Explanations and notes related to income statement	94
V.	Explanations and notes related to statement of changes in shareholders' equity	99
VI.	Explanations and notes related to statement of cash flows	99
VII.	Explanations and notes related to the Bank's risk group	101
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank	102
IX.	Explanations and notes related to subsequent events	103

## **Section six**

### Other explanations

I.	Other explanations on the Bank's operations	104
----	---	-----

## **Section seven**

### Independent auditor's report

I.	Independent auditor's report	104
II.	Explanations and notes prepared by independent auditor	104

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014**

(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, 2014, 18,20% of the shares of the Bank are publicly traded (December 31, 2013 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one 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, 2014, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

<b>Name</b>	<b>Responsibility</b>
Mustafa V. KOÇ	Chairman
Gianni F.G. PAPA <sup>(1)</sup>	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI <sup>(1)</sup>	Deputy General Manager
Adil Giray ÖZTOPRAK	Member
Ahmet Fadil ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
F. Füsün Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA <sup>(1)</sup>	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, 2014 (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 <sup>(1)</sup>	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 <sup>(1)</sup>	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

(1) According to the decisions taken in the Board of Directors Meeting held on January 19, 2015, it was decided to;

- end Vice Chairman of the Board role of Gianni F. G. Papa and appoint him as Board Member effective from February 16, 2015,
- end Executive Board Member role of Carlo Vivaldi and appoint as Vice Chairman of the Board effective from February 16, 2015,
- appoint Niccoló Ubertalli as Executive Board Member, subject to approval of the first General Assembly of the Bank, instead of Laura Stefanie Penna who has resigned her position as Board Member effective from February 16, 2015,
- apply to BRSA in order to appoint Niccoló Ubertalli as Deputy General Manager of the Bank, instead of Carlo Vivaldi who is going to leave his position as Deputy General Manager, effective from February 16, 2015.

#### 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..

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**General information (continued)**

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

The Bank's activities summarized in 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, 2014, the Bank has 1002 branches operating in Turkey and 1 branch in overseas (December 31, 2013 - 948 branches operating in Turkey, 1 branch in overseas). As of December 31, 2014, the Bank has 17.457 employees (December 31, 2013 - 15.683 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.

All other subsidiaries are fully consolidated.

Yapı Kredi Bank Malta Ltd (Yapı Kredi Malta) has been effectively established as a subsidiary of Yapı Kredi Holding BV, which is fully owned and controlled by the Bank, after the receipt of an approval from Maltese legal authority on October 23, 2014, on the top of other approvals of BRSA and decisions taken by the Board of the Bank. Yapı Kredi Malta is fully consolidated in the consolidated financial statements of the Bank.

**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, 2014 and 2013

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

#### Section two

#### Unconsolidated financial statements

#### I. Balance sheet (Statement of Financial Position)

	Note (Section Five)	Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	<b>I-a</b>	<b>2.990.664</b>	<b>19.978.224</b>	<b>22.968.888</b>	<b>1.330.472</b>	<b>17.446.710</b>	<b>18.777.182</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	<b>I-b</b>	<b>1.050.556</b>	<b>146.460</b>	<b>1.197.016</b>	<b>1.535.234</b>	<b>130.008</b>	<b>1.665.242</b>
2.1 Trading financial assets		1.050.556	146.460	1.197.016	1.535.234	130.008	1.665.242
2.1.1 Government debt securities		69.529	25.622	95.151	11.000	24.519	35.519
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading	I-c	981.027	120.838	1.101.865	1.524.234	104.294	1.628.528
2.1.4 Other marketable securities		-	-	-	-	1.195	1.195
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		-	-	-	-	-	-
<b>III. Banks</b>	<b>I-ç</b>	<b>91.643</b>	<b>2.303.705</b>	<b>2.395.348</b>	<b>506.372</b>	<b>2.495.274</b>	<b>3.001.646</b>
<b>IV. Money markets</b>		<b>1.568.654</b>	<b>-</b>	<b>1.568.654</b>	<b>2.851.375</b>	<b>48.453</b>	<b>2.899.828</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		248.247	-	248.247	1.701.131	48.453	1.749.584
4.3 Receivables from reverse repurchase agreements		1.320.407	-	1.320.407	1.150.244	-	1.150.244
<b>V. Financial assets available-for-sale (net)</b>	<b>I-d,e</b>	<b>15.284.389</b>	<b>3.301.769</b>	<b>18.586.158</b>	<b>9.254.920</b>	<b>3.856.941</b>	<b>13.111.861</b>
5.1 Share certificates		5.760	220	5.980	5.760	229	5.989
5.2 Government debt securities		13.892.754	2.359.950	16.252.704	7.853.497	3.383.608	11.237.105
5.3 Other marketable securities		1.385.875	941.599	2.327.474	1.395.663	473.104	1.868.767
<b>VI. Loans and receivables</b>	<b>I-f</b>	<b>83.936.124</b>	<b>38.057.278</b>	<b>121.993.402</b>	<b>65.761.979</b>	<b>30.276.751</b>	<b>96.038.730</b>
6.1 Loans and receivables		82.877.115	37.860.438	120.737.553	64.824.545	30.066.698	94.891.243
6.1.1 Loans to bank's risk group		1.171.607	223.916	1.395.523	615.998	284.051	900.049
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		81.705.508	37.636.522	119.342.030	64.208.547	29.782.647	93.991.194
6.2 Loans under follow-up		3.762.524	571.251	4.333.775	3.056.127	501.476	3.557.603
6.3 Specific provisions (-)		(2.703.515)	(374.411)	(3.077.926)	(2.118.693)	(291.423)	(2.410.116)
<b>VII. Factoring receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. Held-to-maturity investments (net)</b>	<b>I-g</b>	<b>1.887.227</b>	<b>3.131.822</b>	<b>5.019.049</b>	<b>3.526.884</b>	<b>2.927.024</b>	<b>6.453.908</b>
8.1 Government debt securities		1.887.227	3.131.822	5.019.049	3.526.884	2.927.024	6.453.908
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. Investments in associates (net)</b>	<b>I-ğ</b>	<b>4.503</b>	<b>43.404</b>	<b>47.907</b>	<b>4.503</b>	<b>43.404</b>	<b>47.907</b>
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
<b>X. Subsidiaries (net)</b>	<b>I-h</b>	<b>1.636.492</b>	<b>800.358</b>	<b>2.436.850</b>	<b>1.825.790</b>	<b>539.977</b>	<b>2.365.767</b>
10.1 Unconsolidated financial subsidiaries		1.634.192	800.358	2.434.550	1.823.490	539.977	2.363.467
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	<b>I-ı</b>	<b>19.623</b>	<b>-</b>	<b>19.623</b>	<b>19.623</b>	<b>-</b>	<b>19.623</b>
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		-	-	-	-	-	-
<b>XII. Lease receivables</b>	<b>I-i</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. Derivative financial assets held for hedging</b>	<b>I-j</b>	<b>256.146</b>	<b>-</b>	<b>256.146</b>	<b>462.819</b>	<b>4.808</b>	<b>467.627</b>
13.1 Fair value hedge		177.895	-	177.895	307.375	-	307.375
13.2 Cash flow hedge		78.251	-	78.251	155.444	4.808	160.252
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>	<b>I-k</b>	<b>1.050.993</b>	<b>-</b>	<b>1.050.993</b>	<b>934.355</b>	<b>-</b>	<b>934.355</b>
<b>XV. Intangible assets (net)</b>	<b>I-l</b>	<b>1.428.368</b>	<b>-</b>	<b>1.428.368</b>	<b>1.376.092</b>	<b>-</b>	<b>1.376.092</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		448.875	-	448.875	396.599	-	396.599
<b>XVI. Investment property (net)</b>	<b>I-m</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. Tax asset</b>		<b>93.959</b>	<b>-</b>	<b>93.959</b>	<b>25.032</b>	<b>-</b>	<b>25.032</b>
17.1 Current tax asset		-	-	-	7.407	-	7.407
17.2 Deferred tax asset	I-n	93.959	-	93.959	17.625	-	17.625
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	<b>I-o</b>	<b>150.499</b>	<b>-</b>	<b>150.499</b>	<b>151.396</b>	<b>-</b>	<b>151.396</b>
18.1 Held for sale purposes		150.499	-	150.499	151.396	-	151.396
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	<b>I-ö</b>	<b>1.027.377</b>	<b>961.048</b>	<b>1.988.425</b>	<b>943.597</b>	<b>601.519</b>	<b>1.545.116</b>
<b>Total assets</b>		<b>112.477.217</b>	<b>68.724.068</b>	<b>181.201.285</b>	<b>90.510.443</b>	<b>58.370.869</b>	<b>148.881.312</b>

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, 2014 and 2013

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

#### I. Balance sheet (Statement of Financial Position)

Liabilities	Note (Section Five)	Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	<b>II-a</b>	<b>64.175.925</b>	<b>40.944.414</b>	<b>105.120.339</b>	<b>44.303.269</b>	<b>42.004.358</b>	<b>86.307.627</b>
1.1 Deposits of the Bank's risk group		9.031.224	6.091.758	15.122.982	4.005.367	8.432.153	12.437.520
1.2 Other		55.144.701	34.852.656	89.997.357	40.297.902	33.572.205	73.870.107
<b>II. Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>698.894</b>	<b>96.636</b>	<b>795.530</b>	<b>755.244</b>	<b>88.312</b>	<b>843.556</b>
<b>III. Funds borrowed</b>	<b>II-c</b>	<b>862.557</b>	<b>17.259.016</b>	<b>18.121.573</b>	<b>1.087.491</b>	<b>15.340.417</b>	<b>16.427.908</b>
<b>IV. Money markets</b>		<b>3.834.659</b>	<b>2.365.914</b>	<b>6.200.573</b>	<b>249.162</b>	<b>3.143.784</b>	<b>3.392.946</b>
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		3.834.659	2.365.914	6.200.573	249.162	3.143.784	3.392.946
<b>V. Marketable securities issued (net)</b>	<b>II-ç</b>	<b>2.820.234</b>	<b>6.900.165</b>	<b>9.720.399</b>	<b>1.659.777</b>	<b>4.186.983</b>	<b>5.846.760</b>
5.1 Bills		1.638.373	1.712.209	3.350.582	1.165.920	827.050	1.992.970
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		1.181.861	5.187.956	6.369.817	493.857	3.359.933	3.853.790
<b>VI. Funds</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		<b>6.886.076</b>	<b>1.515.308</b>	<b>8.401.384</b>	<b>5.457.238</b>	<b>1.399.101</b>	<b>6.856.339</b>
<b>VIII. Other liabilities</b>	<b>II-d</b>	<b>1.342.786</b>	<b>1.543.834</b>	<b>2.886.620</b>	<b>1.145.831</b>	<b>722.667</b>	<b>1.868.498</b>
<b>IX. Factoring payables</b>		-	-	-	-	-	-
<b>X. Lease payables (net)</b>	<b>II-e</b>	-	-	-	<b>288</b>	<b>477</b>	<b>765</b>
10.1 Financial lease payables		-	-	-	310	486	796
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	-	-	(22)	(9)	(31)
<b>XI. Derivative financial liabilities held for hedging</b>	<b>II-f</b>	<b>228.442</b>	<b>211.349</b>	<b>439.791</b>	<b>30.573</b>	<b>355.822</b>	<b>386.395</b>
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		228.442	211.349	439.791	30.573	355.822	386.395
11.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XII. Provisions</b>	<b>II-g</b>	<b>2.569.837</b>	<b>675.719</b>	<b>3.245.556</b>	<b>2.435.870</b>	<b>536.807</b>	<b>2.972.677</b>
12.1 General loan loss provision		1.262.683	620.584	1.883.267	982.335	488.336	1.470.671
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		251.595	-	251.595	216.717	-	216.717
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.055.559	55.135	1.110.694	1.236.818	48.471	1.285.289
<b>XIII. Tax liability</b>	<b>II-ğ</b>	<b>372.599</b>	-	<b>372.599</b>	<b>187.911</b>	-	<b>187.911</b>
13.1 Current tax liability		372.599	-	372.599	187.911	-	187.911
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	<b>II-h</b>	-	<b>6.770.549</b>	<b>6.770.549</b>	-	<b>6.480.981</b>	<b>6.480.981</b>
<b>XVI. Shareholders' equity</b>	<b>II-ı</b>	<b>18.804.845</b>	<b>321.527</b>	<b>19.126.372</b>	<b>17.335.719</b>	<b>(26.770)</b>	<b>17.308.949</b>
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		2.154.874	321.527	2.476.401	1.255.221	(26.770)	1.228.451
16.2.1 Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences	II-ı	540.111	483.262	1.023.373	218.075	267.891	485.966
16.2.4 Property and equipment revaluation differences		18.485	-	18.485	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investments in associates, subsidiaries and joint ventures		15.107	-	15.107	15.107	-	15.107
16.2.8 Hedging funds (effective portion)		(135.274)	(161.735)	(297.009)	179.544	(294.661)	(115.117)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1.172.564	-	1.172.564	298.614	-	298.614
16.3 Profit reserves		10.457.954	-	10.457.954	8.530.472	-	8.530.472
16.3.1 Legal reserves		641.000	-	641.000	463.786	-	463.786
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		9.815.284	-	9.815.284	8.051.473	-	8.051.473
16.3.4 Other profit reserves		1.670	-	1.670	15.213	-	15.213
16.4 Income or (loss)		1.844.966	-	1.844.966	3.202.975	-	3.202.975
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1.844.966	-	1.844.966	3.202.975	-	3.202.975
<b>Total liabilities and shareholders' equity</b>		<b>102.596.854</b>	<b>78.604.431</b>	<b>181.201.285</b>	<b>74.648.373</b>	<b>74.232.939</b>	<b>148.881.312</b>

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, 2014 and 2013 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

#### II. Off-balance sheet commitments

		Current Period (31/12/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
		Note (Section Five)					
<b>A</b>	<b>Off-balance sheet commitments (I+II+III)</b>	<b>117.452.209</b>	<b>142.114.339</b>	<b>259.566.548</b>	<b>102.762.440</b>	<b>122.829.471</b>	<b>225.591.911</b>
<b>I</b>	<b>Guarantees and warranties</b>	<b>15.983.223</b>	<b>32.292.642</b>	<b>48.275.865</b>	<b>12.898.958</b>	<b>24.693.477</b>	<b>37.592.435</b>
1.1	Letters of guarantee	15.913.418	21.868.385	37.781.803	12.818.400	14.584.549	27.402.949
1.1.1	Guarantees subject to state tender law	503.713	716.911	1.220.624	482.038	657.448	1.139.486
1.1.2	Guarantees given for foreign trade operations	2.316.159	21.151.474	23.467.633	1.521.868	13.927.101	15.448.969
1.1.3	Other letters of guarantee	13.093.546	-	13.093.546	10.814.494	-	10.814.494
1.2	Bank acceptances	-	126.982	126.982	-	118.686	118.686
1.2.1	Import letter of acceptance	-	126.982	126.982	-	118.686	118.686
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	3	7.592.265	7.592.268	1.208	6.458.142	6.459.350
1.3.1	Documentary letters of credit	3	7.592.265	7.592.268	1.208	6.458.142	6.459.350
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	69.802	788.994	858.796	79.350	2.016.957	2.096.307
1.9	Other warranties	-	1.916.016	1.916.016	-	1.515.143	1.515.143
<b>II</b>	<b>Commitments</b>	<b>42.919.920</b>	<b>3.503.210</b>	<b>46.423.130</b>	<b>37.495.938</b>	<b>7.552.103</b>	<b>45.048.041</b>
2.1	Irrevocable commitments	42.919.920	3.503.210	46.423.130	37.495.938	7.552.103	45.048.041
2.1.1	Asset purchase and sale commitments	937.272	2.205.515	3.142.787	1.816.025	6.966.286	8.782.311
2.1.2	Deposit purchase and sales commitments	-	8	8	-	9	9
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	6.945.817	1.179.842	8.125.659	5.884.104	510.050	6.394.154
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.981.382	-	5.981.382	5.385.711	-	5.385.711
2.1.8	Tax and fund liabilities from export commitments	44.489	-	44.489	41.007	-	41.007
2.1.9	Commitments for credit card limits	25.612.776	-	25.612.776	21.610.762	-	21.610.762
2.1.10	Commitments for credit cards and banking services promotions	11.149	-	11.149	7.365	-	7.365
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	3.387.035	117.845	3.504.880	2.750.964	75.758	2.826.722
2.2	Revocable commitments	-	-	-	-	-	-
2.2.1	Revocable loan granting commitments	-	-	-	-	-	-
2.2.2	Other revocable commitments	-	-	-	-	-	-
<b>III</b>	<b>Derivative financial instruments</b>	<b>58.549.066</b>	<b>106.318.487</b>	<b>164.867.553</b>	<b>52.367.544</b>	<b>90.583.891</b>	<b>142.951.435</b>
3.1	Derivative financial instruments for hedging purposes	19.785.915	22.110.629	41.896.544	12.176.363	25.452.330	37.628.693
3.1.1	Transactions for fair value hedge	455.325	674.144	1.129.469	1.104.763	1.506.212	2.610.975
3.1.2	Transactions for cash flow hedge	19.330.590	21.436.485	40.767.075	11.071.600	23.946.118	35.017.718
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	38.763.151	84.207.858	122.971.009	40.191.181	65.131.561	105.322.742
3.2.1	Forward foreign currency buy/sell transactions	2.501.331	3.961.567	6.462.898	3.874.595	5.596.930	9.471.525
3.2.1.1	Forward foreign currency transactions-buy	919.750	2.229.299	3.149.049	1.101.765	3.679.900	4.781.665
3.2.1.2	Forward foreign currency transactions-sell	1.581.581	1.732.268	3.313.849	2.772.830	1.917.030	4.689.860
3.2.2	Swap transactions related to foreign currency and interest rates	28.646.885	61.960.287	90.607.172	28.989.040	46.974.699	75.963.739
3.2.2.1	Foreign currency swap-buy	12.373.547	25.252.209	37.625.756	11.579.789	21.617.967	33.197.751
3.2.2.2	Foreign currency swap-sell	16.273.338	20.748.836	37.022.174	17.409.251	15.044.962	32.454.218
3.2.2.3	Interest rate swap-buy	-	7.979.621	7.979.621	-	5.155.885	5.155.885
3.2.2.4	Interest rate swap-sell	-	7.979.621	7.979.621	-	5.155.885	5.155.885
3.2.3	Foreign currency, interest rate and securities options	3.897.749	12.727.219	16.624.968	6.469.546	12.184.618	18.654.164
3.2.3.1	Foreign currency options-buy	1.763.365	2.931.949	4.695.314	2.028.284	4.259.197	6.287.481
3.2.3.2	Foreign currency options-sell	2.067.159	2.701.972	4.769.131	3.064.188	3.206.369	6.270.557
3.2.3.3	Interest rate options-buy	-	3.546.649	3.546.649	70.800	2.359.526	2.430.326
3.2.3.4	Interest rate options-sell	-	3.546.649	3.546.649	70.800	2.359.526	2.430.326
3.2.3.5	Securities options-buy	55.500	-	55.500	820.104	-	820.104
3.2.3.6	Securities options-sell	11.725	-	11.725	415.370	-	415.370
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	3.717.186	5.558.785	9.275.971	858.000	375.314	1.233.314
<b>B</b>	<b>Custody and pledges received (IV+V+VI)</b>	<b>175.964.039</b>	<b>37.559.647</b>	<b>213.523.686</b>	<b>132.274.872</b>	<b>33.461.678</b>	<b>165.736.550</b>
<b>IV</b>	<b>Items held in custody</b>	<b>62.028.636</b>	<b>6.230.556</b>	<b>68.259.192</b>	<b>54.881.691</b>	<b>5.616.895</b>	<b>60.498.586</b>
4.1	Customer fund and portfolio balances	-	-	-	-	12	12
4.2	Investment securities held in custody	44.893.146	5.363.710	50.256.856	42.507.367	4.918.699	47.426.066
4.3	Checks received for collection	14.213.355	161.325	14.374.684	9.754.090	136.315	9.890.405
4.4	Commercial notes received for collection	2.880.156	670.631	3.550.787	2.612.459	531.332	3.143.791
4.5	Other assets received for collection	-	29.819	29.819	-	30.537	30.537
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	41.775	5.071	46.846	7.775	-	7.775
4.8	Custodians	-	-	-	-	-	-
<b>V</b>	<b>Pledges received</b>	<b>112.458.919</b>	<b>30.617.856</b>	<b>143.076.775</b>	<b>76.079.903</b>	<b>27.120.977</b>	<b>103.200.880</b>
5.1	Marketable securities	179.123	257	179.380	204.521	237	204.758
5.2	Guarantee notes	841.979	246.527	1.088.506	681.445	433.893	1.115.338
5.3	Commodity	28.446	-	28.446	22.983	-	22.983
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	69.897.086	22.834.232	92.731.318	52.696.177	19.738.023	72.434.200
5.6	Other pledged items	41.512.285	7.532.654	49.044.939	22.474.777	6.944.919	29.419.696
5.7	Pledged items-depository	-	4.186	4.186	-	3.905	3.905
<b>VI</b>	<b>Accepted independent guarantees and warranties</b>	<b>1.476.484</b>	<b>711.235</b>	<b>2.187.719</b>	<b>1.313.278</b>	<b>723.806</b>	<b>2.037.084</b>
<b>Total off-balance sheet commitments (A+B)</b>		<b>293.416.248</b>	<b>179.673.986</b>	<b>473.090.234</b>	<b>235.037.312</b>	<b>156.291.149</b>	<b>391.328.461</b>

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, 2014 and 2013

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

III. Income statement

Income and expense items		Note (Section Five)	Current Period 01/01-31/12/2014	Prior Period 01/01-31/12/2013
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>11.770.083</b>	<b>9.235.690</b>
1.1	Interest on loans	IV-a-1	9.616.585	7.557.038
1.2	Interest received from reserve deposits		709	-
1.3	Interest received from banks	IV-a-2	69.237	35.087
1.4	Interest received from money market transactions		240.898	121.487
1.5	Interest received from marketable securities portfolio	IV-a-3	1.841.998	1.519.160
1.5.1	Trading financial assets		3.378	8.832
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		1.414.350	1.092.835
1.5.4	Held to maturity investments		424.270	417.493
1.6	Financial lease income		-	-
1.7	Other interest income		656	2.918
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(6.164.376)</b>	<b>(4.571.458)</b>
2.1	Interest on deposits	IV-b-4	(4.713.798)	(3.501.698)
2.2	Interest on funds borrowed	IV-b-1	(723.982)	(701.435)
2.3	Interest expense on money market transactions		(251.503)	(115.292)
2.4	Interest on securities issued	IV-b-3	(458.795)	(236.433)
2.5	Other interest expenses		(16.298)	(16.600)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>5.605.707</b>	<b>4.664.232</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>2.200.615</b>	<b>2.006.317</b>
4.1	Fees and commissions received		2.814.152	2.397.619
4.1.1	Non-cash loans		319.409	277.365
4.1.2	Other	IV-i	2.494.743	2.120.254
4.2	Fees and commissions paid		(613.537)	(391.302)
4.2.1	Non-cash loans		(613)	(263)
4.2.2	Other		(612.924)	(391.039)
<b>V.</b>	<b>Dividend income</b>	<b>IV-c</b>	<b>174.129</b>	<b>132.787</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-ç</b>	<b>(416.118)</b>	<b>115.048</b>
6.1	Trading gains/(losses) on securities		276.078	569.121
6.2	Derivative financial transactions gains/(losses)	IV-d	(1.371.145)	1.683.541
6.3	Foreign exchange gains/(losses)		678.949	(2.137.614)
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>597.146</b>	<b>452.360</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>8.161.479</b>	<b>7.370.744</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(1.861.978)</b>	<b>(1.475.405)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(3.929.876)</b>	<b>(3.339.012)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>2.369.625</b>	<b>2.556.327</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		-	-
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-ğ</b>	<b>2.369.625</b>	<b>2.556.327</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>	<b>IV-h</b>	<b>(524.659)</b>	<b>(525.787)</b>
16.1	Current tax provision		(680.515)	(151.385)
16.2	Deferred tax provision		155.856	(374.402)
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>1.844.966</b>	<b>2.030.540</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		-	<b>1.227.271</b>
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		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	-
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		-	-
<b>XX.</b>	<b>Profit/losses before taxes from discontinued operations (XVIII-XIX)</b>	<b>IV-ğ</b>	-	<b>1.227.271</b>
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>	<b>IV-h</b>	-	<b>(54.836)</b>
21.1	Current tax provision		-	(54.836)
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		-	<b>1.172.435</b>
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-ı</b>	<b>1.844.966</b>	<b>3.202.975</b>
	Earnings/(loss) per share (full TL)		0,0042	0,0074

(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, 2014 and 2013

(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	(31/12/2014)	(31/12/2013)
I. Transfers to marketable securities valuation differences from financial assets available for sale	654.661	(3.669.718)
II. Property and equipment revaluation differences	18.485	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	(8.124)	179.693
V. Profit /loss on cash flow hedges (effective part of the fair value changes)	(208.019)	661.738
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	(17.024)	32.727
IX. Deferred tax on valuation differences	(79.522)	339.492
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	360.457	(2.456.068)
XI. Current year profit/loss	1.844.966	3.202.975
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	118.063	1.690.028
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(158.005)	(247.017)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.884.908	1.759.964
<b>XII. Total income/loss accounted for the period (X+XI)</b>	<b>2.205.423</b>	<b>746.907</b>

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

	Prior Period	Note (Section five)	Paid- in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income /(loss)	Marketable securities Value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
	December 31, 2013																	
I.	Period opening balance		4.347.051	-	543.881	-	359.847	-	6.546.849	294.801	1.913.472	-	3.416.954	-	-	(560.813)	-	16.862.042
II.	Changes in accounting policies according to TAS 8																	
2.1	Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)		4.347.051	-	543.881	-	359.847	-	6.546.849	294.801	1.913.472	-	3.416.954	-	-	(560.813)	-	16.862.042
IV.	Changes in the period Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(3.158.437)	-	-	-	-	(3.158.437)
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	529.391	-	529.391
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		-	-	-	-	-	-	-	-	-	-	-	-	15.107	-	-	15.107
X.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	227.449	-	-	(83.695)	-	143.754
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		-	-	-	-	-	-	-	14.117	-	-	-	-	-	-	-	14.117
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	3.202.975	-	-	-	-	-	-	3.202.975
XX.	Profit distribution		-	-	-	-	103.939	-	1.504.624	4.909	(1.913.472)	-	-	-	-	-	-	(300.000)
20.1	Dividend paid		-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	-	(300.000)
20.2	Transfers to reserves		-	-	-	-	103.939	-	1.504.624	4.909	(1.613.472)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+IV+V+.....+ XVIII +XIX+XX)		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 statement of changes in shareholders' equity as of December 31, 2014

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

#### V. Statement of changes in shareholders' equity

Current Period		Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellati on profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketabl e securities value increase fund	Property and equipment and intangibl e assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
December 31, 2014																		
I.	Prior period end balance		4.347.051	-	543.881	-	463.786	-	8.051.473	313.827	3.202.975	-	485.966	-	15.107	(115.117)	-	17.308.949
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	528.430	-	-	-	-	528.430
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(166.416)	-	(166.416)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(166.416)	-	(166.416)
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	18.485	-	-	-	18.485
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	8.977	-	-	(15.476)	-	(6.499)
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		-	-	-	-	-	-	-	(13.543)	-	-	-	-	-	-	-	(13.543)
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	1.844.966	-	-	-	-	-	-	1.844.966
XVIII.	Profit distribution		-	-	-	-	177.214	-	1.763.811	873.950	(3.202.975)	-	-	-	-	-	-	(388.000)
18.1	Dividend paid		-	-	-	-	-	-	-	-	(388.000)	-	-	-	-	-	-	(388.000)
18.2	Transfers to reserves		-	-	-	-	177.214	-	1.763.811	873.950	(2.814.975)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Period end balance</b>																	
	<b>(I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>641.000</b>	<b>-</b>	<b>9.815.284</b>	<b>1.174.234</b>	<b>1.844.966</b>	<b>-</b>	<b>-1.023.373</b>	<b>18.485</b>	<b>15.107</b>	<b>(297.009)</b>	<b>-</b>	<b>19.126.372</b>

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, 2014 and 2013

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

#### VI. Statement of cash flows

	Notes (Section Five)	Current Period (31/12/2014)	Prior Period (31/12/2013)
<b>A. Cash flows from banking operations</b>			
1.1 Operating profit before changes in operating assets and liabilities		4.667.797	3.619.866
1.1.1 Interest received		10.852.042	10.291.967
1.1.2 Interest paid		(6.109.296)	(4.388.150)
1.1.3 Dividend received		174.129	132.787
1.1.4 Fees and commissions received		2.812.517	2.398.398
1.1.5 Other income		274.360	1.450.270
1.1.6 Collections from previously written-off loans and other receivables		945.206	1.209.846
1.1.7 Payments to personnel and service suppliers		(3.278.872)	(2.734.427)
1.1.8 Taxes paid		(702.912)	(521.256)
1.1.9 Other	VI-c	(299.377)	(4.219.569)
1.2 Changes in operating assets and liabilities		(4.970.341)	(5.337.148)
1.2.1 Net (increase)/decrease in trading securities		(57.982)	412.601
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(2.325.251)	(7.187.982)
1.2.4 Net (increase)/decrease in loans		(28.579.873)	(22.423.162)
1.2.5 Net (increase)/decrease in other assets		(377.732)	689.716
1.2.6 Net increase /(decrease) in bank deposits		298.770	980.858
1.2.7 Net increase /(decrease) in other deposits		18.445.274	17.248.694
1.2.8 Net increase /(decrease) in funds borrowed		4.840.321	3.049.273
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	2.786.132	1.892.854
<b>I. Net cash flows from banking operations</b>		<b>(302.544)</b>	<b>(1.717.282)</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>		<b>(3.043.495)</b>	<b>(653.507)</b>
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(124.138)	(71.129)
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		44.433	1.247.195
2.3 Purchases of property and equipment		(437.435)	(251.481)
2.4 Disposals of property and equipment		66.108	61.070
2.5 Purchase of investments available-for-sale		(12.565.639)	(10.005.484)
2.6 Sale of investments available-for -sale		8.311.853	8.611.406
2.7 Purchase of investment securities		(561.762)	(262.570)
2.8 Sale of investment securities		2.223.085	17.486
2.9 Other		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>		<b>3.159.357</b>	<b>2.712.059</b>
3.1 Cash obtained from funds borrowed and securities issued		13.790.879	11.204.385
3.2 Cash used for repayment of funds borrowed and securities issued		(10.242.683)	(8.183.185)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(388.000)	(300.000)
3.5 Payments for finance leases		(839)	(9.141)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>	VI-c	<b>115.664</b>	<b>621.837</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>(71.018)</b>	<b>963.107</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	VI-a	<b>9.272.213</b>	<b>8.309.106</b>
<b>VII. Cash and cash equivalents at end of the period</b>	VI-a	<b>9.201.195</b>	<b>9.272.213</b>

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, 2014 and 2013**

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

**VII. Profit appropriation statement <sup>(1)</sup>**

	Current Period (31/12/2014)	Prior Period (31/12/2013)
<b>I. Distribution of current year income</b>		
1.1 Current year income	2.369.625	3.783.598
1.2 Taxes and duties payable (-)	(524.659)	(580.623)
1.2.1 Corporate tax (income tax)	(680.515)	(206.221)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	155.856	(374.402)
<b>A. Net income for the year (1.1-1.2)</b>	<b>1.844.966</b>	<b>3.202.975</b>
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	177.214
1.5 Other statutory reserves (-)	-	-
<b>B. Net income available for distribution [(a)-(1.3+1.4+1.5)]</b>	<b>1.844.966</b>	<b>3.025.761</b>
1.6 First dividend to shareholders (-)	-	388.000
1.6.1 To owners of ordinary shares	-	388.000
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	-	1.763.811
1.13 Other reserves	-	-
1.14 Special funds	-	873.950
<b>II. Distribution of reserves</b>		
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 (-)	-	-
<b>III. Earnings per share</b>		
3.1 To owners of ordinary shares	0,0042	0,0074
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1 To owners of ordinary shares	-	0,0009
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 2014 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 1.486 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.

(2) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. As of December 31, 2014 the Bank has deferred tax income amounting to TL 155.586 associated with the deferred tax asset which will not be distributed.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (**

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

**Section Three**

**Accounting policies**

**I. Explanations on basis of presentation:**

The 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 and liabilities 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, hedging derivative financial assets/liabilities and art objects and paintings in tangible assets. Besides, the carrying values of assets carried at amortised cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

The preparation of 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, 2013, except for changes on accounting policies from historical cost basis to revaluation basis for art objects and paintings in tangible assets. TAS/TFRS changes which are effective from January 1, 2014 (TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended), TRFS Interpretation 21 Levies, Amendments to TAS 36 - (Recoverable Amount Disclosures for Non-Financial assets), Amendments to TAS 39 - Novation of Derivatives and Continuation of Hedge Accounting, TFRS 10 Consolidated Financial Statements (Amendment)) do not have a significant effect on the Bank’s accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II to XXVI below.

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 as of December 31, 2014 (continued)**

(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.

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

**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, 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, associates and joint ventures which are not quoted on organized markets or 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 derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

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.

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

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

As of December 31, 2014, 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.

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

**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.

**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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

**c. Loans and receivables:**

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

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

The 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 UCA.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

(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 to collect/pay related financial assets and liabilities on a net basis, or there is an intention 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 as of December 31, 2014 (continued)**

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

**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").

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

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

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.

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

Expenditures for the repair and maintenance of property and equipment are 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

**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 as of December 31, 2014 (continued)**

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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.

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

**XVIII. Explanations on borrowings:**

The financial liabilities classified at fair value through profit/loss, trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" including costs of transactions using the "effective interest method".

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

The 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 1.585 (December 31, 2013 - TL 1.203).

**XXII. Profit reserves and profit distribution:**

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Accounting policies (continued)**

**XXIII. Earnings per share:**

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	1.844.966	2.030.540
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
<b>Earnings per share from continued operations (full TL)</b>	<b>0,0042</b>	<b>0,0047</b>

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

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 2014 (December 31, 2013 - no bonus shares were issued).

**XXIV. Related parties:**

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Note 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 as of December 31, 2014 (continued)**

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

**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 15,03% (December 31, 2013 – 16,00%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 28756 as of September 5, 2013".

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

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

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

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

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

(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, 2014 (continued)

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

#### 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%		
<b>Amounts subject to credit risk</b>	<b>41.218.048</b>	<b>6.206.895</b>	<b>25.726.733</b>	<b>39.453.298</b>	<b>85.215.409</b>	<b>3.496.976</b>	<b>8.330.515</b>	<b>702.203</b>	<b>210.350.077</b>	
<b>Risk classifications:</b>										
Conditional and unconditional receivables from central governments or central banks	38.862.292	-	4.761.168	-	-	-	-	-	43.623.460	
Conditional and unconditional receivables from regional or local governments	-	149	-	-	-	-	-	-	149	
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	1.067	-	-	-	1.067	
Conditional and unconditional receivables from multilateral development banks	4.853	-	-	-	-	-	-	-	4.853	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	-	6.202.643	5.225.344	-	704.230	-	-	-	12.132.217	
Conditional and unconditional receivables from corporates	-	-	-	-	74.798.145	-	-	-	74.798.145	
Conditional and unconditional retail receivables	-	-	-	39.375.796	4.343.969	-	-	-	43.719.765	
Conditional and unconditional receivables secured by mortgages	-	-	15.738.768	-	-	-	-	-	15.738.768	
Past due receivables	-	-	-	77.502	708.163	470.184	-	-	1.255.849	
Receivables defined as high risk category by the Regulator	-	-	1.453	-	49.220	3.026.792	8.330.515	702.203	12.110.183	
Secured by mortgages	-	-	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	
Other receivables	2.350.903	4.103	-	-	4.610.615	-	-	-	6.965.621	
<b>Credit Risk Weighted Amounts</b>	<b>-</b>	<b>1.241.378</b>	<b>12.863.366</b>	<b>29.589.973</b>	<b>85.215.409</b>	<b>5.245.463</b>	<b>16.661.029</b>	<b>1.755.507</b>	<b>152.572.125</b>	

#### Summary information about capital adequacy ratio:

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	12.205.770	10.042.902
Capital requirement for market risk (MRCR)	130.250	197.468
Capital requirement for operational risk (ORCR)	817.197	802.350
<b>Shareholders' equity</b>	<b>24.705.420</b>	<b>22.084.113</b>
<b>Shareholders' equity/((CRCR+MRCR+ORCR) * 12,5) * 100</b>	<b>15,03</b>	<b>16,00</b>
<b>Tier 1 capital/((CRCR+MRCR+ORCR) * 12,5) * 100</b>	<b>10,94</b>	<b>-</b>
<b>Common equity Tier 1 capital/((CRCR+MRCR+ORCR) * 12,5) * 100</b>	<b>11,62</b>	<b>-</b>

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**Information about shareholders' equity items:**

	<b>December 31, 2014</b>
<b>Common Equity Tier 1 Capital</b>	
Paid-in Capital to be Entitled for Compensation after All Creditors	4.347.051
Share Premium	543.881
Share Cancellation Profits	-
Legal Reserves	10.457.954
Other Comprehensive Income according to TAS	2.214.422
Profit	1.844.966
Net Current Period Profit	1.844.966
Prior Period Profit	-
Provisions for Possible Losses	160.839
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	15.107
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>19.584.220</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-
Leasehold Improvements on Operational Leases (-)	133.692
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	281.203
Net Deferred tax assets / liabilities (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage servicing rights (amount above 10% threshold) (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be defined by the regulator (-)	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions (-)	63.027
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>477.922</b>
<b>Common Equity Tier 1 capital</b>	<b>19.106.298</b>
<b>Additional Tier 1 capital: instruments</b>	
Prevalaged stocks which are not included in common equity and share premiums	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	-
<b>Additional Tier 1 capital: regulatory adjustments</b>	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital (-)	-
Other items to be Defined by the regulator (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-
<b>Additional Tier 1 capital</b>	-

(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, 2014 (continued)

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

#### Information related to financial position of the Bank (continued)

##### Regulatory adjustments to Common Equity

Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	1.124.812
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-

**Tier 1 capital** **17.981.486**

##### Tier 2 capital

Directly issued qualifying Tier 2 instruments (that are approved by the regülatör) plus related stock surplus (Issued or Obtained after 1.1.2014)	-
Directly issued qualifying Tier 2 instruments (that are approved by the regülatör) plus related stock surplus (Issued or Obtained before 1.1.2014)	5.169.213
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-
Generic Provisions	1.883.267

**Tier 2 capital before regulatory adjustments** **7.052.480**

##### Tier 2 capital: regulatory adjustments

Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the regulator (-)	-

**Total regulatory adjustments to Tier 2 capital** **-**

**Tier 2 capital** **7.052.480**

**Total capital** **25.033.966**

Loans Granted against the Articles 50 and 51 of the Banking Law (-)	23.496
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	7.908
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	159.277
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the regulator (-)	137.865
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-

**Shareholders's equity** **24.705.420**

##### Amounts below the thresholds for deduction

Remaining Total of Net Long Positions of the Investments in Own Fund Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital	-
Remaining total of net long positions of the investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank owns more than 10% or less of the Tier I Capital	-
Remaining mortgage servicing rights	-
Net deferred tax assets arising from temporary differences	780.314

(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, 2014 (continued)

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

#### Information related to financial position of the Bank (continued)

##### Information about shareholders' equity items:

	December 31, 2013
<b>Core Capital</b>	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid-in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	8.530.472
Adjustment to legal reserves	-
Profit	3.202.975
Net current period profit	3.202.975
Prior period profit	-
Provisions for possible losses up to 25% of core capital	190.112
Income on sale of equity shares and real estates <sup>(1)</sup>	298.614
Primary subordinated loans	-
Loss (in excess of Reserves) (-)	-
Net current period's losses	-
prior periods' losses	-
Leasehold Improvements on Operational Leases (-)	81.772
Intangible assets (-)	1.376.092
Deferred-assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-
<b>Total core capital</b>	<b>15.655.241</b>
	<b>Prior Period</b>
<b>Supplementary capital</b>	
General reserves	1.470.671
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 <sup>(2)</sup>	5.089.496
45% of value increase fund of financial assets available for sale and associates and subsidiaries	218.684
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
<b>Total supplementary capital</b>	<b>6.793.958</b>
<b>Capital</b>	<b>22.449.199</b>
<b>Deductions from the capital</b>	<b>365.086</b>
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	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
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
Securitization positions that is deducted -preferably- from the shareholders' equity	-
Other	129.775
<b>Total shareholders' equity</b>	<b>22.084.113</b>

##### Details on calculation in accordance with the temporary calculations on Own Fund:

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

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**Details on Subordinated Liabilities:**

Details on Subordinated Liabilities:					
	1	2	3	4	5
Issuer	UNICREDIT BANK	BANK AUSTRIA	MERRILL LYNCH	CITIBANK	YKB
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-	XS0861979440/US984848AB73
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA	BRSA/CMB/LONDON STOCK EXCHANGE
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes	Yes
Eligible at stand-alone / consolidated	Stand-alone - Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1.317	1.090	223	220	2.319
Par value of instrument	1.357	1.090	1.410	564	2.319
Accounting classification	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost
Original date of issuance	January 9, 2013	November, 21 2013	March 31, 2006	June 25, 2007	December 6, 2012
Perpetual or dated	Dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	-	-	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	After 5th year
Coupons / dividends	3 months	3 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating	Fixed
Coupon rate and any related index	5,5	6,35	EURIBOR + %3	EURIBOR + %2,78	5,5
Existence of a dividend stopper	-	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-	-

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**Details on Subordinated Liabilities (continued):**

Details on Subordinated Liabilities (continued):					
	1	2	3	4	5
Existence of step up or other incentive to redeem	-	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	None	None
If convertible, conversion trigger (s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature	None	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-	-
If write-down, full or partial	-	-	-	-	-
If write-down, permanent or temporary	-	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
In compliance with article number 7 and 8 of "Own fund regulation"	Yes	Yes	Yes	Yes	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8-2-ğ	8-2-ğ	8-2-ğ	8-2-ğ	8-2-ğ

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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 regularly reports ICAAP documentations to BRSA approved by the Board of the Directors.

**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, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. 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. A separate rating model is used for the customers which operate in construction industry. The Bank uses scorecard system for its retail and credit card customers for the underwriting and limit management processes. The scorecard system was internally developed, and being updated and approved regularly.

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.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

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:

	<b>Current Period</b>	<b>Prior Period</b>
Above average (1-4)	%44,7	%41,3
Average (5+ -6)	%47,1	%51,7
Below average (7+ -9)	%8,2	%7,0

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:**

<b>Risk classifications:</b>	<b>Current period risk amount<sup>(1)</sup></b>	<b>Average risk amount</b>
Conditional and unconditional receivables from central governments or central banks	45.795.728	35.404.230
Conditional and unconditional receivables from regional or local governments	149	149
Conditional and unconditional receivables from administrative units and non-commercial enterprises	1.067	964
Conditional and unconditional receivables from multilateral development banks	4.853	4.803
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.071.992	11.033.611
Conditional and unconditional receivables from corporates	77.778.292	65.303.164
Conditional and unconditional retail receivables	43.992.755	44.181.339
Conditional and unconditional receivables secured by mortgages	15.738.768	13.035.445
Past due receivables	1.255.849	1.190.711
Receivables defined as high risk category by the Regulator	12.148.089	10.874.715
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	6.965.621	6.871.239
<b>Total</b>	<b>215.753.163</b>	<b>187.900.370</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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 21% and 28%.
  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 23% and 30% of total cash loans and non-cash loans.

- f.** The Bank provided a general loan loss provision amounting to TL 1.883.267 (December 31, 2013 - TL 1.470.671).

(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, 2014 (continued)

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

#### Information related to financial position of the Bank (continued)

##### g. Risk profile according to the geographical concentration:

	Risk Classifications <sup>(1)(2)</sup>											Total
	1	2	3	4	5	6	7	8	9	10	11	
<b>Current Period</b>												
Domestic	45.795.728	149	1.067	-	4.978.118	76.215.775	43.815.207	15.734.972	1.211.798	12.147.933	4.275.167	204.175.914
EU countries	-	-	-	1.712	5.204.274	810.960	19.183	2.148	1.467	108	249.101	6.288.953
OECD countries <sup>(3)</sup>	-	-	-	-	179.627	32.113	473	744	13.033	-	-	225.990
Off-shore banking regions	-	-	-	-	390	-	18.603	-	-	-	-	18.993
USA, Canada	-	-	-	3.141	1.016.981	80.700	462	-	-	-	-	1.101.284
Other countries	-	-	-	-	692.602	638.744	138.827	904	29.551	48	-	1.500.676
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	2.441.353	2.441.353
Undistributed Assets / Liabilities <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>45.795.728</b>	<b>149</b>	<b>1.067</b>	<b>4.853</b>	<b>12.071.992</b>	<b>77.778.292</b>	<b>43.992.755</b>	<b>15.738.768</b>	<b>1.255.849</b>	<b>12.148.089</b>	<b>6.965.621</b>	<b>215.753.163</b>

	Risk Classifications <sup>(1)(2)</sup>											Total
	1	2	3	4	5	6	7	8	9	10	11	
<b>Prior Period</b>												
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 <sup>(3)</sup>	-	-	-	-	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 <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>34.895.595</b>	<b>139</b>	<b>894</b>	<b>3.211</b>	<b>12.207.410</b>	<b>55.816.741</b>	<b>41.782.662</b>	<b>10.914.915</b>	<b>1.156.916</b>	<b>10.396.109</b>	<b>6.396.098</b>	<b>173.570.690</b>

(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

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**ğ. Risk profile according to sectors and counterparties:**

	Risk Classifications <sup>(1) (2)</sup>											TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11			
Agricultural	-	-	-	-	-	2.409.990	1.168.066	346.894	34.535	111.350	-	481.895	3.588.940	4.070.835
Farming and raising livestock	-	-	-	-	-	2.279.022	994.157	307.923	32.376	106.630	-	407.740	3.312.368	3.720.108
Forestry	-	-	-	-	-	77.473	135.432	28.858	1.308	2.039	-	39.244	205.866	245.110
Fishing	-	-	-	-	-	53.495	38.477	10.113	851	2.681	-	34.911	70.706	105.617
Manufacturing	-	1	21	-	-	44.070.036	10.888.816	3.530.384	505.606	278.612	4.188	34.994.900	24.282.764	59.277.664
Mining	-	-	-	-	-	9.010.548	1.394.605	472.500	56.454	15.919	43	7.078.913	3.871.156	10.950.069
Production	-	1	12	-	-	26.982.990	9.083.236	2.952.750	444.430	259.405	4.145	20.371.645	19.355.324	39.726.969
Electric, gas and water	-	-	9	-	-	8.076.498	410.975	105.134	4.722	3.288	-	7.544.342	1.056.284	8.600.626
Construction	5	2	-	-	-	10.876.135	4.122.896	1.837.326	138.555	57.458	-	8.565.422	8.466.955	17.032.377
Services	45.795.723	64	786	3.141	12.071.992	15.686.735	7.621.295	3.704.783	219.515	285.524	1.895.933	44.223.273	43.062.218	87.285.491
Wholesale and retail trade	-	1	3	-	-	5.637.980	3.791.265	960.070	90.135	104.746	-	2.619.713	7.964.487	10.584.200
Hotel, food and beverage services	-	-	22	-	-	1.807.763	1.003.476	1.041.452	16.830	46.069	-	2.449.403	1.466.209	3.915.612
Transportation and telecommunication	-	-	2	-	-	4.978.347	1.004.961	235.367	45.043	54.351	-	4.029.341	2.288.730	6.318.071
Financial institutions	45.795.723	7	9	3.141	12.071.992	879.003	480.585	977.824	30.896	12.911	1.893.180	33.531.084	28.614.187	62.145.271
Real estate and renting services	-	-	-	-	-	237.704	116.590	53.843	7.167	7.553	-	206.232	216.625	422.857
Self-employment services	-	-	-	-	-	367.981	357.793	76.700	9.133	21.198	95	171.766	661.134	832.900
Education services	-	-	600	-	-	116.787	112.344	26.490	1.580	4.346	-	25.242	236.905	262.147
Health and social services	-	56	150	-	-	1.661.170	754.281	333.037	18.731	34.350	2.658	1.190.492	1.613.941	2.804.433
Other	-	82	260	1.712	-	4.735.396	20.191.682	6.319.381	357.638	11.415.145	5.065.500	5.287.454	42.799.342	48.086.796
<b>Total</b>	<b>45.795.728</b>	<b>149</b>	<b>1.067</b>	<b>4.853</b>	<b>12.071.992</b>	<b>77.778.292</b>	<b>43.992.755</b>	<b>15.738.768</b>	<b>1.255.849</b>	<b>12.148.089</b>	<b>6.965.621</b>	<b>93.552.944</b>	<b>122.200.219</b>	<b>215.753.163</b>

(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

(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, 2014 (continued)

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

#### Information related to financial position of the Bank (continued)

##### h. Risk profile according to remaining maturities:

Risk classifications <sup>(1),(2)</sup>	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	21.491.398	1.061.514	1.242.958	2.449.879	19.458.516	45.704.265
Conditional and unconditional receivables from regional or local governments	-	-	149	-	-	149
Conditional and unconditional receivables from administrative units and non-commercial enterprises	451	-	535	-	81	1.067
Conditional and unconditional receivables from multilateral development banks	2.008	554	1.153	1.138	-	4.853
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2.475.924	1.382.707	4.148.311	864.201	3.200.849	12.071.992
Conditional and unconditional receivables from corporates	8.318.172	5.686.310	11.421.181	10.890.259	41.462.370	77.778.292
Conditional and unconditional retail receivables	1.018.151	2.315.739	12.302.722	5.082.884	23.273.259	43.992.755
Conditional and unconditional receivables secured by mortgages	261.088	1.300.545	1.261.959	894.535	12.020.641	15.738.768
Past due receivables	-	-	-	-	-	-
Receivables defined as high risk category by the Regulator	21.924	273	23.756	1.029	12.101.107	12.148.089
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>General Total</b>	<b>33.589.116</b>	<b>11.747.642</b>	<b>30.402.724</b>	<b>20.183.925</b>	<b>111.516.823</b>	<b>207.440.230</b>

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

(2) Does not include demand transactions.

- 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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	41.122.928	6.212.924	27.927.867	39.726.290	88.200.216	3.514.020	8.346.715	702.203	215.753.163	328.546
2 Total exposure after credit risk mitigation	41.218.048	6.206.895	25.726.733	39.453.298	85.215.409	3.496.976	8.330.515	702.203	210.350.077	328.546

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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 2014.

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 2014.

Sectors / Counterparties	Loans		General Provisions	Specific Provisions
	Impaired Loans	Past due		
<b>Agricultural</b>	<b>119.043</b>	<b>213.130</b>	<b>9.660</b>	<b>86.632</b>
Farming and raising livestock	108.502	200.964	8.909	79.383
Forestry	7.073	6.913	408	5.046
Fishing	3.468	5.253	343	2.203
<b>Manufacturing</b>	<b>1.652.133</b>	<b>1.511.694</b>	<b>260.457</b>	<b>1.155.010</b>
Mining	150.274	147.851	5.720	134.937
Production	1.476.989	1.348.468	252.212	1.004.670
Electric, gas and water	24.870	15.375	2.525	15.403
<b>Construction</b>	<b>473.878</b>	<b>485.502</b>	<b>103.398</b>	<b>235.573</b>
<b>Services</b>	<b>730.989</b>	<b>969.099</b>	<b>81.909</b>	<b>502.007</b>
Wholesale and retail trade	339.982	290.176	40.744	225.164
Hotel, food and beverage services	66.952	87.170	5.132	43.786
Transportation and telecommunication	145.816	275.275	10.398	117.279
Financial institutions	62.976	164.435	21.512	38.287
Real estate and renting services	42.484	25.116	879	26.324
Self-employment services	-	-	-	-
Education services	7.286	6.820	324	5.232
Health and social services	65.493	120.107	2.920	45.935
<b>Other</b>	<b>1.739.242</b>	<b>1.284.469</b>	<b>39.301</b>	<b>1.181.128</b>
<b>Total</b>	<b>4.715.285</b>	<b>4.463.894</b>	<b>494.725</b>	<b>3.160.350</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**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.

	Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments <sup>(1)</sup>	Close out balance
1 Specific provisions	2.410.116	1.257.795	(131.839)	(458.146)	3.077.926
2 General provisions	1.470.671	459.433	(46.837)	-	1.883.267

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

**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 the Internal Systems and Internal Capital Adequacy Assessment Process of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

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

Market risk policies, which are approved by the 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, 2014 in accordance with “Regulation on Banks' Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated June 28, 2012.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**(1) Explanations on market risk:**

**a. Information on market risk:**

	<b>Current Period</b>	<b>Prior Period</b>
(I) Capital requirement against general market risk - standard method	46.021	63.954
(II) Capital requirement against specific risks - standard method	2.814	39.031
Capital requirement against specific risks of securitization positions– standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	36.113	5.846
(IV) Capital requirement against commodity risks - standard method	133	667
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	1.718	6.308
(VII) Capital requirement against counterparty credit risks - standard method	43.451	81.662
(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)	130.250	197.468
<b>(IX) Value-at-market risk (12,5 x VIII) or (12,5 x IX)</b>	<b>1.628.125</b>	<b>2.468.350</b>

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

	<b>Current Period</b>			<b>Prior Period</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Interest rate risk	93.598	131.701	46.772	41.773	66.591	20.031
Share price risk	8.014	3.545	2.063	29.304	64.030	7.739
Currency risk	25.800	41.287	36.113	29.591	58.224	5.150
Commodity risk	191	88	133	1.579	3.363	638
Settlement risk	-	-	-	-	-	-
Option risk	1.620	389	1.718	1.317	6.308	318
Counterparty credit risk	57.655	47.695	43.451	40.738	81.662	15.352
<b>Total amount subject to risk</b>	<b>186.878</b>	<b>224.705</b>	<b>130.250</b>	<b>144.302</b>	<b>280.178</b>	<b>49.228</b>

**(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.

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

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.

Total counterparty credit risk from trading activities is TL 543.138 for the year ended December 31, 2014.

	Current Period	Prior Period
Interest rate contracts	134.142	182.300
Foreign exchange rate contracts	871.430	2.987.699
Commodity contracts	5.062	3.708
Equity shares related contracts	-	52.938
Other	1.159	2.080
Gross Positive Fair Value	188.119	981.279
Netting benefits	-	-
Net current exposure amount	-	-
Collateral received	-	-
Net derivative position	188.119	981.279

**(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 2013, 2012 and 2011 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, 2014, the total amount subject to operational risk is TL 10.214.957 (December 31, 2013 - TL 10.029.381) and the amount of the related capital requirement is TL 817.197 (December 31, 2013 - TL 802.350).

	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	4.961.755	6.331.921	5.050.255	5.447.977	15	817.197
Amount subject to operational risk (Total*12,5)						10.214.957

(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, 2014 (continued)**

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

**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)

	<b>USD</b>	<b>EUR</b>
<b>Balance sheet evaluation rate</b>	<b>2,31890</b>	<b>2,82070</b>
First day current bid rate	2,32350	2,83390
Second day current bid rate	2,31820	2,82550
Third day current bid rate	2,31770	2,83680
Fourth day current bid rate	2,32090	2,83120
Fifth day current bid rate	2,31650	2,83170
<b>Arithmetic average of the last 31 days:</b>	<b>2,28790</b>	<b>2,82070</b>
<b>Balance sheet evaluation rate as of prior period:</b>	<b>2,13430</b>	<b>2,93650</b>

(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, 2014 (continued)

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

#### Information related to financial position of the Bank (continued)

	EUR	USD	OTHER FC <sup>(4)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.086.612	13.570.449	3.321.163	19.978.224
Banks	904.343	1.278.109	121.253	2.303.705
Financial assets at fair value through profit or loss	20.898	123.903	1.659	146.460
Money market placements	-	-	-	-
Available-for-sale financial assets	337.519	2.837.306	126.944	3.301.769
Loans <sup>(1)</sup>	12.046.428	30.581.588	532.664	43.160.680
Investments in associates, subsidiaries and joint ventures	557.052	243.306	43.404	843.762
Held-to-maturity investments	144.996	2.986.826	-	3.131.822
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets <sup>(2)</sup>	222.391	526.904	140.727	890.022
<b>Total assets</b>	<b>17.320.239</b>	<b>52.148.391</b>	<b>4.287.814</b>	<b>73.756.444</b>
<b>Liabilities</b>				
Bank deposits	50.755	940.848	121.424	1.113.027
Foreign currency deposits	14.476.073	23.874.157	1.481.157	39.831.387
Funds from money market	-	2.365.914	-	2.365.914
Funds borrowed from other financial institutions	6.834.678	10.125.055	299.283	17.259.016
Marketable securities issued	114.648	6.657.512	128.005	6.900.165
Miscellaneous payables	719.692	779.313	16.303	1.515.308
Hedging derivative financial liabilities	56.238	155.111	-	211.349
Other liabilities <sup>(3)</sup>	2.725.015	5.728.243	12.896	8.466.154
<b>Total liabilities</b>	<b>24.977.099</b>	<b>50.626.153</b>	<b>2.059.068</b>	<b>77.662.320</b>
<b>Net on-balance sheet position</b>	<b>(7.656.860)</b>	<b>1.522.238</b>	<b>2.228.746</b>	<b>(3.905.876)</b>
<b>Net off-balance sheet position<sup>(5)</sup></b>	<b>7.230.615</b>	<b>(1.468.534)</b>	<b>(2.123.726)</b>	<b>3.638.355</b>
Financial derivative assets	9.547.307	21.104.210	1.060.608	31.712.125
Financial derivative liabilities	2.316.692	22.572.744	3.184.334	28.073.770
<b>Net Position</b>	<b>(426.245)</b>	<b>53.704</b>	<b>105.020</b>	<b>(267.521)</b>
<b>Non-cash loans</b>	<b>10.926.151</b>	<b>19.830.097</b>	<b>1.536.394</b>	<b>32.292.642</b>
<b>Prior Period</b>				
Total assets	19.535.957	39.452.250	4.041.797	63.030.004
Total liabilities	26.795.435	45.165.857	1.810.081	73.771.373
<b>Net on-balance sheet position</b>	<b>(7.259.478)</b>	<b>(5.713.607)</b>	<b>2.231.716</b>	<b>(10.741.369)</b>
<b>Net off-balance sheet position</b>	<b>7.265.312</b>	<b>5.815.756</b>	<b>(2.219.669)</b>	<b>10.861.399</b>
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
<b>Net Position</b>	<b>5.834</b>	<b>102.149</b>	<b>12.047</b>	<b>120.030</b>
<b>Non-cash loans</b>	<b>9.355.736</b>	<b>13.550.480</b>	<b>1.787.261</b>	<b>24.693.477</b>

(1) Includes FX indexed loans amounting to TL 5.103.401 (December 31, 2013 – TL 4.714.007) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 71.025 (December 31, 2013 - TL 54.872).

(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 Profit/loss effect <sup>(1)</sup>	Prior Period Profit/loss effect <sup>(1)</sup>
(+) 15%	(144.811)	(67.460)
(-) 15%	144.811	67.460

(1) Excluding tax effect.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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:**

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and over</b>	<b>Non interest bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.293.701	-	-	-	-	21.675.187	22.968.888
Banks	162.866	376.020	33.136	-	-	1.823.326	2.395.348
Financial assets at fair value through profit/loss	317.306	233.220	521.308	72.393	52.789	-	1.197.016
Money market placements	1.568.654	-	-	-	-	-	1.568.654
Available-for-sale financial assets	1.047.104	3.376.027	7.678.855	3.613.615	2.795.026	75.531	18.586.158
Loans	26.851.249	28.464.328	33.429.268	24.689.592	7.303.116	1.255.849	121.993.402
Held-to-maturity investments	-	344.493	1.013.710	529.023	3.131.823	-	5.019.049
Other assets	27.825	49.564	178.757	-	-	7.216.624	7.472.770
<b>Total assets</b>	<b>31.268.705</b>	<b>32.843.652</b>	<b>42.855.034</b>	<b>28.904.623</b>	<b>13.282.754</b>	<b>32.046.517</b>	<b>181.201.285</b>
<b>Liabilities</b>							
Bank deposits	1.421.033	32.118	15.594	-	-	506.736	1.975.481
Other deposits	57.042.847	26.655.197	3.967.830	15.180	-	15.463.804	103.144.858
Funds from money market	5.233.568	655.032	116.054	195.919	-	-	6.200.573
Miscellaneous payables	-	-	-	-	-	8.401.384	8.401.384
Marketable securities issued	345.662	1.530.592	3.121.610	3.611.241	1.111.294	-	9.720.399
Funds borrowed from other financial institutions	3.935.924	8.629.928	4.858.209	213.741	483.771	-	18.121.573
Other liabilities and shareholders' equity	290.709	1.895.404	962.141	62.709	4.794.907	25.631.147	33.637.017
<b>Total liabilities</b>	<b>68.269.743</b>	<b>39.398.271</b>	<b>13.041.438</b>	<b>4.098.790</b>	<b>6.389.972</b>	<b>50.003.071</b>	<b>181.201.285</b>
<b>Balance sheet long position</b>	-	-	29.813.596	24.805.833	6.892.782	-	61.512.211
<b>Balance sheet short position</b>	(37.001.038)	(6.554.619)	-	-	-	(17.956.554)	(61.512.211)
Off-balance sheet long position	3.356.518	13.312.654	1.572.870	-	-	-	18.242.042
Off-balance sheet short position	-	-	-	(18.166.561)	(408.169)	-	(18.574.730)
<b>Total position</b>	<b>(33.644.520)</b>	<b>6.758.035</b>	<b>31.386.466</b>	<b>6.639.272</b>	<b>6.484.613</b>	<b>(17.956.554)</b>	<b>(332.688)</b>

(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, 2014 (continued)

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

#### Information related to financial position of the Bank (continued)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
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
<b>Total assets</b>	<b>28.168.751</b>	<b>27.690.538</b>	<b>32.190.668</b>	<b>21.095.766</b>	<b>11.959.774</b>	<b>27.775.815</b>	<b>148.881.312</b>
<b>Liabilities</b>							
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	1.955.116	1.119.707	34.027	4.406.619	22.338.035	30.049.732
<b>Total liabilities</b>	<b>57.528.743</b>	<b>25.286.501</b>	<b>12.795.582</b>	<b>4.385.531</b>	<b>5.987.761</b>	<b>42.897.194</b>	<b>148.881.312</b>
<b>Balance sheet long position</b>	-	<b>2.404.037</b>	<b>19.395.086</b>	<b>16.710.235</b>	<b>5.972.013</b>	-	<b>44.481.371</b>
<b>Balance sheet short position</b>	<b>(29.359.992)</b>	-	-	-	-	<b>(15.121.379)</b>	<b>(44.481.371)</b>
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)
<b>Total position</b>	<b>(23.951.428)</b>	<b>12.800.651</b>	<b>19.799.992</b>	<b>2.387.747</b>	<b>4.724.672</b>	<b>(15.121.379)</b>	<b>640.255</b>

#### 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
	%	%	%	%
<b>Assets<sup>(1)</sup></b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	1,30
Banks	0,60	1,86	-	10,28
Financial assets at fair value through profit/loss	1,97	4,41	-	8,51
Money market placements	-	-	-	11,73
Available-for-sale financial assets	5,49	6,28	-	10,01
Loans	4,56	4,93	5,20	13,53
Held-to-maturity investments	5,20	5,51	-	9,82
	-	-	-	-
<b>Liabilities<sup>(1)</sup></b>				
Bank deposits	-	0,46	-	10,34
Other deposits	1,84	2,11	1,82	10,74
Funds from money market	-	0,85	-	8,62
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,41	4,22	-	9,15
Funds borrowed from other financial institutions	1,60	3,40	3,02	9,43

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

Prior Period	EUR	USD	Yen	TL
	%	%	%	%
<b>Assets<sup>(1)</sup></b>				
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
<b>Liabilities<sup>(1)</sup></b>				
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

(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, 2014 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

Currency	Applied shock (+/- x basis points)*	Gains/Losses	Gains/SE- Losses/SE
TRY	(+500 bp	(1.859.156)	(7,53)%
TRY	(-400 bp	1.777.453	7,19%
EUR	(+200 bp	(108.509)	(0,44)%
EUR	(-200 bp	146.928	0,59%
USD	(+200 bp	18.473	0,07%
USD	(-200 bp	115.327	0,47%
<b>Total (For negative shocks)</b>		2.039.708	8,26%
<b>Total (For positive shocks)</b>		(1.949.192)	(7,89)%

**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 2014.
- 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	(37.001)	608.129	608.129	(13.497)	(13.497)	-
2. Quoted Equity Shares	-	-	-	-	-	-
3. Other Equity Shares	-	-	-	-	-	-
<b>Total</b>	<b>(37.001)</b>	<b>608.129</b>	<b>608.</b>	<b>(13.497)</b>	<b>(13.497)</b>	<b>-</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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 2014 and 2013 are disclosed below.

<b>Current Period</b>	<b>First-term period (Weekly)</b>		<b>Second-term period (Monthly)</b>	
	<b>FC</b>	<b>Total</b>	<b>FC</b>	<b>Total</b>
Average %	176,78	148,55	129,41	108,89
Highest %	252,17	164,87	158,85	114,85
Lowest %	132,76	135,78	107,44	102,67

<b>Prior Period</b>	<b>First-term period (Weekly)</b>		<b>Second-term period (Monthly)</b>	
	<b>FC</b>	<b>Total</b>	<b>FC</b>	<b>Total</b>
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

(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, 2014 (continued)

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

#### 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
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	5.554.411	17.414.477	-	-	-	-	-	22.968.888
Banks	1.823.326	162.866	376.020	33.136	-	-	-	2.395.348
Financial assets at fair value through profit or loss	-	189.183	162.812	469.839	276.271	98.911	-	1.197.016
Money market placements	-	1.568.654	-	-	-	-	-	1.568.654
Available-for-sale financial assets	69.551	274	989.893	3.342.030	5.275.873	8.902.557	5.980	18.586.158
Loans	-	19.000.093	12.084.529	25.955.463	37.967.951	25.729.517	1.255.849	121.993.402
Held-to-maturity investments	-	-	-	-	1.542.733	3.476.316	-	5.019.049
Other assets <sup>(1)</sup>	1.122.017	1.016.910	-	73.024	178.942	4.179	5.077.698	7.472.770
<b>Total assets</b>	<b>8.569.305</b>	<b>39.352.457</b>	<b>13.613.254</b>	<b>29.873.492</b>	<b>45.241.770</b>	<b>38.211.480</b>	<b>6.339.527</b>	<b>181.201.285</b>
<b>Liabilities</b>								
Bank deposits	506.736	1.421.033	32.118	15.594	-	-	-	1.975.481
Other deposits	15.463.804	57.042.847	26.655.197	3.967.830	15.180	-	-	103.144.858
Funds borrowed from other financial institutions	-	435.588	1.416.944	10.438.052	2.927.698	2.903.291	-	18.121.573
Funds from money market	-	5.233.568	655.032	116.054	195.919	-	-	6.200.573
Marketable securities issued	-	22.821	1.221.841	3.251.449	4.112.994	1.111.294	-	9.720.399
Miscellaneous payables	7.444.411	956.973	-	-	-	-	-	8.401.384
Other liabilities <sup>(2)</sup>	383.606	490.888	282.094	789.769	3.790.512	5.416.802	22.483.346	33.637.017
<b>Total liabilities</b>	<b>23.798.557</b>	<b>65.603.718</b>	<b>30.263.226</b>	<b>18.578.748</b>	<b>11.042.303</b>	<b>9.431.387</b>	<b>22.483.346</b>	<b>181.201.285</b>
<b>Net liquidity gap</b>	<b>(15.229.252)</b>	<b>(26.251.261)</b>	<b>(16.649.972)</b>	<b>11.294.744</b>	<b>34.199.467</b>	<b>28.780.093</b>	<b>(16.143.819)</b>	<b>-</b>
<b>Prior Period</b>								
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
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
<b>Net liquidity gap</b>	<b>(9.211.456)</b>	<b>(24.224.433)</b>	<b>(4.210.321)</b>	<b>5.157.218</b>	<b>23.546.948</b>	<b>22.614.436</b>	<b>(13.672.392)</b>	<b>-</b>

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

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

(Convenience translation of publicly announced 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, 2014 (continued)

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

#### 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 <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
Deposits	74.796.381	27.050.730	4.099.116	17.167	-	105.963.394
Funds borrowed from other financial institutions	449.068	1.485.559	10.818.728	3.789.323	3.709.672	20.252.350
Funds from money market	5.241.125	656.175	119.420	205.234	-	6.221.954
Subordinated loans	-	58.857	279.392	3.058.077	5.591.020	8.987.346
Marketable securities issued	46.746	1.267.605	3.458.909	4.880.355	1.145.061	10.798.676
<b>Total</b>	<b>80.533.320</b>	<b>30.518.926</b>	<b>18.775.565</b>	<b>11.950.156</b>	<b>10.445.753</b>	<b>152.223.720</b>

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

Prior Period <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
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
<b>Total</b>	<b>68.244.909</b>	<b>17.265.085</b>	<b>17.645.298</b>	<b>11.502.705</b>	<b>8.245.485</b>	<b>122.903.482</b>

(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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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:**

<b>Current Period</b>	<b>Amount<sup>(1)</sup></b>	<b>Financial guarantees<sup>(2)</sup></b>	<b>Other / Physical guarantees<sup>(2)</sup></b>	<b>Guarantees and credit derivatives<sup>(2)</sup></b>
Conditional and unconditional receivables from central governments or central banks	47.190.541	2.363.879	-	-
Conditional and unconditional receivables from regional or local governments	746	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	13.935	-	-	-
Conditional and unconditional receivables from multilateral development banks	190.172	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	38.862.418	6.444	-	-
Conditional and unconditional receivables from corporates	235.907.782	3.852.502	-	53.910
Conditional and unconditional retail receivables	111.067.051	342.916	-	20.332
Conditional and unconditional receivables secured by mortgages	16.094.730	-	-	-
Past due receivables	1.255.849	-	-	-
Receivables defined in high risk category by the Regulator	12.247.441	44.349	-	26
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	6.965.621	-	-	-
<b>Total</b>	<b>469.796.286</b>	<b>6.610.090</b>	<b>-</b>	<b>74.268</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2014 (continued)**

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

**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
<b>Financial assets</b>	<b>149.562.611</b>	<b>121.505.973</b>	<b>152.700.238</b>	<b>122.626.280</b>
Due from money market	1.568.654	2.899.828	1.568.654	2.899.828
Banks	2.395.348	3.001.646	2.396.447	3.001.990
Available-for-sale financial assets	18.586.158	13.111.861	18.586.158	13.111.861
Held-to-maturity investments	5.019.049	6.453.908	5.279.582	6.456.637
Loans	121.993.402	96.038.730	124.869.397	97.155.964
<b>Financial liabilities</b>	<b>148.134.244</b>	<b>121.919.615</b>	<b>148.521.234</b>	<b>122.090.695</b>
Bank deposits	1.975.481	1.679.234	1.967.614	1.679.072
Other deposits	103.144.858	84.628.393	103.216.546	84.699.905
Funds borrowed from other financial institutions	18.121.573	16.427.908	18.124.767	16.418.559
Subordinated loans	6.770.549	6.480.981	6.855.936	6.556.485
Marketable securities issued	9.720.399	5.846.760	9.954.987	5.880.335
Miscellaneous payables	8.401.384	6.856.339	8.401.384	6.856.339

(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, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

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

(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, 2014 (continued)

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

#### 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
<b>Financial assets at fair value through profit or (loss)</b>	<b>95.151</b>	<b>1.101.865</b>	-	<b>1.197.016</b>
Government debt securities	95.151	-	-	95.151
Share certificates	-	-	-	-
Trading derivative financial assets	-	1.101.865	-	1.101.865
Other marketable securities	-	-	-	-
<b>Available-for-sale financial assets</b>	<b>16.322.255</b>	<b>2.257.923</b>	-	<b>18.580.178</b>
Government debt securities	16.252.704	-	-	16.252.704
Other marketable securities <sup>(1)</sup>	69.551	2.257.923	-	2.327.474
<b>Subsidiaries<sup>(2)</sup></b>	-	-	<b>2.434.550</b>	<b>2.434.550</b>
<b>Hedging derivative financial assets</b>	-	<b>256.146</b>	-	<b>256.146</b>
<b>Total assets</b>	<b>16.417.406</b>	<b>3.615.934</b>	<b>2.434.550</b>	<b>22.467.890</b>
Trading derivative financial liabilities	-	795.530	-	795.530
Hedging derivative financial liabilities	-	439.791	-	439.791
Information on borrowings	-	1.163.996	-	1.163.996
<b>Total liabilities</b>	-	<b>2.399.317</b>	-	<b>2.399.317</b>

Prior Period	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or (loss)</b>	<b>35.519</b>	<b>1.629.723</b>	-	<b>1.665.242</b>
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
<b>Available-for-sale financial assets</b>	<b>11.323.623</b>	<b>1.782.249</b>	-	<b>13.105.872</b>
Government debt securities	11.237.105	-	-	11.237.105
Other marketable securities <sup>(1)</sup>	86.518	1.782.249	-	1.868.767
<b>Subsidiaries<sup>(2)</sup></b>	-	-	<b>2.363.467</b>	<b>2.363.467</b>
<b>Hedging derivative financial assets</b>	-	<b>467.627</b>	-	<b>467.627</b>
<b>Total assets</b>	<b>11.359.142</b>	<b>3.879.599</b>	<b>2.363.467</b>	<b>17.602.208</b>
Trading derivative financial liabilities	-	843.556	-	843.556
Hedging derivative financial liabilities	-	386.395	-	386.395
<b>Total liabilities</b>	-	<b>1.229.951</b>	-	<b>1.229.951</b>

(1) Non-listed share certificates amounting of TL 5.980 are accounted in accordance with TAS 39, at acquisition costs, are not included. (December 31, 2013 – TL 5.989)

(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
<b>Opening Balance</b>	<b>2.363.467</b>	<b>2.585.929</b>
<b>Movements during the period</b>	<b>71.083</b>	<b>(222.462)</b>
Purchases	124.138	156
Free shares obtained profit from current year's share	-	15.107
Sales	-	-
Liquidation	(39.558)	-
Transfers <sup>(1)</sup>	-	39.558
Revaluation recognized in equity (decrease) / increase	(13.497)	(277.283)
<b>Balance at the end of the period</b>	<b>2.434.550</b>	<b>2.363.467</b>

(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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

The subsidiaries of the Bank are measured at fair value. The fair value 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.

**XIII. Explanations on hedge accounting:**

The Bank applies the following hedge accounting models as of December 31, 2014:

- 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, 2014 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional <sup>(1)</sup>	Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
<b>Hedging instrument</b>						
Interest rate swap	20.360.998	78.251	439.791	17.508.859	160.252	386.395
Cross currency interest rate swap	455.325	177.895	-	1.104.763	307.375	-
<b>Total</b>	<b>20.816.323</b>	<b>256.146</b>	<b>439.791</b>	<b>18.613.622</b>	<b>467.627</b>	<b>386.395</b>

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 21.080.221 (December 31, 2013 – TL 19.015.071) the total notional of derivative financial assets amounting to TL 41.896.544 (December 31, 2013 – TL 37.628.693) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

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 <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	(10.516)	177.895	-	(5.403)

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency 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 2.913.

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				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 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 10.397.

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.

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

**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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	78.251	439.791	(297.009)	(181.892)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			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.

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.

**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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Information related to financial position of the Bank (continued)**

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

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

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, 2014 (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	3.154.995	1.984.536	193.161	2.654.658	7.987.350
Operating expenses continuing	(3.017.788)	(595.230)	(88.712)	(2.090.124)	(5.791.854)
<b>Net operating income continuing</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>564.534</b>	<b>2.195.496</b>
Dividend income <sup>(1)</sup>	-	-	-	174.129	174.129
<b>Profit before tax</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>738.663</b>	<b>2.369.625</b>
Tax provision expense <sup>(1)</sup>	-	-	-	(524.659)	(524.659)
<b>Net period income from continuing operations</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>214.004</b>	<b>1.844.966</b>
<b>Net period income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net profit</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>214.004</b>	<b>1.844.966</b>
Segment asset <sup>(2)</sup>	56.570.591	56.386.444	170.177	65.569.693	178.696.905
Investments in associates, subsidiaries and joint ventures	-	-	-	2.504.380	2.504.380
<b>Total assets</b>	<b>56.570.591</b>	<b>56.386.444</b>	<b>170.177</b>	<b>68.074.073</b>	<b>181.201.285</b>
Segment liabilities <sup>(2)</sup>	41.080.689	44.598.409	22.300.382	54.095.433	162.074.913
Shareholders' equity	-	-	-	19.126.372	19.126.372
<b>Total liabilities</b>	<b>41.080.689</b>	<b>44.598.409</b>	<b>22.300.382</b>	<b>73.221.805</b>	<b>181.201.285</b>
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	3.041.777	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)
<b>Net operating income continuing</b>	<b>518.970</b>	<b>1.234.397</b>	<b>86.478</b>	<b>583.695</b>	<b>2.423.540</b>
Dividend income <sup>(1)</sup>	-	-	-	132.787	132.787
<b>Profit before tax</b>	<b>518.970</b>	<b>1.234.397</b>	<b>86.478</b>	<b>716.482</b>	<b>2.556.327</b>
Tax provision expense <sup>(1)</sup>	-	-	-	(525.787)	(525.787)
<b>Net period income from continuing operations</b>	<b>518.970</b>	<b>1.234.397</b>	<b>86.478</b>	<b>190.695</b>	<b>2.030.540</b>
<b>Net period income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.172.435</b>	<b>1.172.435</b>
<b>Net profit</b>	<b>518.970</b>	<b>1.234.397</b>	<b>86.478</b>	<b>1.363.130</b>	<b>3.202.975</b>
Segment asset <sup>(2)</sup>	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
<b>Total assets</b>	<b>47.229.794</b>	<b>41.802.945</b>	<b>177.420</b>	<b>59.671.153</b>	<b>148.881.312</b>
Segment liabilities <sup>(2)</sup>	34.135.357	35.600.735	18.846.849	42.989.422	131.572.363
Shareholders' equity	-	-	-	17.308.949	17.308.949
<b>Total liabilities</b>	<b>34.135.357</b>	<b>35.600.735</b>	<b>18.846.849</b>	<b>60.298.371</b>	<b>148.881.312</b>

(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, 2014 (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	1.696.963	517.372	1.287.179	461.674
The CBRT <sup>(1)</sup>	1.293.701	19.460.663	43.293	16.984.910
Other	-	189	-	126
<b>Total</b>	<b>2.990.664</b>	<b>19.978.224</b>	<b>1.330.472</b>	<b>17.446.710</b>

(1) The balance of gold amounting to TL 3.302.860 is accounted for under the Central Bank foreign currency account (December 31, 2013 – TL 2.923.543).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1) (2)</sup>	1.293.701	2.046.196	43.293	2.023.825
Time unrestricted amount	-	-	-	-
Reserve requirement <sup>(3)</sup>	-	17.414.467	-	14.961.085
<b>Total</b>	<b>1.293.701</b>	<b>19.460.663</b>	<b>43.293</b>	<b>16.984.910</b>

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

(2) In accordance with the announcement of CBRT numbered 2014-72 and dated October 21, 2014, interest payment on TL reserve balances (including the average balance) is started on quarterly basis, starting from November 2014.

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

**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, 2013 - None).

**c. Positive differences related to trading derivative financial assets:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	48.509	-	180.238	-
Swap transactions	905.200	102.595	1.183.707	83.328
Futures transactions	-	-	-	-
Options	27.318	18.243	160.289	20.966
Other	-	-	-	-
<b>Total</b>	<b>981.027</b>	<b>120.838</b>	<b>1.524.234</b>	<b>104.294</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	88.347	4.967	464.738	204.829
Foreign <sup>(1)</sup>	3.296	2.298.738	41.634	2.290.445
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>91.643</b>	<b>2.303.705</b>	<b>506.372</b>	<b>2.495.274</b>

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 59.588 (December 31, 2013 – TL 294.275).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.150.673	1.079.454	111.270	187.412
USA, Canada	965.166	986.439	-	-
OECD countries <sup>(1)</sup>	23.169	44.497	-	-
Off-shore banking regions	123	206	-	-
Other	51.633	34.071	-	-
<b>Total</b>	<b>2.190.764</b>	<b>2.144.667</b>	<b>111.270</b>	<b>187.412</b>

(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 1.098.021 (December 31, 2013 - TL 709.201) and available-for-sale financial assets subject to repo transactions amounts to TL 4.607.767 (December 31, 2013 – TL 2.320.047).

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

	Current Period	Prior Period
Debt securities	18.576.430	13.393.691
Quoted on stock exchange	17.045.319	11.699.818
Not quoted <sup>(1)</sup>	1.531.111	1.693.873
Share certificates	51.298	51.299
Quoted on stock exchange	-	-
Not quoted	51.298	51.299
Impairment provision (-) <sup>(2)</sup>	(114.222)	(425.276)
Other <sup>(3)</sup>	72.652	92.147
<b>Total</b>	<b>18.586.158</b>	<b>13.111.861</b>

(1) Includes credit linked notes amounting to TL 986.135. (December 31, 2013 - TL 989.937).

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>29.825</b>	<b>536.763</b>	<b>20.756</b>	<b>450.294</b>
<b>Loans granted to employees</b>	<b>127.270</b>	<b>412</b>	<b>109.391</b>	<b>470</b>
<b>Total</b>	<b>157.095</b>	<b>537.175</b>	<b>130.147</b>	<b>450.764</b>

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	
<b>Non-specialized loans</b>	<b>116.679.116</b>	<b>1.457.751</b>	<b>-</b>	<b>4.058.437</b>	<b>1.548.463</b>	<b>28.765</b>
Loans given to enterprises	54.567.274	230.384	-	1.175.819	687.276	7.582
Export loans	5.060.174	83.049	-	68.834	84.332	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.660.884	-	-	44	-	-
Consumer loans	22.383.514	587.348	-	1.173.988	130.835	13.717
Credit cards	17.029.940	376.372	-	646.516	275.178	6.572
Other <sup>(1)</sup>	14.977.330	180.598	-	993.236	370.842	894
<b>Specialized loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>116.679.116</b>	<b>1.457.751</b>	<b>-</b>	<b>4.058.437</b>	<b>1.548.463</b>	<b>28.765</b>

(1) Fair value differences of the hedged item amounting to TL (10.516) are classified in other loans as explained in Note IV, Section XIII.

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Number of modifications made to extend payment plan<sup>(1)(2)(3)</sup></b>		
Extended by 1 or 2 times	1.418.333	1.291.461
Extended by 3,4 or 5 times	22.072	249.326
Extended by more than 5 times	17.346	7.676
<b>Total</b>	<b>1.457.751</b>	<b>1.548.463</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Explanations and notes related to unconsolidated financial statements (continued)**

<b>Extended period of time<sup>(1)(2)(3)</sup></b>	<b>Standard loans and other receivables</b>	<b>Loans and other receivables under close monitoring</b>
0 - 6 Months	754.974	412.524
6 - 12 Months	156.783	156.100
1 - 2 Years	266.973	236.451
2 - 5 Years	220.868	239.247
5 Years and over	58.153	504.141
<b>Total</b>	<b>1.457.751</b>	<b>1.548.463</b>

- (1) There is no loan which is subject to the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated on April 09, 2011.
- (2) There are twenty seven loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 0 to 6 month, 6 to 12 month, 1 to 2 years, 2 to 5 years, 5 years and over .Twenty fourth of them was restructured once, and rest of the three are restructured three times.
- (3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012.

**3. Loans according to their maturity structure:**

	<b>Standard loans and other receivables</b>		<b>Loans and other receivables under close monitoring</b>	
	<b>Loans and other receivables</b>	<b>Agreement conditions modified</b>	<b>Loans and other receivables</b>	<b>Agreement conditions modified</b>
<b>Short-term loans and other receivables</b>	<b>44.762.083</b>	<b>583.154</b>	<b>891.814</b>	<b>326.326</b>
Non-specialised loans	44.762.083	583.154	891.814	326.326
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>70.459.282</b>	<b>874.597</b>	<b>1.589.395</b>	<b>1.250.902</b>
Non-specialised loans	70.459.282	874.597	1.589.395	1.250.902
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

<b>Current Period</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
Standard loans	77.265.662	22.383.514	17.029.940	116.679.116
Watch list	2.237.933	1.173.988	646.516	4.058.437
Loans under legal follow-up	2.678.396	1.046.973	608.406	4.333.775
Specific provisions (-)	(1.943.823)	(755.004)	(379.099)	(3.077.926)
<b>Total</b>	<b>80.238.168</b>	<b>23.849.471</b>	<b>17.905.763</b>	<b>121.993.402</b>

<b>Prior Period</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
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)
<b>Total</b>	<b>58.598.217</b>	<b>18.557.824</b>	<b>18.882.689</b>	<b>96.038.730</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	316.894	743.142	-	1.060.036
Loans under legal follow-up <sup>(1)</sup>	359.697	39.438	-	399.135
<b>Total</b>	<b>676.591</b>	<b>782.580</b>	<b>-</b>	<b>1.459.171</b>

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

(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
<b>Consumer loans-TL</b>	<b>203.395</b>	<b>22.684.067</b>	<b>22.887.462</b>
Real estate loans	7.900	10.860.952	10.868.852
Automotive loans	4.517	671.636	676.153
Consumer loans	1.932	97.707	99.639
Other	189.046	11.053.772	11.242.818
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>59.126</b>	<b>59.126</b>
Real estate loans	-	58.425	58.425
Automotive loans	-	-	-
Consumer loans	-	701	701
Other	-	-	-
<b>Individual credit cards-TL</b>	<b>12.694.359</b>	<b>714.918</b>	<b>13.409.277</b>
With installments	6.595.800	709.479	7.305.279
Without installments	6.098.559	5.439	6.103.998
<b>Personnel loans-TL</b>	<b>5.651</b>	<b>54.547</b>	<b>60.198</b>
Real estate loans	-	1.179	1.179
Automotive loans	-	526	526
Consumer loans	-	-	-
Other	5.651	52.842	58.493
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>65.367</b>	<b>538</b>	<b>65.905</b>
With installments	29.938	538	30.476
Without installments	35.429	-	35.429
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>550.716</b>	<b>-</b>	<b>550.716</b>
<b>Total</b>	<b>13.519.488</b>	<b>23.513.196</b>	<b>37.032.684</b>

(1) TL 1.167 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, 2014 (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
<b>Commercial installments loans-TL</b>	<b>924.361</b>	<b>8.399.319</b>	<b>9.323.680</b>
Business loans	3.575	610.039	613.614
Automotive loans	40.627	1.819.332	1.859.959
Consumer loans	2.807	17.257	20.064
Other	877.352	5.952.691	6.830.043
<b>Commercial installments loans-FC indexed</b>	<b>25.484</b>	<b>258.613</b>	<b>284.097</b>
Business loans	-	16.126	16.126
Automotive loans	112	62.857	62.969
Consumer loans	116	-	116
Other	25.256	179.630	204.886
<b>Corporate credit cards-TL</b>	<b>4.194.635</b>	<b>6.639</b>	<b>4.201.274</b>
With installment	2.736.029	6.330	2.742.359
Without installment	1.458.606	309	1.458.915
<b>Credit deposit account-TL (legal person)</b>	<b>893.675</b>	<b>-</b>	<b>893.675</b>
<b>Total</b>	<b>6.038.155</b>	<b>8.664.571</b>	<b>14.702.726</b>

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.698.012	997.751
Private	119.039.541	93.893.492
<b>Total</b>	<b>120.737.553</b>	<b>94.891.243</b>

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	119.351.163	93.454.949
Foreign loans	1.386.390	1.436.294
<b>Total</b>	<b>120.737.553</b>	<b>94.891.243</b>

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	99.878	109.348
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>99.878</b>	<b>109.348</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	96.941	111.903
Loans and other receivables with doubtful collectibility	477.579	422.430
Uncollectible loans and other receivables	2.503.406	1.875.783
<b>Total</b>	<b>3.077.926</b>	<b>2.410.116</b>

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
<b>January 1</b>	<b>1.571.108</b>	<b>551.481</b>	<b>287.527</b>	<b>2.410.116</b>
Allowance for impairment	839.071	646.218	428.077	1.913.366
Amount recovered during the period	(319.387)	(346.655)	(121.368)	(787.410)
Loans written off during the period as uncollectible <sup>(1)</sup>	(146.969)	(96.040)	(215.137)	(458.146)
<b>December 31</b>	<b>1.943.823</b>	<b>755.004</b>	<b>379.099</b>	<b>3.077.926</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
<b>January 1</b>	<b>1.000.877</b>	<b>286.258</b>	<b>263.966</b>	<b>1.551.101</b>
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 <sup>(1)</sup>	-	-	(202.472)	(202.472)
<b>December 31</b>	<b>1.571.108</b>	<b>551.481</b>	<b>287.527</b>	<b>2.410.116</b>

(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
<b>Current Period</b>	<b>12.977</b>	<b>32.628</b>	<b>304.889</b>
<b>(Gross amounts before specific reserves)</b>			
Restructured loans and other receivables	12.977	32.628	304.889
Rescheduled loans and other receivables	-	-	-
<b>Prior Period</b>	<b>4.701</b>	<b>40.937</b>	<b>216.811</b>
<b>(Gross amounts before specific reserves)</b>			
Restructured loans and other receivables	4.701	40.937	216.811
Rescheduled loans and other receivables	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>Prior Period</b>	<b>599.239</b>	<b>911.214</b>	<b>2.047.150</b>
Additions (+)	1.997.281	103.621	78.622
Transfers from other categories of non-performing loans (+)	-	1.760.502	1.483.534
Transfer to other categories of non-performing loans (-)	1.760.502	1.483.534	-
Collections (-)	216.078	251.577	477.551
Write-offs(-)	-	-	458.146
Corporate and commercial loans	-	-	146.969
Consumer loans	-	-	96.040
Credit cards	-	-	215.137
Other	-	-	-
<b>Current Period</b>	<b>619.940</b>	<b>1.040.226</b>	<b>2.673.609</b>
Specific provision (-)	(96.941)	(477.579)	(2.503.406)
<b>Net balance on balance sheet</b>	<b>522.999</b>	<b>562.647</b>	<b>170.203</b>

The Bank sold part of its non-performing loan portfolios to various asset management companies for a consideration of TL 52.270, in accordance with the Board of Directors' decisions during the year 2014.

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period</b>			
Period end balance	57.731	11.158	502.362
Specific provision (-)	(2.280)	(7.858)	(364.273)
<b>Net balance on-balance sheet</b>	<b>55.451</b>	<b>3.300</b>	<b>138.089</b>
<b>Prior Period</b>			
Period end balance	117.601	7.276	376.599
Specific provision (-)	(23.517)	(6.273)	(261.633)
<b>Net balance on-balance sheet</b>	<b>94.084</b>	<b>1.003</b>	<b>114.966</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectibility</b>	<b>Loans and other receivables with doubtful collectibility</b>	<b>Uncollectible loans and other receivables</b>
<b>Current Period (net)</b>	<b>522.999</b>	<b>562.647</b>	<b>170.203</b>
Loans granted to real persons and corporate entities (gross)	619.940	1.040.226	2.565.013
Specific provision amount (-)	(96.941)	(477.579)	(2.394.810)
Loans granted to real persons and corporate entities (net)	522.999	562.647	170.203
Banks (gross)	-	-	24.600
Specific provision amount (-)	-	-	(24.600)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) <sup>(1)</sup>	-	-	-
<b>Prior Period (net)</b>	<b>487.336</b>	<b>488.784</b>	<b>171.367</b>
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) <sup>(1)</sup>	-	-	-

(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, 2014 (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 1.581.166 (December 31, 2013 - TL 1.365.524). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 2.017.953 (December 31, 2013 - TL 1.968.378).

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

	<b>Current Period</b>	<b>Prior Period</b>
Government bond	5.019.049	6.453.908
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>5.019.049</b>	<b>6.453.908</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Debt securities	5.141.589	6.584.551
Quoted on stock exchange	5.141.589	6.584.551
Not quoted	-	-
Impairment provision (-) <sup>(1)</sup>	(122.540)	(130.643)
<b>Total</b>	<b>5.019.049</b>	<b>6.453.908</b>

- (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:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Beginning balance</b>	<b>6.453.908</b>	<b>5.686.448</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	218.361	613.541
Purchases during the year	561.762	262.570
Disposals through sales and redemptions	(2.223.085)	(17.486)
Impairment provision (-) <sup>(2)</sup>	8.103	(91.165)
<b>Period end balance</b>	<b>5.019.049</b>	<b>6.453.908</b>

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

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

(Convenience translation of publicly announced 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, 2014 (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.	Cenevre/İsviçre	30,67	30,67
2.	Kredi Kayıt Bürosu <sup>(1)</sup>	İstanbul/Türkiye	18,18	18,18
3.	Bankalararası Kart Merkezi A.Ş. <sup>(1)</sup>	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	6.267.421	875.236	5.379	114.242	19.169	50.601	26.162	-
2	105.453	88.452	52.574	3.178	-	18.547	28.149	-
3	52.777	30.264	32.405	681	-	7.882	4.171	-

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

3. Movement of unconsolidated investments in associates:

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:

	<b>Current Period</b>	<b>Prior Period</b>
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>43.404</b>	<b>43.404</b>

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:

	<b>Yapı Kredi Yatırım Menkul Değerler A.Ş.</b>	<b>Yapı Kredi Faktoring A.Ş.</b>	<b>Yapı Kredi Finansal Kiralama A.O.</b>	<b>Yapı Kredi Portföy Yönetimi A.Ş.</b>	<b>Yapı Kredi Nederland N.V.</b>
<b>Core Capital</b>					
Paid-in capital	98.918	60.714	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Marketable Securities Valuation	-	-	-	-	-
Differences	13.613	-	-	-	(3.887)
Other capital reserves	93.423	-	(217.104)	-	-
Legal reserves	70.137	8.034	79.305	18.878	-
Extraordinary reserves	193.207	10.458	619.019	-	373.243
Other reserves	(94)	(10)	40	-	245.472
Profit/loss	(678)	153.865	430.606	21.386	50.566
Current period net profit	69.268	46.971	152.365	21.386	50.566
Prior period profit	(69.946)	106.894	278.241	-	-
Leasehold improvements (-)	-	-	-	-	-
Intangible assets (-)	2.277	74	3.390	710	522
<b>Total core capital</b>	<b>466.249</b>	<b>232.987</b>	<b>1.298.404</b>	<b>45.261</b>	<b>777.314</b>
<b>Supplementary capital</b>	<b>-</b>	<b>10.127</b>	<b>25.523</b>	<b>-</b>	<b>158</b>
<b>Capital</b>	<b>466.249</b>	<b>243.114</b>	<b>1.323.927</b>	<b>45.261</b>	<b>777.472</b>
<b>Deductions from the capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>466.249</b>	<b>243.114</b>	<b>1.323.927</b>	<b>45.261</b>	<b>777.472</b>

The above information is based on the consolidated financial statements of the Bank as of December 31, 2014.

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, 2014 (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

The Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 4.476.164 (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.

(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, 2014 (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: <sup>(1)</sup>

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	Required equity
1	226.643	226.537	-	-	-	351	(211)	-	-
2	3.219.331	473.030	10.827	120.215	3.638	69.268	269.067	-	-
3	2.808.850	233.061	596	150.598	-	46.971	147.894	-	-
4	487.574	106.623	6.894	31.761	3.455	19.423	20.311	-	-
5	5.521.625	1.301.794	4.076	334.592	-	152.365	139.445	-	-
6	54.659	45.971	1.645	2.227	209	21.386	23.408	-	-
7	4.750.973	777.836	1.684	207.803	11.120	50.566	41.778	-	-
8	1.049.870	204.272	59.179	94.366	744	21.004	3.219	-	-
9	39.345	26.310	3.799	1.663	8	903	932	-	-
10	21.267	16.151	862	5	-	2.436	1.412	-	-

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

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

4. Movement schedule of subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>2.363.467</b>	<b>3.817.879</b>
<b>Movements in period</b>	<b>71.083</b>	<b>(1.454.412)</b>
Purchases	124.138	71.129
Free shares obtained profit from current years share	-	15.107
Dividends from current year income	-	-
Sales	-	-
Liquidation <sup>(1)</sup>	(39.558)	-
Transfers	-	(1.410.080)
Revaluation increase/decrease	(13.497)	(130.568)
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>2.434.550</b>	<b>2.363.467</b>
<b>Capital commitments</b>	-	-
<b>Shareholding percentage at the end of the period (%)</b>	-	-

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

(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, 2014 (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:

<b>Financial subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	525.238	397.955
Insurance companies	-	-
Factoring companies	328.859	375.349
Leasing companies	908.760	917.855
Finance companies	-	-
Other financial subsidiaries	671.693	672.308
<b>Total financial subsidiaries</b>	<b>2.434.550</b>	<b>2.363.467</b>

6. Subsidiaries quoted on stock exchange:

None (December 31, 2013 - None).

**I. Information on joint ventures (net):**

Joint ventures in unconsolidated financial statements are accounted and monitored at cost according to "Consolidated and Separate Financial Statements" ("TAS 27").

<b>Joint ventures</b>	<b>Bank's share</b>	<b>Group's share</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Long term debt</b>	<b>Income</b>	<b>Expense</b>
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	68.332	116.537	-	95.369	(66.412)
<b>Total</b>			<b>68.332</b>	<b>116.537</b>	<b>-</b>	<b>95.369</b>	<b>(66.412)</b>

**i. Information on lease receivables (net):**

None (December 31, 2013 - None).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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 <sup>(1)</sup>	177.895	-	307.375	-
Cash flow hedge <sup>(1)</sup>	78.251	-	155.444	4.808
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>256.146</b>	<b>-</b>	<b>462.819</b>	<b>4.808</b>

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

**k. Information on tangible assets:**

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
<b>Prior Period</b>					
Cost	1.953.627	394.188	2.965	864.324	3.215.104
Accumulated depreciation (-)	(1.376.566)	(314.286)	(1.550)	(588.347)	(2.280.749)
<b>Net book value</b>	<b>577.061</b>	<b>79.902</b>	<b>1.415</b>	<b>275.977</b>	<b>934.355</b>
<b>Current Period</b>					
<b>Net book value at beginning of the period</b>	<b>577.061</b>	<b>79.902</b>	<b>1.415</b>	<b>275.977</b>	<b>934.355</b>
Additions	29	-	-	300.744	300.773
Disposals (-), net	(800)	(49)	-	(28.055)	(28.904)
Reversal of impairment, net	925	-	-	-	925
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.284)	(30.916)	(311)	(85.645)	(156.156)
<b>Net book value at end of the period</b>	<b>537.931</b>	<b>48.937</b>	<b>1.104</b>	<b>463.021</b>	<b>1.050.993</b>
Cost at the end of the period	1.950.003	357.759	2.769	925.153	3.235.684
Accumulated depreciation at the period end (-)	(1.412.072)	(308.822)	(1.665)	(462.132)	(2.184.691)
<b>December 31, 2014</b>	<b>537.931</b>	<b>48.937</b>	<b>1.104</b>	<b>463.021</b>	<b>1.050.993</b>

As of December 31, 2014, the Bank had total provision for impairment amounting to TL 326.748 (December 31, 2013 – TL 327.673) for the property and equipment.

**l. Information on intangible assets:**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>1.376.092</b>	<b>1.329.944</b>
Additions during the period	155.147	122.097
Unused and disposed items (-)	(217)	(183)
Impairment reversal	-	-
Amortization expenses (-)	(102.654)	(75.766)
<b>Balance at the end of the period</b>	<b>1.428.368</b>	<b>1.376.092</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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, 2013 - None).

**n. Information on deferred tax asset:**

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Temporary differences	906.496	181.299	983.848	196.770
Derivative financial liabilities	1.259.126	251.826	1.242.819	248.564
Securities portfolio valuation differences	17.344	3.468	18.499	3.700
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.117	24.423
Other	477.213	95.443	348.236	69.647
<b>Total deferred tax asset</b>	<b>2.782.296</b>	<b>556.459</b>	<b>2.715.519</b>	<b>543.104</b>
Derivative financial assets	(1.476.035)	(295.207)	(2.209.279)	(441.856)
Valuation difference of securities portfolio	(587.640)	(117.430)	(205.653)	(41.131)
Property, equipment and intangibles, net	(247.224)	(39.125)	(224.219)	(34.381)
Subsidiaries valuation differences	-	-	-	-
Other	(53.688)	(10.738)	(40.558)	(8.111)
<b>Total deferred tax liability</b>	<b>(2.364.587)</b>	<b>(462.500)</b>	<b>(2.679.709)</b>	<b>(525.479)</b>
<b>Deferred tax asset, net</b>	<b>417.709</b>	<b>93.959</b>	<b>35.810</b>	<b>17.625</b>

Deferred tax income amounting to TL 155.856 was recognized in profit and loss statement, whereas deferred tax expense amounting to TL 79.522 was recognized directly in equity accounts for the period ended December 31, 2014.

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

	Current Period	Prior Period
<b>Net book value at the beginning of the period</b>	<b>151.396</b>	<b>132.195</b>
Additions	63.384	66.521
Transfers <sup>(1)</sup>	-	1.410.080
Disposals (-), net <sup>(1)</sup>	(59.736)	(1.453.446)
Impairment provision reversal	979	934
Impairment provision (-)	(566)	(302)
Depreciation (-)	(4.958)	(4.586)
<b>Net book value at the end of the period</b>	<b>150.499</b>	<b>151.396</b>
Cost at the end of the period	164.041	163.378
Accumulated depreciation at the end of the period (-)	(13.542)	(11.982)
<b>Net book value at the end of the period</b>	<b>150.499</b>	<b>151.396</b>

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

As of December 31, 2014, the Bank booked impairment provision on assets held for resale with an amount of TL 7.998 (December 31, 2013 - TL 8.411).

**ö. Information on other assets:**

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	3.183.149	1.471.397	23.303.212	1.124.141	260.728	238.187	29.580.814
Foreign currency deposits	6.344.230	5.558.209	21.712.356	3.526.343	1.256.693	593.191	38.991.022
Residents in Turkey	6.212.285	5.512.089	20.735.576	1.200.171	599.421	565.060	34.824.602
Residents abroad	131.945	46.120	976.780	2.326.172	657.272	28.131	4.166.420
Public sector deposits	899.028	-	3.076	417	516	1	903.038
Commercial deposits	4.445.719	5.666.644	13.970.380	2.808.340	501.598	123.732	27.516.413
Other institutions deposits	92.324	970.381	3.557.132	253.563	434.066	5.740	5.313.206
Precious metals vault	499.354	1.472	91.739	29.870	49.681	168.249	840.365
Bank deposits	506.736	975.828	463.012	3.606	19.966	6.333	1.975.481
The CBRT	2	-	-	-	-	-	2
Domestic banks	2.987	878.863	445.203	-	12.715	6.333	1.346.101
Foreign banks	221.999	96.965	17.809	3.606	7.251	-	347.630
Participation banks	281.748	-	-	-	-	-	281.748
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>15.970.540</b>	<b>14.643.931</b>	<b>63.100.907</b>	<b>7.746.280</b>	<b>2.523.248</b>	<b>1.135.433</b>	<b>105.120.339</b>

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	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	-	-	-	-	-	-	-
<b>Total</b>	<b>13.702.820</b>	<b>8.621.718</b>	<b>52.914.638</b>	<b>4.477.330</b>	<b>4.554.283</b>	<b>2.036.838</b>	<b>86.307.627</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	14.292.214	12.632.644	15.288.190	11.119.884
Foreign currency savings deposit	3.886.738	3.392.658	11.760.497	14.092.624
Other deposits in the form of savings deposits	453.318	638.262	300.290	423.714
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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	6.348	6.329
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	88.277	64.101
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	58.914	-	55.016	-
Swap transactions	608.374	73.681	565.484	64.603
Futures transactions	-	-	-	-
Options	31.606	22.955	134.744	23.709
Other	-	-	-	-
<b>Total</b>	<b>698.894</b>	<b>96.636</b>	<b>755.244</b>	<b>88.312</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	228.832	222.478	259.957	338.810
From foreign banks, institutions and funds	633.725	17.036.538	827.534	15.001.607
<b>Total</b>	<b>862.557</b>	<b>17.259.016</b>	<b>1.087.491</b>	<b>15.340.417</b>

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	244.283	9.841.968	665.168	8.816.013
Medium and long-term	618.274	7.417.048	422.323	6.524.404
<b>Total</b>	<b>862.557</b>	<b>17.259.016</b>	<b>1.087.491</b>	<b>15.340.417</b>

3. Information on securitization borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	1.890.502	-	2.576.083
From foreign institutions <sup>(1)</sup>	-	1.163.996	-	-
From foreign funds	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.054.498</b>	<b>-</b>	<b>2.576.083</b>

(1) The Bank classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with IAS 39 paragraph 9. As of December 31, 2014, the total amount of financial liabilities classified as fair value through profit/loss is TL 1.163.996 and the fair value difference is TL 5.673 recognised in the income statement as income.

**ç. Information on marketable securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.638.373	1.712.209	1.165.920	827.050
Bonds	1.181.861	5.187.956	493.857	3.359.933
Collateralized securities	462.642	-	462.691	-
<b>Total</b>	<b>2.820.234</b>	<b>6.900.165</b>	<b>1.659.777</b>	<b>4.186.983</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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, 2014, 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
More than 4 years	-	-	4	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>796</b>	<b>765</b>

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 <sup>(1)</sup>	-	-	-	-
Cash flow hedge <sup>(1)</sup>	228.442	211.349	30.573	355.822
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>228.442</b>	<b>211.349</b>	<b>30.573</b>	<b>355.822</b>

(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	1.451.714	1.163.206
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	61.798	60.329
Provisions for second group loans and receivables	188.332	102.193
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	55.839	26.777
Provisions for non cash loans	84.527	65.611
Others	158.694	139.661
<b>Total</b>	<b>1.883.267</b>	<b>1.470.671</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:

	<b>Current Period</b>	<b>Prior Period</b>
Discount rate (%)	3,50	4,78
Possibility of being eligible for retirement (%)	94,11	94,59

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.541,37 effective from January 1, 2015 (January 1, 2014: full TL 3.438,22) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Prior period ending balance</b>	<b>108.664</b>	<b>119.086</b>
Changes during the period	23.594	42.299
Recognized in equity	17.405	(17.512)
Paid during the period	(26.463)	(35.209)
<b>Balance at the end of the period</b>	<b>123.200</b>	<b>108.664</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 128.395 as of December 31, 2014 (December 31, 2013 - TL 108.053).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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, 2014, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 25.125 (December 31, 2013 - TL 691). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

- (i) Information on other provisions:

	<b>Current Period</b>	<b>Prior Period</b>
Pension fund provision	654.901	767.131
Provisions on unindemnified non cash loans	82.424	73.790
Provisions on credit cards and promotion campaigns related to banking services	34.417	28.741
Provision on export commitment tax and funds liability	44.489	41.007
Other	133.624	184.508
<b>Total</b>	<b>949.855</b>	<b>1.095.177</b>

- (ii) General reserves for possible losses:

	<b>Current Period</b>	<b>Prior Period</b>
General reserves for possible losses	160.839	190.112
<b>Total</b>	<b>160.839</b>	<b>190.112</b>

5. Pension fund provision:

The Bank provided provision amounting to TL 654.901 (December 31, 2013 – TL 767.131) for the technical deficit based on the report prepared by an independent actuary company in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	<b>Current Period</b>	<b>Prior Period</b>
Income statement (Other operations charge/benefit)	112.230	60.046

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

	<b>Current Period</b>	<b>Prior Period</b>
Present value of funded obligations	1.621.901	1.635.549
- Pension benefits transferable to SSI	1.658.083	1.543.740
- Post employment medical benefits transferable to SSI	(36.182)	91.809
Fair value of plan assets	(967.000)	(868.418)
<b>Provision for the actuarial deficit of the pension fund</b>	<b>654.901</b>	<b>767.131</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Explanations and notes related to unconsolidated financial statements (continued)**

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	190.168	20	178.678	21
Premises and equipment	138.997	14	304.423	35
Bank placements	570.814	59	339.980	39
Short term receivables	52.549	6	30.219	3
Other	14.472	1	15.118	2
<b>Total</b>	<b>967.000</b>	<b>100</b>	<b>868.418</b>	<b>100</b>

**ğ. Information on taxes payable:**

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	131.719	-
Taxation of Marketable Securities	94.719	71.659
Property Tax	2.411	2.000
Banking Insurance Transaction Tax ("BITT")	78.269	61.204
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	9.783	6.690
Other	28.754	24.374
<b>Total</b>	<b>345.655</b>	<b>165.927</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	11.981	-	9.751	-
Bank pension fund premiums – employer	12.397	-	10.146	-
Pension fund deposit and provisions – employee	-	-	-	-
Pension fund deposit and provisions – employer	-	-	-	-
Unemployment insurance – employee	855	-	695	-
Unemployment insurance – employer	1.711	-	1.392	-
Other	-	-	-	-
<b>Total</b>	<b>26.944</b>	<b>-</b>	<b>21.984</b>	<b>-</b>

(iii) Information on deferred tax liability:

None (December 31, 2013 - None).

**h. Information on subordinated loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.770.549	-	6.480.981
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6.770.549</b>	<b>-</b>	<b>6.480.981</b>

(1) Subordinated loans are explained in detail in Note "Details on Subordinated Liabilities" of section four.

**i. Information on shareholders' equity:**

1. Presentation of paid-in capital:

	Current Period		Prior Period	
	TL	FC	TL	FC
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, 2013 - None).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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 transfers from capital reserves to capital during the current period: None.
5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.
6. Information on prior period's indicators on the 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
<b>From investments in associates, subsidiaries, and joint ventures</b>	<b>359.715</b>	<b>248.414</b>	<b>472.536</b>	<b>112.091</b>
Valuation difference	359.715	248.414	472.536	112.091
Foreign currency difference	-	-	-	-
<b>From fixed assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Valuation difference	-	-	-	-
Foreign currency difference	-	-	-	-
<b>Available for sale securities</b>	<b>180.396</b>	<b>234.848</b>	<b>(254.461)</b>	<b>155.800</b>
Valuation differences <sup>(1)</sup>	180.396	234.848	(254.461)	155.800
Foreign currency differences	-	-	-	-
<b>Total</b>	<b>540.111</b>	<b>483.262</b>	<b>218.075</b>	<b>267.891</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Explanations and notes related to unconsolidated financial statements (continued)**

**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:

	<b>Current Period</b>	<b>Prior Period</b>
Commitments on credit card limits	25.612.776	21.610.762
Loan granting commitments	8.125.659	6.394.154
Commitments for cheques	5.981.382	5.385.711
Other irrevocable commitments	6.703.313	11.657.414
<b>Total</b>	<b>46.423.130</b>	<b>45.048.041</b>

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 84.527 (December 31, 2013 - TL 65.611) and specific provision amounting to TL 381.510 (December 31, 2013 - TL 334.113) for non-cash loans which are not indemnified yet amounting to TL 82.424 (December 31, 2013 - TL73.790).

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

	<b>Current Period</b>	<b>Prior Period</b>
Bank acceptance loans	126.982	118.686
Letter of credits	7.592.268	6.459.350
Other guarantees and collaterals	2.774.812	3.611.450
<b>Total</b>	<b>10.494.062</b>	<b>10.189.486</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Temporary letter of guarantees	1.825.976	1.275.206
Definite letter of guarantees	27.400.824	18.748.924
Advance letter of guarantees	4.310.727	4.442.137
Letter of guarantees given to customs	2.067.368	1.367.093
Other letter of guarantees	2.176.908	1.569.589
<b>Total</b>	<b>37.781.803</b>	<b>27.402.949</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	1.915.986	1.320.733
With original maturity of 1 year or less than 1 year	322.011	111.652
With original maturity of more than 1 year	1.593.975	1.209.081
Other non-cash loans	46.359.879	36.271.702
<b>Total</b>	<b>48.275.865</b>	<b>37.592.435</b>

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>196.602</b>	<b>1,23</b>	<b>328.672</b>	<b>1,02</b>	<b>149.219</b>	<b>1,15</b>	<b>286.469</b>	<b>1,16</b>
Farming and raising livestock	160.024	1,00	286.518	0,89	120.504	0,93	250.704	1,02
Forestry	30.413	0,19	19.070	0,06	23.781	0,18	15.860	0,06
Fishing	6.165	0,04	23.084	0,07	4.934	0,04	19.905	0,08
<b>Manufacturing</b>	<b>6.906.723</b>	<b>43,21</b>	<b>15.578.737</b>	<b>48,24</b>	<b>5.435.621</b>	<b>42,14</b>	<b>10.933.667</b>	<b>44,27</b>
Mining	861.448	5,39	1.327.926	4,11	784.397	6,08	820.152	3,32
Production	5.354.725	33,50	12.437.242	38,51	4.052.815	31,42	8.603.830	34,84
Electric, gas and water	690.550	4,32	1.813.569	5,62	598.409	4,64	1.509.685	6,11
<b>Construction</b>	<b>4.071.437</b>	<b>25,47</b>	<b>6.708.839</b>	<b>20,78</b>	<b>3.395.001</b>	<b>26,32</b>	<b>6.323.447</b>	<b>25,61</b>
<b>Services</b>	<b>2.937.242</b>	<b>18,38</b>	<b>6.590.758</b>	<b>20,40</b>	<b>2.791.833</b>	<b>21,64</b>	<b>4.826.320</b>	<b>19,54</b>
Wholesale and retail trade	1.381.946	8,65	2.433.188	7,53	1.171.783	9,08	2.159.162	8,74
Hotel, food and beverage services	118.296	0,74	303.617	0,94	120.130	0,93	124.214	0,50
Transportation and telecommunication	363.853	2,28	1.570.946	4,86	332.783	2,58	568.268	2,30
Financial institutions	340.457	2,13	1.306.759	4,05	722.895	5,60	1.020.411	4,13
Real estate and leasing services	248.093	1,55	257.757	0,80	144.743	1,12	375.658	1,52
Self-employment services	-	-	-	-	-	-	-	-
Education services	18.842	0,12	3.697	0,01	18.745	0,15	4.124	0,02
Health and social services	465.755	2,91	714.794	2,21	280.754	2,18	574.483	2,33
<b>Other</b>	<b>1.871.219</b>	<b>11,71</b>	<b>3.085.636</b>	<b>9,56</b>	<b>1.127.284</b>	<b>8,75</b>	<b>2.323.574</b>	<b>9,42</b>
<b>Total</b>	<b>15.983.223</b>	<b>100,00</b>	<b>32.292.642</b>	<b>100,00</b>	<b>12.898.958</b>	<b>100,00</b>	<b>24.693.477</b>	<b>100,00</b>

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	15.593.060	21.794.547	320.358	73.838
Bank acceptances	-	124.663	-	2.319
Letters of credit	3	7.589.893	-	2.372
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	69.802	2.698.440	-	6.570
<b>Total</b>	<b>15.662.865</b>	<b>32.207.543</b>	<b>320.358</b>	<b>85.099</b>



(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, 2014 (continued)**

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

**Explanations and notes related to unconsolidated financial statements (continued)**

Prior Period	Group I		Group II <sup>(1)</sup>	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
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	-	-
<b>Total</b>	<b>12.743.694</b>	<b>24.640.828</b>	<b>155.264</b>	<b>52.649</b>

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

Current Period <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	4.991.798	2.093.922	506.243	305	7.592.268
Letter of guarantee	32.914.935	145.320	4.066.518	655.030	37.781.803
Bank acceptances	126.639	343	-	-	126.982
Other	702.860	120.775	1.366.233	584.944	2.774.812
<b>Total</b>	<b>38.736.232</b>	<b>2.360.360</b>	<b>5.938.994</b>	<b>1.240.279</b>	<b>48.275.865</b>
Prior Period <sup>(1)</sup>	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
<b>Total</b>	<b>19.498.354</b>	<b>7.316.077</b>	<b>9.451.168</b>	<b>1.326.836</b>	<b>37.592.435</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (continued)**

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

**Explanations and notes related to unconsolidated financial statements (continued)**

**b. (i) Information on derivative financial instruments:**

	<b>Current Period</b>	<b>Prior Period</b>
Types of trading transactions		
Foreign currency related derivative transactions (I)	90.575.273	87.681.532
FC trading forward transactions	6.462.898	9.471.525
Trading swap transactions	74.647.930	65.651.969
Futures transactions	-	-
Trading option transactions	9.464.445	12.558.038
Interest related derivative transactions (II)	23.052.540	15.172.422
Forward interest rate agreements	-	-
Interest rate swaps	15.959.242	10.311.770
Interest rate options	7.093.298	4.860.652
Interest rate futures	-	-
Other trading derivative transactions (III)	9.343.196	2.468.788
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>122.971.009</b>	<b>105.322.742</b>
Types of hedging derivative transactions		
Transactions for fair value hedge	1.129.469	2.610.975
Cash flow hedges	40.767.075	35.017.718
Transactions for foreign net investment hedge	-	-
<b>B. Total hedging related derivatives</b>	<b>41.896.544</b>	<b>37.628.693</b>
<b>Total derivative transactions (A+B)</b>	<b>164.867.553</b>	<b>142.951.435</b>

**c. Information on credit derivatives and risk exposures:**

Derivative portfolio includes credit default swaps for TL 1.217.430 (31 December 2013 – TL 1.210.160) for the period ended 31 December 2014. 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 61.683 (December 31, 2013 - TL 50.927) 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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 <sup>(1)</sup>	4.033.999	154.637	3.250.477	142.719
Medium/long-term loans <sup>(1)</sup>	3.787.374	1.540.013	2.901.328	1.155.801
Interest on loans under follow-up	100.029	533	104.305	2.408
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>7.921.402</b>	<b>1.695.183</b>	<b>6.256.110</b>	<b>1.300.928</b>

(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	56.706	309	24.144	651
From foreign banks	5.053	7.169	3.479	6.813
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>61.759</b>	<b>7.478</b>	<b>27.623</b>	<b>7.464</b>

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	2.143	1.236	6.137	2.695
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	1.215.116	199.233	726.964	365.871
From held-to-maturity investments	235.405	188.865	263.875	153.618
<b>Total</b>	<b>1.452.664</b>	<b>389.334</b>	<b>996.976</b>	<b>522.184</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest received from associates and subsidiaries		24.847		13.304

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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	79.505	636.400	66.748	634.323
The CBRT	-	-	-	-
Domestic banks	14.913	7.098	13.162	9.342
Foreign banks	64.592	629.302	53.586	624.981
Headquarters and branches abroad	-	-	-	-
Other institutions	-	8.077	-	364
<b>Total <sup>(1)</sup></b>	<b>79.505</b>	<b>644.477</b>	<b>66.748</b>	<b>634.687</b>

(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	91.095	58.058

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	230.503	228.292	121.402	115.031
<b>Total</b>	<b>230.503</b>	<b>228.292</b>	<b>121.402</b>	<b>115.031</b>

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			
<b>TL</b>									
Bank deposits	294	9.676	398	135	2.691	-	-	13.194	13.685
Saving deposits	1	75.967	1.918.498	85.015	38.880	16.975	-	2.135.336	1.578.956
Public sector deposits	-	32	2.895	51	45	-	-	3.023	795
Commercial deposits	44	244.138	846.899	137.521	48.221	8.511	-	1.285.334	861.262
Other deposits	-	10.262	283.170	37.040	114.743	512	-	445.727	351.795
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>339</b>	<b>340.075</b>	<b>3.051.860</b>	<b>259.762</b>	<b>204.580</b>	<b>25.998</b>	<b>-</b>	<b>3.882.614</b>	<b>2.806.493</b>
<b>FC</b>									
Foreign currency deposits	142	166.789	574.194	41.889	20.034	22.902	-	825.950	691.006
Bank deposits	87	1.737	840	10	59	-	-	2.733	1.536
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	649	1.451	137	231	33	-	2.501	2.663
<b>Total</b>	<b>229</b>	<b>169.175</b>	<b>576.485</b>	<b>42.036</b>	<b>20.324</b>	<b>22.935</b>	<b>-</b>	<b>831.184</b>	<b>695.205</b>
<b>Grand total</b>	<b>568</b>	<b>509.250</b>	<b>3.628.345</b>	<b>301.798</b>	<b>224.904</b>	<b>48.933</b>	<b>-</b>	<b>4.713.798</b>	<b>3.501.698</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:**

	<b>Current Period</b>	<b>Prior Period</b>
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	3	3.235
Subsidiaries and associates	174.123	129.552
Other	3	-
<b>Total</b>	<b>174.129</b>	<b>132.787</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gain</b>	<b>36.521.038</b>	<b>29.900.931</b>
Gain from capital market transactions	307.792	627.410
Derivative financial transaction gains	8.013.700	10.459.089
Foreign exchange gains	28.199.546	18.814.432
<b>Loss (-)</b>	<b>(36.937.156)</b>	<b>(29.785.883)</b>
Loss from capital market transactions	(31.714)	(58.289)
Derivative financial transaction losses	(9.384.845)	(8.775.548)
Foreign exchange loss	(27.520.597)	(20.952.046)
<b>Net gain/loss</b>	<b>(416.118)</b>	<b>115.048</b>

**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 480.170 loss (December 31, 2013 – TL 2.299.926).

**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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:**

	<b>Current Period</b>	<b>Prior Period</b>
Specific provisions for loans and other receivables	1.257.795	1.097.268
III. Group loans and receivables	46.747	23.158
IV. Group loans and receivables	119.991	65.545
V. Group loans and receivables	1.091.057	1.008.565
General provision expenses	459.433	224.817
Provision expense for possible risks	23.178	50.705
Marketable securities impairment expenses <sup>(1)</sup>	55.459	31.124
Financial assets at fair value through profit or loss	565	1.436
Available-for-sale financial assets	54.894	29.688
Impairment of investments in associates, subsidiaries and held-to-maturity securities	35.360	32.081
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments <sup>(1)</sup>	35.360	32.081
Other	30.753	39.410
<b>Total</b>	<b>1.861.978</b>	<b>1.475.405</b>

(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:**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel expenses	1.562.826	1.330.147
Reserve for employee termination benefits	-	7.090
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	156.155	156.010
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	102.654	75.766
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	566	302
Depreciation expenses of assets held for resale	4.958	4.586
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.348.965	1.140.522
Operational lease expenses	205.335	171.965
Repair and maintenance expenses	70.017	58.544
Advertising expenses	129.890	96.920
Other expense	943.723	813.093
Loss on sales of assets	32.400	299
Other	721.352	624.290
<b>Total</b>	<b>3.929.876</b>	<b>3.339.012</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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 5.605.707 (31 December 2012 – TL 4.664.232) of net interest income, TL 2.200.615 (31 December 2013 – TL 2.006.317) of net fees and commissions and TL 3.929.876 (31 December 2013 – TL 3.339.012) of other operations.

As of December 31, 2014, the Bank has no (December 31, 2013 – TL 1.227.271) profit before tax from discontinued operations.

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

As of December 31, 2014, the Bank has TL 680.515 (December 31, 2013 – TL 151.385) tax expense from continued operations, from discontinued operations none (December 31, 2013 – TL 54.836 tax expense) and deferred tax income from continued operations amounting to TL 155.856 (December 31, 2013 – TL 374.402 deferred tax expense).

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

	<b>Current Period</b>	<b>Prior Period</b>
Profit before tax	2.369.625	3.783.598
Tax calculated at rate of 20%	473.925	756.720
Nondeductible expenses, discounts and other, net	50.734	(176.097)
<b>Total</b>	<b>524.659</b>	<b>580.623</b>

**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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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, 2014 is TL 297.009 loss (December 31, 2013 - TL 115.117 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:



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	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
<b>Cash equivalents</b>	4.162.764	3.472.362
Interbank money market	2.893.436	2.725.227
Time deposits in banks	1.269.328	747.135
<b>Total cash and cash equivalents</b>	<b>9.272.213</b>	<b>8.309.106</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	7.377.737	5.109.449
Cash and effectives	2.214.524	1.748.979
Demand deposits in banks	5.163.213	3.360.470
<b>Cash equivalents</b>	1.823.458	4.162.764
Money market	1.567.000	2.893.436
Time deposits in banks	256.458	1.269.328
<b>Total cash and cash equivalents</b>	<b>9.201.195</b>	<b>9.272.213</b>

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

Reserves amounting to TL 20.752.797 (December 31, 2013 – TL 17.027.952) in CBRT represent the reserve requirements of the Bank.

**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 299.378 as of December 31, 2014 (December 31, 2013 – TL 4.219.569 decrease), 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 2.786.132 as of December 31, 2014 (December 31, 2013 – TL 1.892.854 increase), mainly consist of changes in other debts 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 115.664 as of December 31, 2014 (December 31, 2013 – TL 621.837 increase).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2014 (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 <sup>(1), (2)</sup>	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	109.348	497.720	52.615	450.294	806.128	1.048.902
Balance at the end of the period	99.878	422.846	47.802	536.763	1.288.096	2.092.659
<b>Interest and commission income received</b>	<b>24.847</b>	<b>2.225</b>	<b>5.031</b>	<b>4.074</b>	<b>102.446</b>	<b>9.772</b>

(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 <sup>(1), (2)</sup>	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
<b>Interest and commission income received</b>	<b>13.304</b>	<b>2.227</b>	<b>9.531</b>	<b>2.835</b>	<b>63.416</b>	<b>13.048</b>

(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 <sup>(1), (2)</sup>	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
<b>Deposit</b>						
Beginning of the period	2.443.971	770.943	11.261.140	5.838.878	6.391.249	8.016.750
End of the period	2.229.278	2.443.971	10.228.006	11.261.140	10.038.882	6.391.249
<b>Interest expense on deposits</b>	<b>91.095</b>	<b>58.058</b>	<b>509.074</b>	<b>389.370</b>	<b>290.513</b>	<b>279.868</b>

(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, 2014 (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 <sup>(1)</sup>	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
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	5.973.118	1.403.949	460.395	300.627	659.635	273.177
End of the period <sup>(3)</sup>	872.477	5.973.118	428.403	460.395	718.079	659.635
<b>Total profit / (loss)</b>	<b>25.703</b>	<b>80.224</b>	<b>(1.830)</b>	<b>5.174</b>	<b>(64.376)</b>	<b>25</b>
<b>Transactions for hedging purposes<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>		-		-		-
End of the period <sup>(3)</sup>		-		-		-
<b>Total profit / (loss)</b>		-		-		-

(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 34.914 as of December 31, 2014 (December 31, 2013 – TL 36.657).

**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	1002	17.454			
			Country of incorporation		
Foreign Rep. Office	-	-			
				Total asset	Statutory share capital
Foreign Branch	1	3	Bahrain	7.677.632	-
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, 2014 (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:**

In accordance with the decision taken in the Board of Directors Meeting held on January 19, 2015, it was decided to establish a company, with a paid-in capital amount up to 5.000.000 full TL paid by the Bank, which operates in information technology sector and provides software development, research/development and consultancy activities in İstanbul Teknik Üniversitesi ARI Teknokent Teknoloji Geliştirme Bölgesi and it was decided to authorize the Head Quarter of the Bank in order to apply for relevant regulatory approvals and authorizations.

(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, 2014 (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, 2014 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 2, 2015 is presented preceding the unconsolidated financial statements.

**II. Explanations and notes prepared by independent auditor**

None.