

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced unconsolidated financial statements and related disclosures at December 31, 2015 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 1. of Section three)



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

## **Independent auditor report**

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

### **Report on the Unconsolidated Financial Statements**

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 2015 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***

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statement in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and the provisions of Turkish Accounting Standards for the matters which are not regulated by these regulation; "BRSA Accounting and Reporting Legislation" and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

### ***Independent Auditor's responsibility***

Our responsibility is to express an opinion on the unconsolidated financial statements based on our audit. We conducted our audit in accordance with communique "Independent Audit of Banks" published by BRSA on the Official Gazette No.29314 dated April 2, 2015 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"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.



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An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the independent auditor's professional judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control relevant to bank's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An independent audit also includes evaluating the appropriateness of accounting policies used by the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion the accompanying unconsolidated financial statements presents fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as at December 31, 2015 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 in accordance with BRSA Accounting and Reporting Legislation.

### **Reports on arising from other regulatory requirements:**

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, 2015 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

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.



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**Additional paragraph for convenience translation to English:**

As explained in detail in Note I. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, 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



Istanbul, February 2, 2016

**Convenience translation of publicly announced unconsolidated year end financial statements and review report originally issued in Turkish, See Note I. of Section three**

**The unconsolidated interim financial report of  
Yapı ve Kredi Bankası A.Ş. as of December 31, 2015**

E-Mail: [financialreports@yapikredi.com.tr](mailto:financialreports@yapikredi.com.tr)

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.

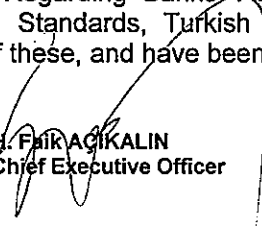
- **Section one** - General information about the Bank
- **Section two** - Unconsolidated financial statements of the Bank
- **Section three** - Explanations on accounting policies applied in the related period
- **Section four** - Information related to financial position of the Bank
- **Section five** - 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 reviewed.

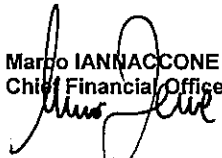
Carlo VIVANDI  
Vice Chairman



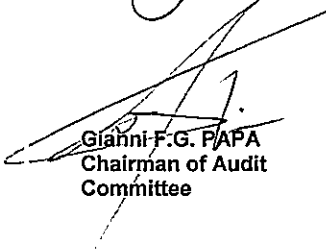
H. FAİKAÇIKALIN  
Chief Executive Officer



Marco IANNACCONE  
Chief Financial Officer



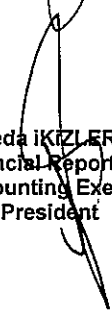
Gianni F.G. PAPA  
Chairman of Audit  
Committee



F. Füsün Akkal BOZOK  
Member of Audit  
Committee



B. Seda İKİZLER  
Financial Reporting and  
Accounting Executive  
Vice President



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

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**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2015**

(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, 2015, 18,20% of the shares of the Bank are publicly traded (December 31, 2014 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one 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, 2015, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Mustafa V. KOÇ <sup>(1)</sup>	Chairman
Carlo VIVALDI	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Niccolò UBERTALLI	Deputy General Manager
Adil Giray ÖZTOPRAK	Member
Ahmet Fadil ASHABOĞLU	Member
Benedetta NAVARRA	Member
Mirko D.G. BIANCHI	Member
F.Fusun Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Gianni F.G. PAPA	Member
Levent ÇAKIROĞLU	Member

(1) Mr. Mustafa V. Koç, Chairman of Yapı Kredi Bank, has deceased on January 21, 2016. No new chairman has been appointed as of the publishing date of this report.

GÜNEY  
BAĞIMSIZ DENETİM VE  
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Maslak Mah. Eski Büyükdere Caddesi No:27  
Daire:54-57-59 Kat:2/3-4 Sarıyer / İSTANBUL  
Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2015 (continued)**

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

**General information (continued)**

Audit Committee Members:

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

General Manager and Deputy General Manager:

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

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 IANNACCONI <sup>(2)</sup>	Financial Planning and Administration Management
Mehmet Erkan ÖZDEMİR	Compliance and Internal Control / Consumer Relations Coordination Officer
Mehmet Gökmen UÇAR <sup>(1)</sup>	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 <sup>(1)</sup>	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Zeynep Nazan SOMER ÖZELGİN	Retail Banking Management

(1) It is resolved by Board of Directors of Yapı ve Kredi Bankası A.Ş. at 21.10.2015 meeting that, as of January 1, 2016, due to Mr. S. Cihangir Kavuncu, Assistant General Manager responsible for Human Resources and Organization is taking another position within UniCredit Group as of January 1, 2016, Mr. M. Gökmen Uçar, who is currently Assistant General Manager responsible for Retail Credits, will be appointed as Assistant General Manager responsible for Human Resources and Organization; An application will be sent to BRSA to appoint Mr. Demir Karaaslan, who is currently Executive Vice President of Planning and Control - Financial Planning and Administration, as Assistant General Manager responsible for Retail Credits. The appointment will become effective unless an objection is received from BRSA within 7 working days.

(2) In accordance with the decision taken in the Board of Directors Meeting held on January 18, 2016, it is approved that effective from March 1, 2016, due to appointment of Mr. Marco Iannaccone, Assistant General Manager responsible for Financial Planning and Administration Management and Organization to another position within UniCredit Group, an application will be sent to BRSA to appoint Mr. Massimo Francese as Assistant General Manager responsible for Financial Planning and Administration Management and Organization.

**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.

GÜNEY  
BAĞIMSIZ DENETİM VE  
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Maslak Mah. Eski Büyükdere Cad. No:27  
Daire:54-57-59 Kat:2-3-4 Şişli / İSTANBUL  
Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements as of December 31, 2015 (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, 2015, the Bank has 999 branches operating in Turkey and 1 branch in overseas (December 31, 2014 - 1002 branches operating in Turkey, 1 branch in overseas). As of December 31, 2015, the Bank has 18.262 employees (December 31, 2014 - 17.457 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.

**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, 2015 and 2014

(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 (31/12/2015)			Restated Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	<b>II-a</b>	<b>67.190.566</b>	<b>59.718.327</b>	<b>126.908.893</b>	<b>64.175.925</b>	<b>40.944.414</b>	<b>105.120.339</b>
1.1 Deposits of the Bank's risk group		7.510.140	8.171.531	15.681.671	9.031.224	6.091.758	15.122.982
1.2 Other		59.680.426	51.546.796	111.227.222	55.144.701	34.852.656	89.997.357
<b>II. Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>1.622.210</b>	<b>231.296</b>	<b>1.853.506</b>	<b>698.894</b>	<b>96.636</b>	<b>795.530</b>
<b>III. Funds borrowed</b>	<b>II-c</b>	<b>653.865</b>	<b>22.961.865</b>	<b>23.615.730</b>	<b>862.557</b>	<b>17.259.016</b>	<b>18.121.573</b>
<b>IV. Money markets</b>		<b>10.129.554</b>	<b>2.165.386</b>	<b>12.294.940</b>	<b>3.834.659</b>	<b>2.365.914</b>	<b>6.200.573</b>
4.1 Funds from interbank money market		1.887.563	-	1.887.563	-	-	-
4.2 Funds from BIST		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		8.241.991	2.165.386	10.407.377	3.834.659	2.365.914	6.200.573
<b>V. Marketable securities issued (net)</b>	<b>II-ç</b>	<b>2.769.469</b>	<b>6.798.094</b>	<b>9.567.563</b>	<b>2.820.234</b>	<b>6.900.165</b>	<b>9.720.399</b>
5.1 Bills		2.106.752	451.305	2.558.057	1.638.373	1.712.209	3.350.582
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		662.717	6.346.789	7.009.506	1.181.861	5.187.956	6.369.817
<b>VI. Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		<b>7.871.009</b>	<b>1.267.139</b>	<b>9.138.148</b>	<b>6.886.076</b>	<b>1.515.308</b>	<b>8.401.384</b>
<b>VIII. Other liabilities</b>	<b>II-d</b>	<b>1.787.460</b>	<b>890.731</b>	<b>2.678.191</b>	<b>1.342.786</b>	<b>1.543.834</b>	<b>2.886.620</b>
<b>IX. Factoring payables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. Lease payables (net)</b>	<b>II-e</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	-	-	-	-	-
<b>XI. Derivative financial liabilities held for hedging</b>	<b>II-f</b>	<b>38.814</b>	<b>108.660</b>	<b>147.474</b>	<b>228.442</b>	<b>211.349</b>	<b>439.791</b>
11.1 Fair value hedge		3.427	-	3.427	-	-	-
11.2 Cash flow hedge		35.387	108.660	144.047	228.442	211.349	439.791
11.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XII. Provisions</b>	<b>II-g</b>	<b>2.866.013</b>	<b>985.521</b>	<b>3.851.534</b>	<b>2.569.837</b>	<b>675.719</b>	<b>3.245.556</b>
12.1 General loan loss provision		1.658.831	913.159	2.571.990	1.262.683	620.584	1.883.267
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		268.166	-	268.166	251.595	-	251.595
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		939.016	72.362	1.011.378	1.055.559	55.135	1.110.694
<b>XIII. Tax liability</b>	<b>II-ğ</b>	<b>594.239</b>	<b>-</b>	<b>594.239</b>	<b>372.599</b>	<b>-</b>	<b>372.599</b>
13.1 Current tax liability		480.305	-	480.305	372.599	-	372.599
13.2 Deferred tax liability		113.934	-	113.934	-	-	-
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	<b>II-h</b>	<b>-</b>	<b>6.635.191</b>	<b>6.635.191</b>	<b>-</b>	<b>6.770.549</b>	<b>6,770.549</b>
<b>XVI. Shareholders' equity</b>	<b>II-ı</b>	<b>21.783.645</b>	<b>1.300.366</b>	<b>23.084.011</b>	<b>19.319.294</b>	<b>898.405</b>	<b>20.217.699</b>
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		3,674.694	1,300.366	4,975.060	2,457.778	898.405	3,356.183
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		225.727	1,335.232	1,560.959	843.015	1,060.140	1,903.155
16.2.4 Property and equipment revaluation differences		1,449.056	-	1,449.056	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)		248.217	(34.866)	213.351	(135.274)	(161.735)	(297.009)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1,192.706	-	1,192.706	1,172.564	-	1,172.564
16.3 Profit reserves		11,901.355	-	11,901.355	10,457.954	-	10,457.954
16.3.1 Legal reserves		751.512	-	751.512	641.000	-	641.000
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		11,148.251	-	11,148.251	9,815.284	-	9,815.284
16.3.4 Other profit reserves		1,592	-	1,592	1,670	-	1,670
16.4 Income or (loss)		1,860.545	-	1,860.545	2,056.511	-	2,056.511
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1,860.545	-	1,860.545	2,056.511	-	2,056.511
<b>Total liabilities and shareholders' equity</b>		<b>117,306,844</b>	<b>103,062,576</b>	<b>220,369,420</b>	<b>103,111,303</b>	<b>79,181,309</b>	<b>182,292,612</b>

**GÜNEY**  
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Maslak Mah. Eski Büyükdere Cad. No:27  
Daire:54-57-59 Kat:2-3/4 Şişli / İSTANBUL  
Ticaret Sicil No: 475920  
Mersis No: 0-4350-3032-6000017

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Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2015 and 2014  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Off-balance sheet commitments

	Note (Section Five)	Current Period (31/12/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>A</b>							
<b>A</b>							
<b>I.</b>							
<b>I.</b>							
<b>1.1</b>							
<b>1.1.1</b>							
<b>1.1.2</b>							
<b>1.1.3</b>							
<b>1.2</b>							
<b>1.2.1</b>							
<b>1.2.2</b>							
<b>1.3</b>							
<b>1.3.1</b>							
<b>1.3.2</b>							
<b>1.4</b>							
<b>1.5</b>							
<b>1.5.1</b>							
<b>1.5.2</b>							
<b>1.6</b>							
<b>1.7</b>							
<b>1.8</b>							
<b>1.9</b>							
<b>II.</b>							
<b>2.1</b>							
<b>2.1.1</b>							
<b>2.1.2</b>							
<b>2.1.3</b>							
<b>2.1.4</b>							
<b>2.1.5</b>							
<b>2.1.6</b>							
<b>2.1.7</b>							
<b>2.1.8</b>							
<b>2.1.9</b>							
<b>2.1.10</b>							
<b>2.1.11</b>							
<b>2.1.12</b>							
<b>2.1.13</b>							
<b>2.2</b>							
<b>2.2.1</b>							
<b>2.2.2</b>							
<b>III.</b>							
<b>3.1</b>							
<b>3.1.1</b>							
<b>3.1.2</b>							
<b>3.1.3</b>							
<b>3.2</b>							
<b>3.2.1</b>							
<b>3.2.1.1</b>							
<b>3.2.1.2</b>							
<b>3.2.2</b>							
<b>3.2.2.1</b>							
<b>3.2.2.2</b>							
<b>3.2.2.3</b>							
<b>3.2.2.4</b>							
<b>3.2.3</b>							
<b>3.2.3.1</b>							
<b>3.2.3.2</b>							
<b>3.2.3.3</b>							
<b>3.2.3.4</b>							
<b>3.2.3.5</b>							
<b>3.2.3.6</b>							
<b>3.2.4</b>							
<b>3.2.4.1</b>							
<b>3.2.4.2</b>							
<b>3.2.5</b>							
<b>3.2.5.1</b>							
<b>3.2.5.2</b>							
<b>3.2.6</b>							
<b>B.</b>							
<b>IV.</b>							
<b>4.1</b>							
<b>4.2</b>							
<b>4.3</b>							
<b>4.4</b>							
<b>4.5</b>							
<b>4.6</b>							
<b>4.7</b>							
<b>4.8</b>							
<b>V.</b>							
<b>5.1</b>							
<b>5.2</b>							
<b>5.3</b>							
<b>5.4</b>							
<b>5.5</b>							
<b>5.6</b>							
<b>5.7</b>							
<b>VI.</b>							
<b>Total off-balance sheet commitments (A+B)</b>							

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

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## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements as of December 31, 2015 and 2014 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

#### III. Income statement

Income and expense items	Note (Section Five)	Current Period 01/01-31/12/2015	Restated Prior Period 01/01-31/12/2014
<b>I. Interest income</b>	<b>IV-a</b>	<b>15.292.461</b>	<b>11.770.083</b>
1.1 Interest on loans	IV-a-1	12.805.914	9.616.585
1.2 Interest received from reserve deposits		43.303	709
1.3 Interest received from banks	IV-a-2	31.724	69.237
1.4 Interest received from money market transactions		37.842	240.898
1.5 Interest received from marketable securities portfolio	IV-a-3	2.372.800	1.841.998
1.5.1 Trading financial assets		11.284	3.378
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		1.943.299	1.414.350
1.5.4 Held to maturity investments		418.217	424.270
1.6 Financial lease income		-	-
1.7 Other interest income		878	656
<b>II. Interest expense</b>	<b>IV-b</b>	<b>(8.450.239)</b>	<b>(6.164.374)</b>
2.1 Interest on deposits	IV-b-4	(6.248.179)	(4.713.798)
2.2 Interest on funds borrowed	IV-b-1	(866.440)	(723.982)
2.3 Interest expense on money market transactions		(683.261)	(251.501)
2.4 Interest on securities issued	IV-b-3	(639.864)	(458.795)
2.5 Other interest expenses		(12.495)	(16.298)
<b>III. Net interest income (I + II)</b>		<b>6.842.222</b>	<b>5.605.709</b>
<b>IV. Net fees and commissions income</b>		<b>2.688.104</b>	<b>2.200.614</b>
4.1 Fees and commissions received		3.408.772	2.814.151
4.1.1 Non-cash loans		402.960	319.409
4.1.2 Other	IV-i	3.005.812	2.494.742
4.2 Fees and commissions paid		(720.668)	(613.537)
4.2.1 Non-cash loans		(480)	(613)
4.2.2 Other		(720.188)	(612.924)
<b>V. Dividend income</b>	<b>IV-c</b>	<b>2.971</b>	<b>2.468</b>
<b>VI. Trading gain/(loss) (net)</b>	<b>IV-ç</b>	<b>(787.924)</b>	<b>(416.118)</b>
6.1 Trading gains/(losses) on securities		260.620	276.078
6.2 Derivative financial transactions gains/(losses)	IV-d	845.716	(1.371.145)
6.3 Foreign exchange gains/(losses)		(1.894.260)	678.949
<b>VII. Other operating income</b>	<b>IV-e</b>	<b>607.889</b>	<b>597.146</b>
<b>VIII. Total operating income (III+IV+V+VI+VII)</b>		<b>9.353.262</b>	<b>7.989.819</b>
<b>IX. Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(2.521.496)</b>	<b>(1.861.978)</b>
<b>X. Other operating expenses (-)</b>	<b>IV-g</b>	<b>(4.810.418)</b>	<b>(3.929.876)</b>
<b>XI. Net operating income/(loss) (VIII-IX-X)</b>		<b>2.021.348</b>	<b>2.197.965</b>
<b>XII. Excess amount recorded as income after merger</b>		<b>-</b>	<b>-</b>
<b>XIII. Income/(loss) from investments accounted based on equity method</b>		<b>368.140</b>	<b>383.205</b>
<b>XIV. Income/(loss) on net monetary position</b>		<b>-</b>	<b>-</b>
<b>XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-ğ</b>	<b>2.389.488</b>	<b>2.581.170</b>
<b>XVI. Tax provision for continuing operations (±)</b>	<b>IV-h</b>	<b>(528.943)</b>	<b>(524.659)</b>
16.1 Current tax provision		(328.064)	(680.515)
16.2 Deferred tax provision		(200.879)	155.856
<b>XVII. Net profit/loss from continuing operations (XV±XVI)</b>		<b>1.860.545</b>	<b>2.056.511</b>
<b>XVIII. Income from discontinued operations</b>		<b>-</b>	<b>-</b>
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
<b>XIX. Expenses from discontinued operations (-)</b>		<b>-</b>	<b>-</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. Profit/losses before taxes from discontinued operations (XVIII-XIX)</b>	<b>IV-ğ</b>	<b>-</b>	<b>-</b>
<b>XXI. Tax provision for discontinued operations (±)</b>	<b>IV-h</b>	<b>-</b>	<b>-</b>
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
<b>XXII. Net profit/loss from discontinued operations (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII. Net profit/loss (XVII+XXII)</b>	<b>IV-i</b>	<b>1.860.545</b>	<b>2.056.511</b>
Earnings/(loss) per share (full TL)		0,0043	0,0047

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**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 2014**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

Income and expense items accounted under shareholders' equity		Current Period (31/12/2015)	Restated Prior Period (31/12/2014)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	(937.789)	629.651
II.	Property and equipment revaluation differences	1.505.048	18.485
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	17.841	(8.124)
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	744.688	(208.019)
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	(68.267)	-
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	151.260	(115.615)
IX.	Deferred tax on valuation differences	(7.014)	(79.522)
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	1.405.767	236.856
XI.	Current year profit/loss	1.860.545	2.056.511
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	261.171	118.063
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(89.216)	(158.005)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	1.688.590	2.096.453
XII.	<b>Total income/loss accounted for the period (X+XI)</b>	<b>3.266.312</b>	<b>2.293.367</b>

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Daire:54-57-59 Kat:2-4-5a Katliyer / İSTANBUL  
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**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**

Restated Prior Period	Note (Section five)	Paid- in capital	Adjustment to share capital 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 intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
December 31, 2014		4,347,051	543,881	-	463,786	-	8,051,473	313,827	3,202,975	-	485,966	-	15,107	(115,117)	-	17,308,949
I. Period opening balance																
II. Changes in accounting policies according to TAS 8									215,336		788,047					1,003,383
2.1 Effects of errors									215,336		788,047					1,003,383
2.2 Effects of the changes in accounting policies	Section 3.1								215,336		788,047					1,003,383
III. New balance (I+II)		4,347,051	543,881	-	463,786	-	8,051,473	313,827	3,418,311	-	1,274,013	-	15,107	(115,117)	-	19,312,332
IV. Increase/decrease due to merger differences																
V. Marketable securities valuation differences											503,420					503,420
VI. Hedging transactions (effective portion)														(166,416)		(166,416)
6.1 Cash flow hedge														(166,416)		(166,416)
6.2 Foreign net investment hedge																
VII. Property and equipment revaluation differences												18,485				18,485
VIII. Intangible assets revaluation differences																
IX. Bonus shares from investments in associates, subsidiaries and joint ventures																
X. Foreign exchange differences																
XI. Changes due to the disposal of assets											8,977					
XII. Changes due to the reclassification of assets														(15,476)		(6,499)
XIII. Effect of the changes in equity of investment in associates											(98,591)					(98,591)
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								(13,543)	(215,336)		215,336					(13,543)
XIX. Current year income or loss									2,056,511							2,056,511
XX. Profit distribution					177,214		1,763,811	873,950	(3,202,975)							(388,000)
20.1 Dividend paid									(388,000)							(388,000)
20.2 Transfers to reserves					177,214		1,763,811	873,950	(2,814,975)							
20.3 Other																
Period end balance (II+IV+V+.....+ XVIII +XIX+XX)		4,347,051	543,881	-	641,000	-	9,815,284	1,174,234	2,056,511	-	1,903,155	18,485	-	-	-	18,485

BAĞIMSIZ DENETİM VE  
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK VE YATIRIM MENKUL DEĞERLER A.Ş.  
Bağcıbaşı Sokak No: 4 Şişli / Beşiktaş / İstanbul  
Ticaret Sicil No: 279920  
Mersis No: 0-4350000382-6000017

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(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, 2015**  
(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 on cancellat	Share cancelled on profits reserves	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, 2015		4,347,051	-	543,881	-	641,000	-	9,815,284	1,174,224	2,056,511	-	1,903,185	18,485	15,107	(287,009)	-	20,217,689
I.	Prior period end balance																
	Changes in the period																
II.	Increase/decrease due to the merger																
III.	Marketable securities valuation differences											(726,956)					(726,956)
IV.	Hedging transactions (effective portion)														541,138		541,138
4.1	Cash flow hedge														595,752		595,752
4.2	Foreign net investment hedge														(54,614)		(54,614)
V.	Property and equipment revaluation differences												1,430,571				1,430,571
VI.	Intangible assets revaluation differences																
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures																
VIII.	Foreign exchange differences																
IX.	Changes due to the disposal of assets											45,050			(30,778)		14,272
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								18,577	(211,545)		211,545					16,577
XVII.	Current year income or loss									1,860,545							1,860,545
XVIII.	Profit distribution					110,512		1,332,967	1,487	(1,844,966)							(400,000)
18.1	Dividend paid									(400,000)							(400,000)
18.2	Transfers to reserves					110,512		1,332,967	1,487	(1,444,966)							
18.3	Other																
	Period end balance (I+II+III+...+XVI+XVII+XVIII)	4,347,051	-	543,881	-	751,512	-	11,148,251	1,184,298	1,860,545	-	1,560,959	1,449,055	15,107	213,351	-	23,084,011

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**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 2014**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**VI. Statement of cash flows**

	Notes (Section Five)	Current Period (31/12/2015)	Prior Period (31/12/2014)
<b>A. Cash flows from banking operations</b>			
1.1 Operating profit before changes in operating assets and liabilities		3.907.382	4.667.797
1.1.1 Interest received		15.183.618	10.852.042
1.1.2 Interest paid		(8.430.372)	(6.109.296)
1.1.3 Dividend received		114.201	174.129
1.1.4 Fees and commissions received		3.408.772	2.812.517
1.1.5 Other income		1.668.658	274.360
1.1.6 Collections from previously written-off loans and other receivables		1.243.318	945.206
1.1.7 Payments to personnel and service suppliers		(3.930.810)	(3.278.872)
1.1.8 Taxes paid		(453.666)	(702.912)
1.1.9 Other	VI-c	(4.896.337)	(299.377)
1.2 Changes in operating assets and liabilities		838.004	(4.970.341)
1.2.1 Net (increase)/decrease in trading securities		28.804	(57.982)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(2.547.475)	(2.325.251)
1.2.4 Net (increase)/decrease in loans		(29.305.084)	(28.579.873)
1.2.5 Net (increase)/decrease in other assets		(747.717)	(377.732)
1.2.6 Net increase /(decrease) in bank deposits		2.205.681	298.770
1.2.7 Net increase /(decrease) in other deposits		19.536.869	18.445.274
1.2.8 Net increase /(decrease) in funds borrowed		11.420.375	4.840.321
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	246.551	2.786.132
<b>I. Net cash flows from banking operations</b>		<b>4.745.386</b>	<b>(302.544)</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>		<b>(6.344.362)</b>	<b>(3.043.495)</b>
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(9.800)	(124.138)
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	44.433
2.3 Purchases of property and equipment		(478.403)	(437.435)
2.4 Disposals of property and equipment		80.622	66.108
2.5 Purchase of investments available-for-sale		(20.552.522)	(12.565.639)
2.6 Sale of investments available-for -sale		15.208.036	8.311.853
2.7 Purchase of investment securities		(592.353)	(561.762)
2.8 Sale of investment securities		58	2.223.085
2.9 Other		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>		<b>(359.522)</b>	<b>3.159.357</b>
3.1 Cash obtained from funds borrowed and securities issued		7.341.567	13.790.879
3.2 Cash used for repayment of funds borrowed and securities issued		(7.300.117)	(10.242.683)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(400.000)	(388.000)
3.5 Payments for finance leases		(972)	(839)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>	VI-c	<b>1.077.239</b>	<b>115.664</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>(881.259)</b>	<b>(71.018)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	VI-a	<b>9.201.195</b>	<b>9.272.213</b>
<b>VII. Cash and cash equivalents at end of the period</b>	VI-a	<b>8.319.936</b>	<b>9.201.195</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, 2015 and 2014 (continued) (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

	Current Period	Restated Prior Period <sup>(2)</sup>
	(31/12/2015)	(31/12/2014)
<b>I. Distribution of current year income</b>		
1.1 Current year income	2.389.488	2.369.625
1.2 Taxes and duties payable (-)	(528.943)	(524.659)
1.2.1 Corporate tax (income tax)	(328.064)	(680.515)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(200.879)	155.856
<b>A. Net income for the year (1.1-1.2)</b>	<b>1.860.545</b>	<b>1.844.966</b>
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	92.248
1.5 Other statutory reserves (-)	-	-
<b>B. Net income available for distribution [(a)-(1.3+1.4+1.5)]</b>	<b>1.860.545</b>	<b>1.752.718</b>
1.6 First dividend to shareholders (-)	-	217.353
1.6.1 To owners of ordinary shares	-	217.353
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 (-)	-	182.647
1.9.1 To owners of ordinary shares	-	182.647
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 (-)	-	18.264
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1.332.967
1.13 Other reserves	-	-
1.14 Special funds	-	1.487
<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	0,0043	0,0042
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 2015 has not been prepared by the Board of Directors, only net profit related to the year 2014, 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 2.620 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) Does not included effects of adjustments Prior period, as explained in detail note I of Section 3.

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**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**  
(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, 2014, except for changes on accounting policies from historical cost basis to revaluation basis for intangible assets and changes on accounting policies from fair value method to equity method in compliance with Accounting Standard on Separate Financial Statements (TAS 27), which will be effective from 1 January 2016, allowing the early adaption of valuating subsidiaries, joint ventures and associates based on equity method defined in TAS 28.

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

**Unconsolidated financial statements as of December 31, 2015 and 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.

**Restatement of prior years' financials**

Due to the accounting policy change which is explained in the footnote numbered III. in section 3, prior years' financial statements (31 December 2013 and 31 December 2014) are restated in order to present conformity with 31 December 2015 in accordance with the accounting standard on "Accounting Policies, Changes in Accounting Estimates and Errors (TAS 8)". Relevant corrections are stated below:

<b>December 31, 2014</b>	<b>Announced</b>	<b>Adjustment</b>	<b>Restated</b>
Investments in associates (net)	47.907	216.968	264.875
Subsidiaries (net)	2.436.850	874.928	3.311.778
Joint ventures (net)	19.623	(569)	19.054
<b>Total Assets</b>	<b>181.201.285</b>	<b>1.091.327</b>	<b>182.292.612</b>
Shareholders' equity	19.126.372	1.091.327	20.217.699
Capital reserves	2.476.401	879.782	3.356.183
Marketable Securities Valuation Differences	1.023.373	879.782	1.903.155
Net profit/loss	1.844.966	211.545	2.056.511
<b>Total liabilities and shareholders' equity</b>	<b>181.201.285</b>	<b>1.091.327</b>	<b>182.292.612</b>
Dividend income	174.129	(171.661)	2.468
Income/(loss) from investments accounted based on equity method	-	383.205	383.205

<b>December 31, 2013</b>	<b>Announced</b>	<b>Adjustment</b>	<b>Restated</b>
Investments in associates (net)	47.907	210.060	257.967
Subsidiaries (net)	2.365.767	802.570	3.168.337
Joint ventures (net)	19.623	(9.247)	10.376
<b>Total Assets</b>	<b>148.881.312</b>	<b>1.003.383</b>	<b>149.884.695</b>
Shareholders' equity	17.308.949	1.003.383	18.312.332
Capital reserves	1.228.451	788.047	2.016.498
Marketable Securities Valuation Differences	485.966	788.047	1.274.013
<b>Total liabilities and shareholders' equity</b>	<b>148.881.312</b>	<b>1.003.383</b>	<b>149.884.695</b>

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**Accounting policies (continued)**

**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 hedges foreign currency exposure arising from carrying its foreign subsidiaries at equity method, with financial liabilities in foreign currency and applies net investment hedge accounting. The effective portions of the change in fair value in financial liabilities in foreign currency are recorded under "Hedging funds" in equity.

Bank, upon initial recognition, classifies its financial liabilities as fair value of financial liabilities value through profit / loss in order to eliminate the recognition inconsistency.

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

Associates, subsidiaries and joint ventures are being carried at equity method in unconsolidated financial statements of the Bank started from 30 June 2015. Any valuation differences arising from prior years are booked as "marketable securities valuation differences" under equity and any valuation differences arising from current years are booked in profit and loss statement. This accounting policy change is performed through an early adaption before the effective date of 1 January 2016 in accordance with the change of "Standard on Stand-alone Financial Statement (TAS 27)" numbered 29321 on 9 April 2015 and confirmation by BRSA's letter numbered 10686 on 14 July 2015.

**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.

### Unconsolidated financial statements as of December 31, 2015 and 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.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**

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**Accounting policies (continued)**

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

As of December 31, 2015, 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.

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**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**

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**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:

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SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Maslak Mah. Nispetiye Sok. No:27  
Daire:54-57-59 Kat:5-4 Sarıyer / İSTANBUL  
Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**  
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**Accounting policies (continued)**

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

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

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

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

**XII. Explanations on goodwill and other intangible assets:**

**a. Goodwill:**

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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 equipment, except art objects, paintings and buildings are carried at cost less accumulated depreciation and provision for impairment.

The Bank adopted a fair value accounting method for its buildings as of March 31, 2015 in tangible assets in accordance with TAS 16.

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

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

In accordance with the Turkish Accounting Standard 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.**

**Unconsolidated financial statements as of December 31, 2015 and 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.**

**Unconsolidated financial statements as of December 31, 2015 and 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. The Council of Ministers was authorized to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335.

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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.**

**Unconsolidated financial statements as of December 31, 2015 and 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 utilized.

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.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**Accounting policies (continued)**

**XVIII. Explanations on borrowings:**

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

Bank, classified its part of the financial debts as fair value through profit / loss on financial liabilities. Difference between fair value of the debt and amortised cost of the debt together with the interest expense paid on financial instrument is presented as trading gain and losses in the accompanying financial statements.

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 1.592 (December 31, 2014 - TL 1.585).

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

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

(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, 2015 and 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>Restated Prior Period</b>
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	1.860.545	2.056.511
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>0,0043</b>	<b>0,0047</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 2015 (December 31, 2014 -None).

**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 XVI of Section Four.

**XXVI. Explanations on other matters:**

None.

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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 13,81% (December 31, 2014 – 15,03%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio", "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securizations" 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.**

**Unconsolidated financial statements as of December 31, 2015 and 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%		
Amounts subject to credit risk	47.489.874	5.533.398	41.164.986	42.750.096	105.372.624	5.516.486	10.330.437	270.384	258.428.285	
<b>Risk classifications:</b>										
Conditional and unconditional receivables from central governments or central banks	45.359.027	-	9.072.790	-	-	-	-	-	54.431.817	
Conditional and unconditional receivables from regional or local governments	-	159	-	-	-	-	-	-	159	
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	159	-	-	45	-	-	-	204	
Conditional and unconditional receivables from multilateral development banks	30.799	-	-	-	-	-	-	-	30.799	
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	-	5.517.195	6.891.289	-	273.805	-	-	-	12.682.289	
Conditional and unconditional receivables from corporates	-	-	-	-	89.837.860	2.964	-	-	89.840.824	
Conditional and unconditional retail receivables	-	-	-	42.750.096	6.264.674	-	-	-	49.014.770	
Conditional and unconditional receivables secured by mortgages	-	-	25.147.454	-	-	-	-	-	25.147.454	
Past due receivables	-	-	-	-	992.623	417.877	-	-	1.410.500	
Receivables defined as high risk category by the Regulator	-	-	53.453	-	40.666	5.095.645	10.330.437	270.384	15.790.585	
Secured by mortgages	-	-	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	-	-	
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	
Other receivables	2.100.048	15.885	-	-	7.962.951	-	-	-	10.078.884	
<b>Credit Risk Weighted Amounts</b>	-	1.106.680	20.582.493	32.062.572	105.372.624	8.274.729	20.660.874	675.966	188.735.938	

**Summary information about capital adequacy ratio:**

	Current Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0,08) (CRCR)	15.098.875	12.205.770
Capital requirement for market risk (MRCR)	186.593	130.250
Capital requirement for operational risk (ORCR)	934.030	817.197
Shareholders' equity	27.997.997	24.705.420
Shareholders' equity/((CRCR+MRCR+ORCR) * 12,5) * 100	13,81	15,03
Tier 1 capital /((CRCR+MRCR+ORCR) * 12,5) * 100	10,29	10,94
Common equity Tier 1 capital /((CRCR+MRCR+ORCR) * 12,5) * 100	10,72	11,62

GÜNEY  
BAĞIMSIZ DENETİM VE  
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Maslak Mah. Eski Büyükdere Cad. No:27  
Daire:54-57-59 Kat:2-3-4 Şişli / İSTANBUL  
Ticaret Sicil No: 479220  
Mersis No: 0-4350-3032-6000017

(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, 2015 and 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:

	Current Period	Prior Period <sup>(1)</sup>
<b>Common Equity Tier 1 Capital</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	4.347.051	4.347.051
Share premium	543.881	543.881
Share Cancellation Profits	-	-
Legal reserves	11.901.355	10.457.954
Other Comprehensive Income according to TAS	4.468.833	2.214.422
Profit	1.860.545	1.844.966
Net current period profit	1.860.545	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	15.107
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>23.136.772</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 (-)	320.726	-
Leasehold Improvements on Operational Leases (-)	134.499	133.692
Goodwill and Intangible assets and related deferred tax liabilities (-)	583.999	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) (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Amount exceeding the 15% threshold (-)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank own more than 10% of the issued share capital (amount above 10% threshold) (-)	-	-
Mortgage servicing rights (amount above 10% threshold) (-)	-	-
Deferred tax assets arising 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 (-)	358.991	63.027
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>1.398.215</b>	<b>477.922</b>
<b>Common Equity Tier 1 capital</b>	<b>21.738.557</b>	<b>19.106.298</b>
<b>Additional Tier 1 capital instruments</b>		
Privileged stocks which are not included in common equity and share premiums	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-	-
Directly issued qualifying Additional Tier 1 instruments (approved by the regulators) plus related stock surplus (Issued or Obtained after 1.1.2014)	-	-
Additional Tier 1 capital before regulatory adjustments	-	-
<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>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>

(1) Does not included effects of adjustments for prior period, as explained in detail note I. of Section 3.

(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, 2015 and 2014 (continued) (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

	Current Period	Prior Period <sup>(1)</sup>
<b>Regulatory adjustments to Common Equity</b>		
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 (-)	875.998	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 (-)	-	-
<b>Tier 1 capital</b>	<b>20.862.559</b>	<b>17.981.486</b>
<b>Tier 2 capital</b>		
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (Issued or Obtained after 1.1.2014)	-	-
Directly issued qualifying Tier 2 instruments (that are approved by the regulator) plus related stock surplus (Issued or Obtained before 1.1.2014)	5.224.563	5.169.213
Pledged sources on behalf of the Bank for the use of committed share capital increase by shareholders	-	-
Generic Provisions	2.358.769	1.883.267
<b>Tier 2 capital before regulatory adjustments</b>	<b>7.583.332</b>	<b>7.052.480</b>
<b>Tier 2 capital: regulatory adjustments</b>		
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 (-)	-	-
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital</b>	<b>7.583.332</b>	<b>7.052.480</b>
<b>Total capital</b>	<b>28.445.891</b>	<b>25.033.966</b>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	6.445	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 (-)	11.345	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 (-)	149.667	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 (-)	280.437	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 (-)	-	-
<b>Shareholders' equity</b>	<b>27.997.997</b>	<b>24.705.420</b>
<b>Amounts below the thresholds for deduction</b>	<b>922.860</b>	<b>780.314</b>
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	922.860	780.314

(1) Does not included effects of adjustments for prior period, as explained in detail note I. of Section 3.

#### 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.

**GÜNEY**  
 BAĞIMSIZ DENETİM VE  
 SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
 Maslak Mah. Eski Büyükdere Cad. No:27  
 Daire:54-57-59 Kat:7-3-4 Şişli / İSTANBUL  
 Ticaret Sicil No: 479920  
 Mersis No: 0-4350-3032-6000017

(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, 2015 and 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
Issuer	UNICREDIT BANK AUSTRIA AG	UNICREDIT BANK AUSTRIA AG	CITIBANK	YKB
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	XS0861979440/US984848AB73
Governing law(s) of the instrument	BRSA / Austria Law	BRSA / Austria Law	BRSA / English Law	BRSA / CMB / LONDON STOCK EXCHANGE / English Law
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	No	No	Yes	Yes
Eligible at stand-alone / consolidated	Stand-alone - Consolidated	Stand-alone - Consolidated	Stand-alone - Consolidated	Stand-alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1.669	1.367	95	2.094
Par value of instrument	1.701	1.367	636	2.908
Accounting classification	Liability - Subordinated Loans-amortised cost	Liability - Subordinated Loans-amortised cost	Liability - Subordinated Loans-amortised cost	Liability - Subordinated Loans-amortised cost
Original date of issuance	January 9, 2013	December, 18 2013	June 25, 2007	December 6, 2012
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	After 5th year	-
Subsequent call dates, if applicable	After 5th year	After 5th year	After 5th year	-
Coupons / dividends	3 months	3 months	6 months	6 months
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Fixed
Coupon rate and any related index	5,7	6,55	EURIBOR + %2,78	5,5
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	None
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
In compliance with article number 7 and 8 of "Own fund regulation"	No	No	Yes	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	8-2-ğ	8-2-ğ

GÜNEY  
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Nispetiye Mah. Esat Bülentler Cad. No:27  
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## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements as of December 31, 2015 and 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.**

**Unconsolidated financial statements as of December 31, 2015 and 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:

	Current Period	Prior Period
Above average (1-4)	47,47%	44,68%
Average (5+ -6)	43,95%	47,12%
Below average (7+ -9)	8,58%	8,20%

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower

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

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

Risk classifications:	Current period risk amount <sup>(1)</sup>	Average risk amount
Conditional and unconditional receivables from central governments or central banks	58.252.320	54.844.085
Conditional and unconditional receivables from regional or local governments	159	158
Conditional and unconditional receivables from administrative units and non-commercial enterprises	204	469
Conditional and unconditional receivables from multilateral development banks	30.799	19.480
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	18.193.432	16.524.632
Conditional and unconditional receivables from corporates	92.301.196	89.639.589
Conditional and unconditional retail receivables	49.148.109	46.887.059
Conditional and unconditional receivables secured by mortgages	25.147.454	21.868.913
Past due receivables	1.410.500	1.422.837
Receivables defined as high risk category by the Regulator	15.790.585	14.039.362
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	10.078.884	9.264.919
<b>Total</b>	<b>270.353.642</b>	<b>254.511.503</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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 24% and 31%.  
2. The proportion of the Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 47% and 59%.  
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 24% and 32% of total cash loans and non-cash loans.

- f. The Bank provided a general loan loss provision amounting to TL 2.571.990 (December 31, 2014 - TL 1.883.267).

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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	58.252.320	159	204	-	8.683.972	88.743.300	49.134.725	25.142.756	1.381.372	15.789.379	6.439.711	253.567.898
EU countries	-	-	-	7.309	7.627.861	1.154.091	5.044	2.357	98	818	12.934	8.810.512
OECD countries <sup>(3)</sup>	-	-	-	-	145.113	775.066	405	1.129	-	82	-	921.795
Off-shore banking regions	-	-	-	-	229.648	176.012	3.011	-	8.399	8	-	417.078
USA, Canada	-	-	-	23.490	1.229.097	501.660	2.244	87	29	127	-	1.756.734
Other countries	-	-	-	-	277.741	951.067	2.680	1.125	20.602	171	-	1.253.386
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	3.626.239	3.626.239
Undistributed Assets / Liabilities <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>58.252.320</b>	<b>159</b>	<b>204</b>	<b>30.799</b>	<b>18.193.432</b>	<b>92.301.196</b>	<b>49.148.109</b>	<b>25.147.454</b>	<b>1.410.500</b>	<b>15.790.585</b>	<b>10.078.884</b>	<b>270.353.642</b>
<b>Prior 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>

- (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.**

**Unconsolidated financial statements as of December 31, 2015 and 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>											Total		
	1	2	3	4	5	6	7	8	9	10	11		TL	FC
Agricultural	-	-	18	-	-	3,045,494	3,362,106	835,541	73,031	172,252	-	5,540,913	1,947,529	7,488,442
Farming and raising livestock	-	-	18	-	-	2,415,784	2,591,785	569,261	59,332	140,949	-	4,104,413	1,672,726	5,777,139
Forestry	-	-	-	-	-	536,987	750,627	260,812	12,959	30,675	-	1,373,232	218,828	1,592,060
Fishing	-	-	-	-	-	92,723	19,684	5,468	740	628	-	63,268	55,975	119,243
Manufacturing	-	28	28	-	-	51,840,761	12,204,993	6,660,118	455,391	426,191	2,438	32,007,332	39,562,616	71,569,948
Mining	-	-	14	-	-	1,447,222	315,036	260,390	13,125	6,285	-	1,029,174	1,012,898	2,042,072
Production	-	10	10	-	-	27,418,244	11,643,457	5,430,476	371,108	411,121	2,438	27,943,434	17,333,430	45,276,864
Electric, gas and water	-	18	4	-	-	22,975,295	246,500	969,252	71,158	8,785	-	3,084,724	21,236,288	24,271,012
Construction	-	2	47	-	-	12,226,576	4,219,709	4,667,242	207,513	145,568	-	9,704,517	11,762,140	21,466,667
Services	58,252,320	71	52	30,799	18,193,432	24,313,548	7,228,637	5,637,797	210,952	400,911	6,015,491	61,735,615	58,548,395	120,284,010
Wholesale and retail trade	-	1	-	-	-	5,715,305	3,023,294	1,318,593	108,365	137,835	-	7,808,010	2,495,393	10,303,393
Hotel, food and beverage services	-	-	-	-	-	2,350,878	746,351	2,458,627	13,975	39,520	-	1,811,976	3,797,375	5,609,351
Transportation and telecommunication	-	-	-	-	-	6,501,139	1,369,908	415,092	48,044	91,611	5,000	3,191,178	5,239,617	8,430,795
Financial institutions	58,252,320	-	-	1	-	2,199,102	163,908	181,352	1,113	15,084	6,010,491	43,805,934	41,241,667	85,047,601
Real estate and renting services	-	-	-	-	-	171,884	23,270	5,311	641	733	-	66,940	132,899	201,839
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	131,566	87,744	54,438	861	4,592	-	230,191	49,000	279,191
Health and social services	-	70	51	-	-	7,243,674	1,814,162	1,204,384	37,953	111,546	-	4,819,388	5,592,454	10,411,840
Other	-	58	59	-	-	874,817	22,132,664	7,346,756	463,613	14,645,663	4,060,955	48,993,853	530,732	49,524,585
<b>Total</b>	<b>58,252,320</b>	<b>159</b>	<b>204</b>	<b>30,799</b>	<b>18,193,432</b>	<b>92,301,196</b>	<b>49,148,109</b>	<b>25,147,454</b>	<b>1,410,500</b>	<b>15,790,565</b>	<b>10,078,884</b>	<b>157,982,230</b>	<b>112,371,412</b>	<b>270,353,642</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

**GÜNEY**

BAĞIMSIZ DENETİM VE

SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Maslak Mh. Eski Büyükdere Cad. No:27

Daire:54-57-59 Kat:2 3-4 Sarıyer / İSTANBUL

Ticaret Sicil No: 479920

Mersis No: 0-4350-3032-6000017

(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, 2015 and 2014 (continued)**  
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**Information related to financial position of the Bank (continued)**

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

Risk classifications <sup>(1)</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	20.560.975	1.281.610	2.358	1.999.994	34.259.875	58.104.812
Conditional and unconditional receivables from regional or local governments	-	159	-	-	-	159
Conditional and unconditional receivables from administrative units and non-commercial enterprises	45	159	-	-	-	204
Conditional and unconditional receivables from multilateral development banks	-	25.551	3.542	1.657	49	30.799
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.801.312	2.682.598	1.026.137	1.018.662	11.664.321	18.193.030
Conditional and unconditional receivables from corporates	8.307.731	6.364.015	9.415.497	11.929.181	56.277.214	92.293.638
Conditional and unconditional retail receivables	12.339.110	8.326.865	9.747.031	6.192.433	12.472.611	49.078.050
Conditional and unconditional receivables secured by mortgages	426.537	728.007	1.243.286	1.987.223	20.762.401	25.147.454
Past due receivables	-	-	-	-	-	-
Receivables defined as high risk category by the Regulator	20.846	36.217	2.254	746.473	14.984.795	15.790.585
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>43.456.556</b>	<b>19.445.181</b>	<b>21.440.105</b>	<b>23.875.623</b>	<b>150.421.266</b>	<b>258.638.731</b>

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

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

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

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BAĞIMSIZ DENETİM VE  
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Tic. Sic. No: 271100 / Etiler / Beşiktaş / İstanbul  
Daire: 54-57-59 Kat: 3-4 Sarıyer / İSTANBUL  
Tic. Sic. No: 479920  
Mersis No: 0-4350-3032-6000017

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**  
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**Information related to financial position of the Bank (continued)**

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

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

**i. Risk balances according to risk weights:**

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

Risk Weights	0%	20%	50%	75%	100%	150%	200%	250%	Total	Deductions from the shareholders' equity
1 Total exposure before credit risk mitigation	51.310.377	5.688.028	46.521.499	42.863.435	107.832.996	5.516.486	10.330.437	270.384	270.353.642	447.894
2 Total exposure after credit risk mitigation	47.489.874	5.533.398	41.164.986	42.750.096	105.372.624	5.516.486	10.330.437	270.384	258.428.285	447.894

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Daire:54-57-59 Kat:2-3 / 4. Kat / İSTANBUL  
Ticaret Sicil No: 479920  
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**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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 2015.

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 2015.

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
<b>Agricultural</b>	<b>203.956</b>	<b>361.762</b>	<b>18.122</b>	<b>138.671</b>
Farming and raising livestock	187.764	343.415	17.145	127.020
Forestry	10.813	11.656	563	8.021
Fishing	5.379	6.691	414	3.630
<b>Manufacturing</b>	<b>1.826.960</b>	<b>1.663.389</b>	<b>231.788</b>	<b>1.316.675</b>
Mining	24.182	199.879	4.443	22.053
Production	1.672.418	1.325.976	222.236	1.174.002
Electric, gas and water	130.360	137.534	5.109	120.620
<b>Construction</b>	<b>738.215</b>	<b>505.559</b>	<b>145.895</b>	<b>420.022</b>
<b>Services</b>	<b>1.117.568</b>	<b>1.140.144</b>	<b>110.008</b>	<b>880.749</b>
Wholesale and retail trade	472.326	541.105	62.235	343.179
Hotel, food and beverage services	87.671	123.100	7.473	65.074
Transportation and telecommunication	141.370	300.094	19.574	111.518
Financial institutions	193.324	33.180	3.500	185.572
Real estate and renting services	56.482	35.746	3.531	35.713
Self-employment services	-	-	-	-
Education services	7.736	7.810	646	5.978
Health and social services	158.659	99.109	13.049	133.715
<b>Other</b>	<b>2.842.518</b>	<b>1.449.510</b>	<b>53.757</b>	<b>1.976.482</b>
<b>Total</b>	<b>6.729.217</b>	<b>5.120.364</b>	<b>559.570</b>	<b>4.732.599</b>

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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	3.077.926	1.663.210	(80.682)	(33.787)	4.626.667
2 General provisions	1.883.267	688.723	-	-	2.571.990

(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, 2015 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.



**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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	43.404	46.021
(II) Capital requirement against specific risks - standard method	2.058	2.814
Capital requirement against specific risks of securitization positions-- standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	33.481	36.113
(IV) Capital requirement against commodity risks - standard method	19	133
(V) Capital requirement against exchange risks - standard method	6	-
(VI) Capital requirement against market risks of options - standard method	893	1.718
(VII) Capital requirement against counterparty credit risks - standard method	106.732	43.451
(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)	186.593	130.250
<b>(X) Value-at-market risk (12,5 x VIII) or (12,5 x IX)</b>	<b>2.332.413</b>	<b>1.628.125</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	51.557	58.625	44.648	93.598	131.701	46.772
Share price risk	350	1.577	-	8.014	3.545	2.063
Currency risk	39.711	54.748	29.421	25.800	41.287	36.113
Commodity risk	106	198	19	191	88	133
Settlement risk	1	6	-	-	-	-
Option risk	1.027	1.801	341	1.620	389	1.718
Counterparty credit risk	111.128	175.558	55.149	57.655	47.695	43.451
<b>Total amount subject to risk</b>	<b>203.880</b>	<b>292.513</b>	<b>129.578</b>	<b>186.878</b>	<b>224.705</b>	<b>130.250</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.

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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 1.334.150 for the year ended December 31, 2015 (31 December 2014 – TL 543.138).

	Current Period	Prior Period
Interest rate contracts	301.442	134.142
Foreign exchange rate contracts	1.482.471	871.430
Commodity contracts	40	5.062
Equity shares related contracts	-	-
Other	335.533	1.159
Gross Positive Fair Value	59.973	188.119
Netting benefits	-	-
Net current exposure amount	-	-
Collateral received	-	-
Net derivative position	59.973	188.119

**(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 2014, 2013 and 2012 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, 2015, the total amount subject to operational risk is TL 11.675.376 (December 31, 2014 - TL 10.214.957) and the amount of the related capital requirement is TL 934.030 (December 31, 2014 - TL 817.197).

	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	6.331.921	5.050.255	7.298.425	6.226.867	15	934.030
Amount subject to operational risk (Total*12,5)						11.675.376

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**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 2014 (continued)**  
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**Information related to financial position of the Bank (continued)**

**V. Explanations on currency risk:**

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

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

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

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>2,90760</b>	<b>3,17760</b>
First day current bid rate	2,90840	3,19210
Second day current bid rate	2,91570	3,20060
Third day current bid rate	2,91230	3,19040
Fourth day current bid rate	2,91870	3,19680
Fifth day current bid rate	2,92620	3,19690
<b>Arithmetic average of the last 31 days:</b>	<b>2,91749</b>	<b>3,17315</b>
<b>Balance sheet evaluation rate as of prior period:</b>	<b>2,31890</b>	<b>2,82070</b>

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements as of December 31, 2015 and 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	4.478.704	15.346.218	3.705.999	23.530.921
Banks	217.736	1.025.127	68.690	1.311.553
Financial assets at fair value through profit or loss	54.187	177.951	52	232.190
Money market placements	-	130.845	-	130.845
Available-for-sale financial assets	715.110	3.021.679	432.963	4.169.752
Loans <sup>(1)</sup>	18.265.955	36.975.111	588.919	55.829.985
Investments in associates, subsidiaries and joint ventures	1.133.361	254.385	338.140	1.725.886
Held-to-maturity investments	163.427	4.305.908	-	4.469.335
Hedging derivative financial assets	3.421	2.847	-	6.268
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets <sup>(2)</sup>	534.878	611.403	164.657	1.310.938
<b>Total assets</b>	<b>25.566.779</b>	<b>61.851.474</b>	<b>5.299.420</b>	<b>92.717.673</b>
<b>Liabilities</b>				
Bank deposits	358.736	428.791	80.368	867.895
Foreign currency deposits	20.066.620	37.109.021	1.674.791	58.850.432
Funds from money market	-	2.165.386	-	2.165.386
Funds borrowed from other financial institutions	8.468.801	14.437.020	56.044	22.961.865
Marketable securities issued	128.359	6.398.430	271.305	6.798.094
Miscellaneous payables	955.559	294.692	16.888	1.267.139
Hedging derivative financial liabilities	27.682	80.978	-	108.660
Other liabilities <sup>(3)</sup>	674.645	7.141.060	13.875	7.829.580
<b>Total liabilities</b>	<b>30.680.402</b>	<b>68.055.378</b>	<b>2.113.271</b>	<b>100.849.051</b>
<b>Net on-balance sheet position</b>	<b>(5.113.623)</b>	<b>(6.203.904)</b>	<b>3.186.149</b>	<b>(8.131.378)</b>
<b>Net off-balance sheet position</b>	<b>5.228.155</b>	<b>6.228.183</b>	<b>(2.563.464)</b>	<b>8.892.874</b>
Financial derivative assets	9.863.354	35.123.592	1.940.333	46.927.279
Financial derivative liabilities	4.635.199	28.895.409	4.503.797	38.034.405
<b>Net Position</b>	<b>114.532</b>	<b>24.279</b>	<b>622.685</b>	<b>761.496</b>
<b>Non-cash loans</b>	<b>14.864.479</b>	<b>22.210.236</b>	<b>1.889.833</b>	<b>38.964.548</b>
<b>Prior Period</b>				
Total assets	17.163.211	52.057.005	4.287.814	73.508.030
Total liabilities	24.977.099	50.626.153	2.059.068	77.662.320
<b>Net on-balance sheet position</b>	<b>(7.813.888)</b>	<b>1.430.852</b>	<b>2.228.746</b>	<b>(4.154.290)</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	9.547.306	21.104.210	1.060.608	31.712.124
Financial derivative liabilities	2.316.691	22.572.744	3.184.334	28.073.769
<b>Net Position</b>	<b>(583.273)</b>	<b>(37.682)</b>	<b>105.020</b>	<b>(515.935)</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>

- (1) Includes FX indexed loans amounting to TL 5.163.077 (December 31, 2014 – TL 5.103.401) which have been disclosed as TL in the financial statements.  
(2) Does not include foreign currency prepaid expenses amounting to TL 91.032 (December 31, 2014 - TL 71.025).  
(3) Does not include foreign currency denominated general provisions for foreign currencies, hedged funds and marketable securities valuation differences under equity.  
(4) Other FC column also includes gold balance.  
(5) Forward transactions classified as commitments are also included.

**Currency risk sensitivity analysis:**

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

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

Change in currency exchange rates	Current Period	Prior Period
	Profit/loss effect <sup>(1)</sup>	Profit/loss effect <sup>(1)</sup>
(+) 15%	(58.451)	144.811
(-) 15%	58.451	(144.811)

- (1) Excluding tax effect.

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Information related to financial position of the Bank (continued)

VI. Explanations on interest rate risk:

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

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	17.087.214	-	-	-	-	9.907.372	26.994.586
Banks	39.293	179.869	-	-	-	1.117.982	1.337.144
Financial assets at fair value through profit/loss	634.200	239.515	607.024	238.771	49.800	-	1.769.310
Money market placements	284.104	2.011	-	-	-	-	286.115
Available-for-sale financial assets	2.064.819	5.605.019	7.556.053	3.750.799	3.536.749	234.990	22.748.429
Loans	23.974.257	17.239.690	48.502.619	38.244.452	19.313.091	1.505.073	148.779.182
Held-to-maturity investments	-	369.566	1.014.843	699.311	4.305.912	-	6.389.632
Other assets	183.963	516.860	254.304	-	-	11.109.895	12.065.022
<b>Total assets</b>	<b>44.267.850</b>	<b>24.152.530</b>	<b>57.934.843</b>	<b>42.933.333</b>	<b>27.205.552</b>	<b>23.875.312</b>	<b>220.369.420</b>
<b>Liabilities</b>							
Bank deposits	3.486.432	77.009	-	-	-	624.333	4.187.774
Other deposits	65.707.743	32.538.703	5.493.316	18.542	-	18.962.815	122.721.119
Funds from money market	11.902.440	146.864	245.636	-	-	-	12.294.940
Miscellaneous payables	-	-	-	-	-	9.138.148	9.138.148
Marketable securities issued	376.588	1.317.448	1.644.434	6.197.101	31.992	-	9.567.563
Funds borrowed from other financial institutions	5.346.894	13.071.656	4.125.625	251.267	820.288	-	23.615.730
Other liabilities and shareholders' equity	728.141	578.846	1.051.347	191.719	6.086.118	30.207.975	38.844.146
<b>Total liabilities</b>	<b>87.548.238</b>	<b>47.730.526</b>	<b>12.560.358</b>	<b>6.658.629</b>	<b>6.938.398</b>	<b>58.933.271</b>	<b>220.369.420</b>
<b>Balance sheet long position</b>	-	-	45.374.485	36.274.704	20.267.154	-	101.916.343
<b>Balance sheet short position</b>	(43.280.388)	(23.577.996)	-	-	-	(35.057.959)	(101.916.343)
Off-balance sheet long position	6.149.452	18.331.052	-	-	-	-	24.480.504
Off-balance sheet short position	-	-	(6.619.770)	(14.181.457)	(4.332.133)	-	(25.133.360)
<b>Total position</b>	<b>(37.130.936)</b>	<b>(5.246.944)</b>	<b>38.754.715</b>	<b>22.093.247</b>	<b>15.935.021</b>	<b>(35.057.959)</b>	<b>(652.856)</b>

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#### 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	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	-	-	8.307.951	8.564.097
<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>33.137.844</b>	<b>182.292.612</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	26.722.474	34.728.344
<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>51.094.398</b>	<b>182.292.612</b>
<b>Balance sheet long position</b>	-	-	29.813.595	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>31.386.465</b>	<b>6.639.272</b>	<b>6.484.613</b>	<b>(17.956.554)</b>	<b>(332.688)</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	-	0,21	-	2,09
Banks	-	0,90	-	12,69
Financial assets at fair value through profit/loss	2,07	3,92	-	9,01
Money market placements	-	0,90	-	13,21
Available-for-sale financial assets	4,40	5,81	-	10,00
Loans	4,09	5,30	4,80	14,49
Held-to-maturity investments	5,20	5,43	-	10,62
<b>Liabilities<sup>(1)</sup></b>				
Bank deposits	1,40	1,17	-	11,07
Other deposits	1,43	2,20	1,72	12,73
Funds from money market	-	1,01	-	9,45
Miscellaneous payables	-	-	-	-
Marketable securities issued	1,80	5,02	0,81	10,87
Funds borrowed from other financial institutions	1,03	3,02	2,99	7,08

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#### 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	-	-	-	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

(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, 2015 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

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

Currency	Applied shock (+/- x basis points)	Gains/Losses	Gains/SE- Losses/SE
TRY	(+500 bp	(2.253.008)	(8,05)%
TRY	(-400 bp	2.233.739	7,98%
EUR	(+200 bp	(390.249)	(1,39) %
EUR	(-200 bp	390.595	1,40%
USD	(+200 bp	(174.722)	(0,62) %
USD	(-200 bp	300.442	1,07%
<b>Total (For negative shocks)</b>		<b>2.924.776</b>	<b>10,45%</b>
<b>Total (For positive shocks)</b>		<b>(2.817.980)</b>	<b>(10,06)%</b>

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

None.

**VIII. Explanations on liquidity risk:**

Liquidity risk is defined as risk of unexpected loss to be occurred or bank to have difficulties in raising funds while meeting maturing liabilities. Liquidity management is daily monitored before Bank under Treasury Management, Risk Management and Capital Management. The liquidity policy of the Bank is approved by the Bank's Board of Directors. Treasury Management is responsible for carrying out transactions which are appropriate to Bank's policy, monitoring of liquidity position and submitting necessary reports to executives. Capital management contributes to determine strategies and operating actions for the management of the liquidity position in addition to prepare funding plan and contingency plan of the Bank in cooperation with Treasury Management. Liquidity risk is evaluated with liquidity gap analysis, liquidity stress tests and supplementary precautions/measurements. Liquidity Gap analysis are performed for two different periods as short-term and long-term. Going concern scenario and structural positions are reported monthly. This reporting constitutes the basis of monitoring and management of liquidity position.

The Bank functions as a central funding institution in its relations with its subsidiaries. Intra-group liquidity management and funding strategies are limited with related legal boundaries.

The Bank issues an annual funding plan in order to sustain funding in a consistent and balanced way. Funding plan have to be updated at least annually and approved by the Executive Committee since it is complied with budgeting process and risk appetite frameworks. The primary purpose of the funding plan is to provide a reliable balance between assets and liabilities.

Both short-term liquidity and long-term (structural) liquidity measurement and reporting for all types of currencies are periodically made in Bank and its subsidiaries. There are limits which are predetermined and approved by the Board of Directors on the basis of all currencies for each period. The bank mainly uses derivative transactions as managing liquidity risk and monitors cash inflow and outflow periods in the framework of funding plan balancing the distribution among currencies.

The bank aims to reduce the risks to the lowest level if required via measuring possible risks in liquidity with stress tests. Stress tests make it possible for the Bank to reinterpret analysis of its liquidity position according to scenarios depending on possible cases and tail risks except for crisis situations. The bank applies weekly liquidity stress tests consisting of different scenarios and maturity segments (maximum 60 days).

"Liquidity Contingency Plan" is applied if the Bank needs more liquidity than its daily liquidity need because of possible financial events in future. Duties and responsibilities are defined in detail in the aforementioned plan.

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

CURRENT PERIOD	Unweighted Amounts <sup>(1)</sup>		Weighted Amounts <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			31.029.798	21.446.919
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	58.729.791	23.417.750	4.908.236	2.067.922
Stable deposits	19.294.865	5.477.050	964.743	273.852
Less stable deposits	39.434.926	17.940.700	3.943.493	1.794.070
Unsecured Funding other than Retail and Small Business Customers Deposits	56.257.239	29.187.502	31.130.778	15.775.218
Operational deposits	-	-	-	-
Non-Operational Deposits	45.595.836	25.536.719	22.343.534	12.124.435
Other Unsecured Funding	10.661.403	3.650.783	8.787.244	3.650.783
Secured funding			11.393	11.393
Other Cash Outflows	23.170.220	16.444.257	23.170.220	16.444.257
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	23.170.220	16.444.257	23.170.220	16.444.257
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	49.986.703	31.880.243	2.499.335	1.594.012
Other irrevocable or conditionally revocable commitments	58.252.236	11.376.371	4.307.989	762.527
<b>TOTAL CASH OUTFLOWS</b>			<b>66.027.951</b>	<b>36.655.329</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	14.334.673	3.916.498	8.393.926	2.718.646
Other contractual cash inflows	23.763.085	21.214.583	22.591.026	18.308.062
<b>TOTAL CASH INFLOWS</b>	<b>38.097.758</b>	<b>25.131.081</b>	<b>30.984.952</b>	<b>21.026.708</b>
			<b>Capped Amounts</b>	
<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>31.029.798</b>	<b>21.446.919</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>35.042.999</b>	<b>15.628.621</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>88,55</b>	<b>137,23</b>

(1) In current period unconsolidated Liquidity Coverage Ratio table, the arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used.

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

PREVIOUS PERIOD	Unweighted Amounts <sup>(1)</sup>		Weighted Amounts <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			31.622.253	18.787.893
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	42.503.119	17.029.883	4.250.312	1.702.988
Stable deposits	-	-	-	-
Less stable deposits	42.503.119	17.029.883	4.250.312	1.702.988
Unsecured Funding other than Retail and Small Business Customers Deposits	50.600.955	23.913.761	26.869.566	12.721.158
Operational deposits	-	-	-	-
Non-Operational Deposits	41.754.474	21.528.557	19.597.546	10.343.121
Other Unsecured Funding	8.846.481	2.385.204	7.272.020	2.378.037
Secured funding				
Other Cash Outflows	138.844	84.649	76.973	25.395
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	50.457	-	50.457	-
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	88.387	84.649	26.516	25.395
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	44.497.925	29.437.310	2.224.896	1.471.866
Other irrevocable or conditionally revocable commitments	43.167.042	1.533.799	3.486.242	187.480
<b>TOTAL CASH OUTFLOWS</b>			<b>36.907.989</b>	<b>16.108.887</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	606.437	-	-	-
Unsecured Lending Transactions	8.999.674	1.253.764	5.350.571	986.159
Other contractual cash inflows	95.957	4.829.331	95.957	4.829.331
<b>TOTAL CASH INFLOWS</b>	<b>9.702.068</b>	<b>6.083.095</b>	<b>5.446.528</b>	<b>5.815.490</b>
			<b>Capped Amounts</b>	
<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>31.622.253</b>	<b>18.787.893</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>31.461.461</b>	<b>10.293.397</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>100,51</b>	<b>182,52</b>

(1) In current period unconsolidated Liquidity Coverage Ratio table, the arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used.

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months are explained in the table below.

	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
<b>Week</b>	27 November 2015	4 December 2015	23 October 2015	31 December 2015
<b>Ratio(%)</b>	116,83	82,13	170,42	99,16

Funding sources of the Bank mainly consist of deposits which constitute 58% of total liabilities of the bank (31 December 2014 – 58%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

Cash, effective money, cheques, Central Bank of the Republic of Turkey ("CBRT") reserves and debt instruments issued by Treasury of the Republic of Turkey are treated as high quality liquid assets.

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## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements as of December 31, 2015 and 2014 (continued) (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

Cash outflows from derivative transactions in liquidity coverage ratio calculation are based on inclusion of net cash flows with maturity of 30 days in the calculation. Additionally, transactions having a margin possibility are included in liquidity coverage ratio calculation by taking the largest amount according to absolute value of net margin flows realized in the last 24 months in respect of 30 days period or for liability into consideration as cash outflow.

Secured funding consists of repo and secured loan transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Turkey and transactions are carried out both in CBRT market and interbank market.

The Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables above.

#### 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	1.941.265	25.053.321	-	-	-	-	-	26.994.586
Banks	1.117.982	39.293	179.869	-	-	-	-	1.337.144
Financial assets at fair value through profit or loss	-	474.001	179.858	267.908	684.457	163.086	-	1.769.310
Money market placements	-	284.104	2.011	-	-	-	-	286.115
Available-for-sale financial assets	18.079	287.136	1.275.814	2.072.093	7.418.461	11.459.935	216.911	22.748.429
Loans	-	22.419.891	13.823.059	38.580.483	41.541.964	30.908.712	1.505.073	148.779.182
Held-to-maturity investments	-	-	-	-	1.759.515	4.630.117	-	6.389.632
Other assets (1)	1.562.084	1.217	589	114.081	761.724	77.516	9.547.811	12.065.022
<b>Total assets</b>	<b>4.639.410</b>	<b>48.558.963</b>	<b>15.461.200</b>	<b>41.034.565</b>	<b>52.166.121</b>	<b>47.239.366</b>	<b>11.269.795</b>	<b>220.369.420</b>
<b>Liabilities</b>								
Bank deposits	624.333	3.486.432	77.009	-	-	-	-	4.187.774
Other deposits	18.962.815	65.707.743	32.538.703	5.493.316	18.542	-	-	122.721.119
Funds borrowed from other financial institutions	-	824.036	1.063.033	12.010.186	3.357.539	6.360.936	-	23.615.730
Funds from money market	-	11.902.440	146.864	245.636	-	-	-	12.294.940
Marketable securities issued	-	430.891	881.630	1.929.130	6.293.920	31.992	-	9.567.563
Miscellaneous payables	773.624	8.221.673	37.910	-	-	-	104.941	9.138.148
Other liabilities (2)	2.678.175	620.972	781.158	514.977	1.751.071	6.170.191	26.327.602	38.844.146
<b>Total liabilities</b>	<b>23.038.947</b>	<b>91.194.187</b>	<b>35.526.307</b>	<b>20.193.245</b>	<b>11.421.072</b>	<b>12.563.119</b>	<b>26.432.543</b>	<b>220.369.420</b>
<b>Net liquidity gap</b>	<b>(18.399.537)</b>	<b>(42.635.224)</b>	<b>(20.065.107)</b>	<b>20.841.320</b>	<b>40.745.049</b>	<b>34.676.247</b>	<b>(15.162.748)</b>	<b>-</b>
<b>Prior Period</b>								
Total assets	8.569.305	39.352.457	13.613.254	29.873.492	45.241.770	38.211.480	7.430.854	182.292.612
Total liabilities	23.798.557	65.603.718	30.263.226	18.578.748	11.042.303	9.431.387	23.574.673	182.292.612
<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>

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

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

#### Breakdown of financial liabilities according to their remaining contractual maturities:

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

Current Period <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	89.214.713	33.085.144	5.639.522	19.731	-	127.959.110
Funds borrowed from other financial institutions	843.701	1.132.909	12.299.177	4.563.126	8.357.649	27.196.562
Funds from money market	11.919.351	147.140	257.316	-	-	12.323.807
Subordinated loans	-	47.942	300.656	1.936.583	6.697.667	8.982.848
Marketable securities issued	462.872	934.814	2.175.849	6.961.577	42.319	10.577.431
<b>Total</b>	<b>102.440.637</b>	<b>35.347.949</b>	<b>20.672.520</b>	<b>13.481.017</b>	<b>15.097.635</b>	<b>187.039.758</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	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.

#### IX. Explanations on leverage ratio:

The main reasons for decrease in leverage ratio for the current period are the increase in total risks of on-balance sheet assets and off-balance sheet exposures.

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance sheet exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	216.297.937	171.551.876
(Asset amounts deducted in determining Tier 1 capital)	(2.244.358)	(1.535.524)
Total on-Balance sheet exposures	214.053.579	170.016.352
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	901.494	(99.390)
Potential credit risk of derivative financial instruments and credit derivatives	2.393.778	2.090.716
Total derivative financial instruments and credit derivatives exposure	3.295.272	1.991.326
<b>Securities financing transaction exposure</b>		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.822.510	664.620
Agent transaction exposures	-	-
Total securities financing transaction exposures	1.822.510	664.620
<b>Off-balance sheet items</b>		
Off-balance sheet exposure at gross notional amount	151.800.162	107.278.990
(Adjustments for conversion to credit equivalent amounts)	(2.270.232)	-
Total risk of off-balance sheet items	149.529.930	107.278.990
<b>Capital and total exposure</b>		
Tier 1 capital	20.753.147	17.760.630
Total exposures	368.701.291	279.951.288
<b>Leverage ratio</b>		
<b>Leverage ratio (%)</b>	<b>5,63</b>	<b>6,35</b>

(1) The arithmetic average of the last three months in the related periods.

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

**X. Explanations on securitization positions:**

None.

**XI. 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.

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.

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

#### Information about guarantees according to risk classifications:

Current Period	Amount <sup>(1)</sup>	Financial guarantees <sup>(2)</sup>	Other / Physical guarantees <sup>(2)</sup>	Guarantees and credit derivatives <sup>(2)</sup>
Conditional and unconditional receivables from central governments or central banks	59.229.504	4.303.612	-	-
Conditional and unconditional receivables from regional or local governments	1.224	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	67.989	-	-	-
Conditional and unconditional receivables from multilateral development banks	402.795	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	113.826.024	6.009.305	-	-
Conditional and unconditional receivables from corporates	242.076.795	2.709.052	-	986.560
Conditional and unconditional retail receivables	126.414.597	171.775	-	8.895
Conditional and unconditional receivables secured by mortgages	25.786.901	-	-	-
Past due receivables	1.410.500	-	-	-
Receivables defined in high risk category by the Regulator	15.980.242	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	10.130.620	-	-	-
<b>Total</b>	<b>595.327.191</b>	<b>13.193.744</b>	<b>-</b>	<b>995.455</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.

## XII. 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.

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

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.

#### XIII. 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>179.540.502</b>	<b>149.562.611</b>	<b>181.888.848</b>	<b>152.700.238</b>
Due from money market	286.115	1.568.654	286.115	1.568.654
Banks	1.337.144	2.395.348	1.337.148	2.396.447
Available-for-sale financial assets	22.748.429	18.586.158	22.748.429	18.586.158
Held-to-maturity investments	6.389.632	5.019.049	6.318.281	5.279.582
Loans	148.779.182	121.993.402	151.198.875	124.869.397
<b>Financial liabilities</b>	<b>175.865.525</b>	<b>148.134.244</b>	<b>176.328.130</b>	<b>148.521.234</b>
Bank deposits	4.187.774	1.975.481	4.188.079	1.967.614
Other deposits	122.721.119	103.144.858	122.800.605	103.216.546
Funds borrowed from other financial institutions	23.615.730	18.121.573	23.615.140	18.124.767
Subordinated loans	6.635.191	6.770.549	6.726.059	6.855.936
Marketable securities issued	9.567.563	9.720.399	9.860.099	9.954.987
Miscellaneous payables	9.138.148	8.401.384	9.138.148	8.401.384

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 13, "Fair Value Measurement", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

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

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

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

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

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

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or (loss)</b>	<b>66.106</b>	<b>1.703.204</b>	-	<b>1.769.310</b>
Government debt securities	66.106	-	-	66.106
Share certificates	-	-	-	-
Trading derivative financial assets	-	1.703.204	-	1.703.204
Other marketable securities	-	-	-	-
<b>Available-for-sale financial assets</b>	<b>20.398.262</b>	<b>2.342.662</b>	-	<b>22.740.924</b>
Government debt securities	20.380.183	-	-	20.380.183
Other marketable securities <sup>(1)</sup>	18.079	2.342.662	-	2.360.741
Hedging derivative financial assets	-	955.127	-	955.127
<b>Total assets</b>	<b>20.464.368</b>	<b>5.000.993</b>	-	<b>25.465.361</b>
Trading derivative financial liabilities	-	1.853.506	-	1.853.506
Hedging derivative financial liabilities	-	147.474	-	147.474
Information on borrowings	-	3.394.985	-	3.394.985
<b>Total liabilities</b>	-	<b>5.395.965</b>	-	<b>5.395.965</b>
<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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
Hedging derivative financial assets	-	256.146	-	256.146
<b>Total assets</b>	<b>16.417.406</b>	<b>3.615.934</b>	-	<b>20.033.340</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>

(1) Non-listed share certificates amounting of TL 7.505 are accounted in accordance with TAS 39, at acquisition costs, are not included. (December 31, 2014 – TL 5.980)

The Bank classify its buildings carried at their fair value within property and equipment under level 3.

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

**XIV. Explanations on hedge accounting:**

The Bank applies the following hedge accounting models as of December 31, 2015:

- 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, 2015 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	28.436.221	703.897	144.047	20.360.998	78.251	439.791
Cross currency interest rate swap	567.175	251.230	3.427	455.325	177.895	-
<b>Total</b>	<b>29.003.396</b>	<b>955.127</b>	<b>147.474</b>	<b>20.816.323</b>	<b>256.146</b>	<b>439.791</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 29.505.684 (December 31, 2014 – TL 21.080.221) the total notional of derivative financial assets amounting to TL 58.509.080 (December 31, 2014 – TL 41.896.544) 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.

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**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	(28.479)	251.230	3.427	(17.963)

(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 2.286.

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	(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.

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.

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**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	703.897	144.047	267.965	564.974

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 6.355.

**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	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.

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.

**Net Investment Hedge:**

The Bank, starting with July 1, 2015 hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Bank's Euro denominated borrowing is designated as a hedge of the net investment in the Bank's certain EUR denominated subsidiaries. The foreign exchange difference on translation of the borrowing to Turkish Lira at the statement of financial position date is recognized in "hedging reserves" in equity.

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

**XV. 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.

**XVI. 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.

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

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**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

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

<b>Current Period</b>	<b>Retail banking</b>	<b>Corporate and commercial banking</b>	<b>Private banking and wealth management</b>	<b>Treasury, asset-liability management and other</b>	<b>Total operations of the Bank</b>
Operating revenue	4.085.978	2.371.581	213.250	2.679.482	9.350.291
Operating expenses	(3.628.714)	(798.972)	(94.552)	(2.809.676)	(7.331.914)
<b>Net operating income / (expense)</b>	<b>457.264</b>	<b>1.572.609</b>	<b>118.698</b>	<b>(130.194)</b>	<b>2.018.377</b>
Dividend income <sup>(1)</sup>	-	-	-	2.971	2.971
Income/(loss) from investments accounted based on equity method	-	-	-	368.140	368.140
<b>Profit before tax</b>	<b>457.264</b>	<b>1.572.609</b>	<b>118.698</b>	<b>240.917</b>	<b>2.389.488</b>
Tax provision expense <sup>(1)</sup>	-	-	-	(528.943)	(528.943)
<b>Net period income</b>	<b>457.264</b>	<b>1.572.609</b>	<b>118.698</b>	<b>(288.026)</b>	<b>1.860.545</b>
<b>Net profit</b>	<b>457.264</b>	<b>1.572.609</b>	<b>118.698</b>	<b>(288.026)</b>	<b>1.860.545</b>
Segment asset	69.090.016	70.054.161	169.838	77.070.175	216.384.190
Investments in associates, subsidiaries and joint ventures	-	-	-	3.985.230	3.985.230
<b>Total assets</b>	<b>69.090.016</b>	<b>70.054.161</b>	<b>169.838</b>	<b>81.055.405</b>	<b>220.369.420</b>
Segment liabilities	51.068.598	49.253.094	28.125.979	68.837.738	197.285.409
Shareholders' equity	-	-	-	23.084.011	23.084.011
<b>Total liabilities</b>	<b>51.068.598</b>	<b>49.253.094</b>	<b>28.125.979</b>	<b>91.921.749</b>	<b>220.369.420</b>
<b>Prior Period</b>	<b>Retail banking</b>	<b>Corporate and commercial banking</b>	<b>Private banking and wealth management</b>	<b>Treasury, asset-liability management and other</b>	<b>Total operations of the Bank</b>
Operating revenue	3.154.995	1.984.536	193.161	2.654.659	7.987.351
Operating expenses	(3.017.788)	(595.230)	(88.712)	(2.090.124)	(5.791.854)
<b>Net operating income / (expense)</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>564.535</b>	<b>2.195.497</b>
Dividend income <sup>(1)</sup>	-	-	-	2.468	2.468
Income/(loss) from investments accounted based on equity method	-	-	-	383.205	383.205
<b>Profit before tax</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>950.208</b>	<b>2.581.170</b>
Tax provision expense <sup>(1)</sup>	-	-	-	(524.659)	(524.659)
<b>Net period income</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>425.549</b>	<b>2.056.511</b>
<b>Net profit</b>	<b>137.207</b>	<b>1.389.306</b>	<b>104.449</b>	<b>425.549</b>	<b>2.056.511</b>
Segment asset	56.570.591	56.386.444	170.177	65.569.693	178.696.905
Investments in associates, subsidiaries and joint ventures	-	-	-	3.595.707	3.595.707
<b>Total assets</b>	<b>56.570.591</b>	<b>56.386.444</b>	<b>170.177</b>	<b>69.165.400</b>	<b>182.292.612</b>
Segment liabilities	41.080.689	44.598.409	22.300.382	54.095.433	162.074.913
Shareholders' equity	-	-	-	20.217.699	20.217.699
<b>Total liabilities</b>	<b>41.080.689</b>	<b>44.598.409</b>	<b>22.300.382</b>	<b>74.313.132</b>	<b>182.292.612</b>

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

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**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	1.437.730	511.118	1.696.963	517.372
The CBRT <sup>(1)</sup>	2.025.935	23.019.557	1.293.701	19.460.663
Other	-	246	-	189
<b>Total</b>	<b>3.463.665</b>	<b>23.530.921</b>	<b>2.990.664</b>	<b>19.978.224</b>

(1) The balance of gold amounting to TL 3.677.328 is accounted for under the Central Bank foreign currency account (December 31, 2014 – TL 3.302.860).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	2.025.935	2.735.055	1.293.701	2.046.196
Time unrestricted amount	-	-	-	-
Reserve requirement <sup>(2)</sup>	-	20.284.502	-	17.414.467
<b>Total</b>	<b>2.025.935</b>	<b>23.019.557</b>	<b>1.293.701</b>	<b>19.460.663</b>

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

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

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

1. The Bank does not have financial assets at fair value through profit and loss subject to repo transactions and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2014 - None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	173.071	-	48.509	-
Swap transactions	1.205.895	209.040	905.200	102.595
Futures transactions	-	-	-	-
Options	106.540	8.658	27.318	18.243
Other	-	-	-	-
<b>Total</b>	<b>1.485.506</b>	<b>217.698</b>	<b>981.027</b>	<b>120.838</b>

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**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	10.789	368	88.347	4.967
Foreign <sup>(1)</sup>	14.802	1.311.185	3.296	2.298.738
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>25.591</b>	<b>1.311.553</b>	<b>91.643</b>	<b>2.303.705</b>

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 17.423 (December 31, 2014 – TL 59.588).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	191.583	1.150.673	89.007	111.270
USA, Canada	893.833	965.166	72.690	-
OECD countries <sup>(1)</sup>	21.781	23.169	18.173	-
Off-shore banking regions	383	123	-	-
Other	38.537	51.633	-	-
<b>Total</b>	<b>1.146.117</b>	<b>2.190.764</b>	<b>179.870</b>	<b>111.270</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 4.167.373 (December 31, 2014 - TL 1.098.021) and available-for-sale financial assets subject to repo transactions amounts to TL 8.389.163 (December 31, 2014 – TL 4.607.767).

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

	Current Period	Prior Period
Debt securities	22.871.392	18.576.430
Quoted on stock exchange	21.740.703	17.045.319
Not quoted <sup>(1)</sup>	1.130.689	1.531.111
Share certificates	262.225	51.298
Quoted on stock exchange	-	-
Not quoted	262.225	51.298
Impairment provision (-) <sup>(2)</sup>	(410.013)	(114.222)
Other <sup>(3)</sup>	24.825	72.652
<b>Total</b>	<b>22.748.429</b>	<b>18.586.158</b>

(1) Includes credit linked notes amounting to TL 476.119. (December 31, 2014 - TL 986.135).

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

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

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**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>6.593</b>	<b>954.585</b>	<b>29.825</b>	<b>536.763</b>
<b>Loans granted to employees</b>	<b>136.551</b>	<b>2</b>	<b>127.270</b>	<b>412</b>
<b>Total</b>	<b>143.144</b>	<b>954.587</b>	<b>157.095</b>	<b>537.175</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		Payment plan extensions	Other
<b>Non-specialized loans</b>	<b>142.510.681</b>	<b>2.143.067</b>	-	<b>4.763.428</b>	<b>1.416.478</b>	<b>133.659</b>
Loans given to enterprises	69.978.244	542.092	-	1.385.922	589.281	98.442
Export loans	5.328.817	152.107	-	50.305	26.961	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.429.554	-	-	-	-	-
Consumer loans	28.019.982	747.291	-	1.165.552	158.950	21.836
Credit cards	19.271.667	438.362	-	605.330	157.702	10.733
Other <sup>(1)</sup>	17.482.417	263.215	-	1.556.319	483.584	2.648
<b>Specialized loans</b>	-	-	-	-	-	-
<b>Other receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>142.510.681</b>	<b>2.143.067</b>	-	<b>4.763.428</b>	<b>1.416.478</b>	<b>133.659</b>

(1) Fair value differences of the hedged item amounting to TL (28.479) are classified in other loans as explained in Note XIV, Section IV.

	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	1.991.675	1.234.307
Extended by 3,4 or 5 times	114.746	175.962
Extended by more than 5 times	36.646	6.209
<b>Total</b>	<b>2.143.067</b>	<b>1.416.478</b>



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**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

Extended period of time <sup>(1)(2)(3)</sup>	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	726.851	290.923
6 - 12 Months	170.335	70.684
1 - 2 Years	481.181	224.847
2 - 5 Years	573.333	409.627
5 Years and over	191.367	420.397
<b>Total</b>	<b>2.143.067</b>	<b>1.416.478</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 9, 2011.
- (2) There are 62 loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities Until 0-6 months, 6-12 months and 1-2 years, 2-5 years, 5 years and over. 23 of them were restructured three times, 17 of them were twice and 22 of them were restructured once.
- (3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012.

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

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
<b>Short-term loans and other receivables</b>	<b>47.016.011</b>	<b>774.362</b>	<b>1.150.976</b>	<b>190.793</b>
Non-specialised loans	47.016.011	774.362	1.150.976	190.793
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>93.351.603</b>	<b>1.368.705</b>	<b>2.062.315</b>	<b>1.359.344</b>
Non-specialised loans	93.351.603	1.368.705	2.062.315	1.359.344
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	95.219.032	28.019.982	19.271.667	142.510.681
Watch list	2.992.546	1.165.552	605.330	4.763.428
Loans under legal follow-up	3.573.151	1.505.486	1.053.103	6.131.740
Specific provisions (-)	(2.647.676)	(1.161.743)	(817.248)	(4.626.667)
<b>Total</b>	<b>99.137.053</b>	<b>29.529.277</b>	<b>20.112.852</b>	<b>148.779.182</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
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>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	991.676	510.851	-	1.502.527
Loans under legal follow-up <sup>(1)</sup>	516.617	43.061	-	559.678
<b>Total</b>	<b>1.508.293</b>	<b>553.912</b>	<b>-</b>	<b>2.062.205</b>

Prior 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>

(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>198.926</b>	<b>27.990.569</b>	<b>28.189.495</b>
Real estate loans	7.328	12.212.049	12.219.377
Automotive loans	4.275	426.769	431.044
Consumer loans	187.323	15.351.751	15.539.074
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>45.822</b>	<b>45.822</b>
Real estate loans	-	45.116	45.116
Automotive loans	-	-	-
Consumer loans	-	706	706
<b>Individual credit cards-TL</b>	<b>13.843.803</b>	<b>625.416</b>	<b>14.469.219</b>
With installments	7.039.711	615.630	7.655.341
Without installments	6.804.092	9.786	6.813.878
<b>Personnel loans-TL</b>	<b>4.593</b>	<b>57.960</b>	<b>62.553</b>
Real estate loans	24	1.211	1.235
Automotive loans	-	297	297
Consumer loans	4.569	56.452	61.021
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
<b>Personnel credit cards-TL</b>	<b>72.353</b>	<b>279</b>	<b>72.632</b>
With installments	33.652	279	33.931
Without installments	38.701	-	38.701
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>887.664</b>	<b>-</b>	<b>887.664</b>
<b>Total</b>	<b>15.007.339</b>	<b>28.720.046</b>	<b>43.727.385</b>

(1) TL 1.366 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, 2015 (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>845.670</b>	<b>10.263.502</b>	<b>11.109.172</b>
Business loans	668	759.567	760.235
Automotive loans	32.311	1.930.723	1.963.034
Consumer loans	812.691	7.573.212	8.385.903
<b>Commercial installments loans-FC indexed</b>	<b>16.723</b>	<b>211.300</b>	<b>228.023</b>
Business loans	-	20.041	20.041
Automotive loans	124	48.793	48.917
Consumer loans	16.599	142.466	159.065
<b>Corporate credit cards-TL</b>	<b>5.332.741</b>	<b>2.405</b>	<b>5.335.146</b>
With installment	3.331.466	2.056	3.333.522
Without installment	2.001.275	349	2.001.624
<b>Credit deposit account-TL (legal person)</b>	<b>1.216.911</b>	<b>-</b>	<b>1.216.911</b>
<b>Total</b>	<b>7.412.045</b>	<b>10.477.207</b>	<b>17.889.252</b>

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.713.483	1.698.012
Private	145.560.626	119.039.541
<b>Total</b>	<b>147.274.109</b>	<b>120.737.553</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	145.976.200	119.351.163
Foreign loans	1.297.909	1.386.390
<b>Total</b>	<b>147.274.109</b>	<b>120.737.553</b>

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	36.629	99.878
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>36.629</b>	<b>99.878</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	124.053	96.941
Loans and other receivables with doubtful collectibility	517.271	477.579
Uncollectible loans and other receivables	3.985.343	2.503.406
<b>Total</b>	<b>4.626.667</b>	<b>3.077.926</b>

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	1.943.823	755.004	379.099	3.077.926
Allowance for impairment	1.132.029	659.017	595.744	2.386.790
Amount recovered during the period	(394.389)	(252.278)	(157.595)	(804.262)
Loans written off during the period as uncollectible <sup>(1)</sup>	(33.787)	-	-	(33.787)
<b>December 31</b>	<b>2.647.676</b>	<b>1.161.743</b>	<b>817.248</b>	<b>4.626.667</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	1.571.108	551.481	287.527	2.410.116
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>

(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>			
(Gross amounts before specific reserves)	51.140	85.755	127.959
Restructured loans and other receivables	51.140	85.755	127.959
Rescheduled loans and other receivables	-	-	-
<b>Prior Period</b>			
(Gross amounts before specific reserves)	12.977	32.628	304.889
Restructured loans and other receivables	12.977	32.628	304.889
Rescheduled loans and other receivables	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>Prior Period</b>	<b>619.940</b>	<b>1.040.226</b>	<b>2.673.609</b>
Additions (+)	2.754.751	79.672	240.647
Transfers from other categories of non-performing loans (+)	-	2.512.876	2.076.006
Transfer to other categories of non-performing loans (-)	(2.512.876)	(2.076.006)	-
Collections (-)	(170.547)	(256.138)	(816.633)
Write-offs(-)	-	-	(33.787)
Corporate and commercial loans	-	-	(33.787)
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current Period</b>	<b>691.268</b>	<b>1.300.630</b>	<b>4.139.842</b>
Specific provision (-)	(124.053)	(517.271)	(3.985.343)
<b>Net balance on balance sheet</b>	<b>567.215</b>	<b>783.359</b>	<b>154.499</b>

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>Current Period</b>			
Period end balance	113	5.266	508.015
Specific provision (-)	(23)	(3.817)	(426.724)
<b>Net balance on-balance sheet</b>	<b>90</b>	<b>1.449</b>	<b>81.291</b>
<b>Prior 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>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
<b>Current Period (net)</b>	<b>567.215</b>	<b>783.359</b>	<b>154.499</b>
Loans granted to real persons and corporate entities (gross)	691.268	1.300.630	4.031.279
Specific provision amount (-)	(124.053)	(517.271)	(3.876.780)
Loans granted to real persons and corporate entities (net)	567.215	783.359	154.499
Banks (gross)	-	-	24.575
Specific provision amount (-)	-	-	(24.575)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.988
Specific provision amount (-)	-	-	(83.988)
Other loans and receivables (net) <sup>(1)</sup>	-	-	-
<b>Prior 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>	-	-	-

(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, 2015 (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 1.727.689 (December 31, 2014 - TL 1.581.166). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 2.736.461 (December 31, 2014 - TL 2.017.953).

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

	Current Period	Prior Period
Government bond	6.389.632	5.019.049
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>6.389.632</b>	<b>5.019.049</b>

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

	Current Period	Prior Period
Debt securities	6.583.900	5.141.589
Quoted on stock exchange	6.583.900	5.141.589
Not quoted	-	-
Impairment provision (-) <sup>(1)</sup>	(194.268)	(122.540)
<b>Total</b>	<b>6.389.632</b>	<b>5.019.049</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:

	Current Period	Prior Period
<b>Beginning balance</b>	<b>5.019.049</b>	<b>6.453.908</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	850.016	218.361
Purchases during the year	592.353	561.762
Disposals through sales and redemptions	(58)	(2.223.085)
Impairment provision (-) <sup>(2)</sup>	(71.728)	8.103
<b>Period end balance</b>	<b>6.389.632</b>	<b>5.019.049</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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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.	Geneva/Switzerland	30,67	30,67
2.	Kredi Kayıt Bürosu <sup>(1)</sup>	Istanbul/Turkey	18,18	18,18
3.	Bankalararası Kart Merkezi A.Ş. <sup>(1)</sup>	Istanbul/Turkey	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	9.625.663	1.159.581	6.492	117.316	21.203	68.320	50.601	-
2	129.527	104.842	62.913	3.663	1.332	26.782	18.547	-
3	65.901	35.309	39.402	744	-	9.605	7.882	-

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

3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>264.875</b>	<b>257.965</b>
<b>Movements during the period</b>	<b>77.768</b>	<b>6.910</b>
Purchases	-	-
Free shares obtained profit from current year's share	-	-
Profit from current year's income	21.001	15.508
Sales	-	-
Revaluation (decrease) / increase <sup>(2)</sup>	61.566	(5.043)
Impairment provision <sup>(1)</sup>	(4.799)	(3.555)
<b>Balance at the end of the period</b>	<b>342.643</b>	<b>264.875</b>
<b>Capital commitments</b>	-	-
<b>Shareholding percentage at the end of the period (%)</b>	-	-

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

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



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

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

	Current Period	Prior Period
Banks	338.140	260.372
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>338.140</b>	<b>260.372</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:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
<b>Core Capital</b>					
Paid-in capital	98.918	60.714	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Property and equipment revaluation differences	13.697	-	-	-	-
Marketable Securities Valuation Differences	13.669	-	-	-	(3.470)
Other capital reserves	93.614	11	(217.064)	-	-
Legal reserves	66.880	8.034	79.305	16.314	-
Extraordinary reserves	209.302	10.458	771.384	-	423.809
Other reserves	-	-	-	-	348.160
Profit/loss	(10.388)	116.732	474.768	27.850	61.198
Current period net profit	59.558	9.867	196.527	27.850	61.198
Prior period profit	(69.946)	106.865	278.241	-	-
Leasehold improvements (-)	-	-	210	251	67
Intangible assets (-)	1.516	543	3.451	701	337
<b>Total core capital</b>	<b>484.176</b>	<b>195.406</b>	<b>1.494.660</b>	<b>48.919</b>	<b>941.735</b>
Supplementary capital	-	10.127	34.708	-	178
Capital	484.176	205.533	1.529.368	48.919	941.913
<b>Deductions from the capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>484.176</b>	<b>205.533</b>	<b>1.529.368</b>	<b>48.919</b>	<b>941.913</b>

The above information is based on the consolidated financial statements of the Bank as of December 31, 2015.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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/Holland	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring A.Ş.	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	99,99	99,99
6	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
7	Yapı Kredi Niderland	Amsterdam/Holland	67,24	100,00
8	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
9	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
10	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/Turkey	99,99	100,00
11	Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00

(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, 2015 (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	227.804	227.633	-	-	-	326	351	-	-
2	3.338.442	490.196	38.760	99.540	5.232	59.558	69.268	-	-
3	2.282.938	195.949	1.307	153.474	-	9.867	46.971	-	-
4	406.567	125.728	12.613	37.496	2.162	14.115	19.423	-	-
5	7.639.749	1.498.321	4.058	440.634	-	196.527	152.365	-	-
6	58.883	49.871	1.574	3.442	-	27.850	21.386	-	-
7	5.960.637	939.403	922	225.368	11.848	61.198	50.566	-	-
8	897.519	129.113	30.277	90.459	29	395	21.004	-	-
9	38.532	25.692	3.749	1.920	-	(620)	903	-	-
10	21.811	18.599	1.196	20	-	2.428	2.436	-	-
11	5.279	4.318	289	216	-	(682)	-	-	-

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

Financial statement information disclosed above shows December 31, 2015 results.

4. Movement schedule of subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>3.309.478</b>	<b>3.166.037</b>
<b>Movements in period</b>	<b>304.958</b>	<b>143.441</b>
Purchases	-	124.138
Free shares obtained profit from current years share	-	-
Dividends from current year income	345.342	322.018
Sales	-	-
Liquidation <sup>(1)</sup>	-	(39.558)
Transfers	-	-
Revaluation increase/decrease <sup>(2)</sup>	66.047	(95.052)
Impairment provision <sup>(3)</sup>	(106.431)	(168.105)
<b>Balance at the end of the period</b>	<b>3.614.436</b>	<b>3.309.478</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.

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

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

(Convenience translation of publicly announced 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, 2015 (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	886.070	833.361
Insurance companies	-	-
Factoring companies	195.856	232.950
Leasing companies	1.498.228	1.301.713
Finance companies	-	-
Other financial subsidiaries	1.034.282	941.454
<b>Total financial subsidiaries</b>	<b>3.614.436</b>	<b>3.309.478</b>

6. Subsidiaries quoted on stock exchange:

None (December 31, 2014 - None).

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

Joint ventures in unconsolidated financial statements are accounted and monitored at equity method according to "TAS 27".

<b>Joint ventures</b>	<b>Bank's share</b>	<b>Group's share</b>	<b>Total asset</b>	<b>Shareholders' equity</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	181.540	72.841	55.990	125.550	8.410	91.828	(85.747)
<b>Total</b>			<b>181.540</b>	<b>72.841</b>	<b>55.990</b>	<b>125.550</b>	<b>8.410</b>	<b>91.828</b>	<b>(85.747)</b>

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

None (December 31, 2014 - None).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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>	251.230	-	177.895	-
Cash flow hedge <sup>(1)</sup>	697.629	6.268	78.251	-
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>948.859</b>	<b>6.268</b>	<b>256.146</b>	<b>-</b>

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

**k. Information on tangible assets:**

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
<b>Prior Period</b>					
Cost	1.950.003	357.759	2.769	925.153	3.235.684
Accumulated depreciation (-)	(1.412.072)	(308.822)	(1.665)	(462.132)	(2.184.691)
<b>Net book value</b>	<b>537.931</b>	<b>48.937</b>	<b>1.104</b>	<b>463.021</b>	<b>1.050.993</b>
<b>Current Period</b>					
<b>Net book value at beginning 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>
Additions <sup>(1)</sup>	1.505.603	-	190	280.997	1.786.790
Disposals (-), net	(1.255)	(28)	-	(40.297)	(41.580)
Reversal of impairment <sup>(1)</sup>	103.862	-	-	-	103.862
Impairment (-)	(1.492)	-	-	-	(1.492)
Depreciation (-)	(42.094)	(25.841)	(314)	(136.423)	(204.672)
<b>Net book value at end of the period</b>	<b>2.102.555</b>	<b>23.068</b>	<b>980</b>	<b>567.298</b>	<b>2.693.901</b>
Cost at the end of the period	2.971.839	343.469	2.959	1.100.559	4.418.826
Accumulated depreciation at the period end (-)	(869.284)	(320.401)	(1.979)	(533.261)	(1.724.925)
<b>Current Period</b>	<b>2.102.555</b>	<b>23.068</b>	<b>980</b>	<b>567.298</b>	<b>2.693.901</b>

(1) The Bank decided to change its accounting policy on valuation of buildings to fair value accounting in accordance with TAS 16 starting with 31 March 2015. Based on valuation reports of expertise companies, authorized by CMB and BRSA, the Bank realized a positive fair valuation difference as other comprehensive income amounting to TL 1.489.543.

As of December 31, 2015, the Bank had total provision for impairment amounting to TL 224.378 (December 31, 2014 – TL 326.748) for the property and equipment.

**l. Information on intangible assets:**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>1.428.368</b>	<b>1.376.092</b>
Additions during the period	181.156	155.147
Unused and disposed items (-)	(955)	(217)
Impairment reversal	-	-
Amortization expenses (-)	(119.135)	(102.654)
<b>Balance at the end of the period</b>	<b>1.489.434</b>	<b>1.428.368</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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, 2014 - None).

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

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Temporary differences	842.415	168.483	906.496	181.299
Derivative financial liabilities	2.039.027	407.806	1.259.126	251.826
Securities portfolio valuation differences	378.951	99.176	17.344	3.468
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.117	24.423
Other	432.315	86.463	477.213	95.443
<b>Total deferred tax asset</b>	<b>3.814.825</b>	<b>786.351</b>	<b>2.782.296</b>	<b>556.459</b>
Derivative financial assets	(2.789.227)	(557.846)	(1.476.035)	(295.207)
Valuation difference of securities portfolio	(953.797)	(190.759)	(587.640)	(117.430)
Property, equipment and intangibles, net	(1.846.215)	(124.319)	(247.224)	(39.125)
Subsidiaries valuation differences	(136.798)	(27.361)	(53.688)	(10.738)
Other				
<b>Total deferred tax liability</b>	<b>(5.726.037)</b>	<b>(900.285)</b>	<b>(2.364.587)</b>	<b>(462.500)</b>
<b>Deferred tax asset / (liability), net</b>	<b>(1.911.212)</b>	<b>(113.934)</b>	<b>417.709</b>	<b>93.959</b>

Deferred tax income amounting to TL 200.879 was recognized in profit and loss statement, whereas deferred tax expense amounting to TL 7.014 was recognized directly in equity accounts for the period ended December 31, 2015.

**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>150.499</b>	<b>151.396</b>
Additions	71.047	63.384
Transfers	(65.547)	(59.736)
Disposals (-), net	560	979
Impairment provision reversal	(400)	(566)
Impairment provision (-)	(5.149)	(4.958)
Depreciation (-)		
<b>Net book value at the end of the period</b>	<b>151.010</b>	<b>150.499</b>
Cost at the end of the period	166.100	164.041
Accumulated depreciation at the end of the period (-)	(15.090)	(13.542)
<b>Net book value at the end of the period</b>	<b>151.010</b>	<b>150.499</b>

As of December 31, 2015, the Bank booked impairment provision on assets held for resale with an amount of TL 7.838 (December 31, 2014 - TL 7.998).

**ö. Information on other assets:**

As of December 31, 2015, other assets do not exceed 10% of the total assets.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	4.219.126	1.337.095	26.867.767	806.306	126.278	183.663	33.540.235
Foreign currency deposits	8.671.966	8.871.297	30.611.654	4.674.673	4.545.321	896.742	58.271.653
Residents in Turkey	8.506.638	8.856.667	29.930.970	2.994.446	636.691	530.164	51.455.576
Residents abroad	165.328	14.630	680.684	1.680.227	3.908.630	366.578	6.816.077
Public sector deposits	833.607	70	72.690	71	660	77	907.175
Commercial deposits	4.816.994	4.534.416	15.097.208	727.103	139.531	638.371	25.953.623
Other institutions deposits	91.538	62.089	2.592.019	320.813	402.005	1.190	3.469.654
Precious metals vault	329.584	5.828	59.963	26.188	33.296	123.920	578.779
Bank deposits	624.333	2.918.728	458.136	145.629	40.948	-	4.187.774
The CBRT	-	-	-	-	-	-	-
Domestic banks	1.802	2.886.159	365.081	-	-	-	3.253.042
Foreign banks	298.030	32.569	93.055	145.629	40.948	-	610.231
Participation banks	324.501	-	-	-	-	-	324.501
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>19.587.148</b>	<b>17.729.523</b>	<b>75.759.437</b>	<b>6.700.783</b>	<b>5.288.039</b>	<b>1.843.963</b>	<b>126.908.893</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	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>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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:

(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	17.014.520	14.292.214	16.525.715	15.288.190
Foreign currency savings deposit	5.043.911	3.886.738	16.142.805	11.760.497
Other deposits in the form of savings deposits	241.329	453.318	277.182	300.290
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	5.495	6.348
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	130.003	88.277
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	96.278	-	58.914	-
Swap transactions	1.421.153	217.921	608.374	73.681
Futures transactions	-	-	-	-
Options	104.779	13.375	31.606	22.955
Other	-	-	-	-
<b>Total</b>	<b>1.622.210</b>	<b>231.296</b>	<b>698.894</b>	<b>96.636</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	196.688	199.378	228.832	222.478
From foreign banks, institutions and funds	457.177	22.762.487	633.725	17.036.538
<b>Total</b>	<b>653.865</b>	<b>22.961.865</b>	<b>862.557</b>	<b>17.259.016</b>

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	248.614	3.700.924	244.283	9.841.968
Medium and long-term	405.251	19.260.941	618.274	7.417.048
<b>Total</b>	<b>653.865</b>	<b>22.961.865</b>	<b>862.557</b>	<b>17.259.016</b>

3. Information on securitization borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	-	-	-
From foreign institutions <sup>(1)</sup>	-	6.083.274	-	3.054.498
From foreign funds	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6.083.274</b>	<b>-</b>	<b>3.054.498</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, 2015, the total amount of financial liabilities classified as fair value through profit/loss is TL 3.394.985 (December 31, 2014 – TL 1.163.996) and the fair value difference is TL 96.945 recognised in the income statement as income (December 31, 2014 – TL 5.673).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	2.106.752	451.305	1.638.373	1.712.209
Bonds	662.717	6.346.789	1.181.861	5.187.956
Collateralized securities	288.650	-	462.642	-
<b>Total</b>	<b>2.769.469</b>	<b>6.798.094</b>	<b>2.820.234</b>	<b>6.900.165</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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, 2015, other liabilities do not exceed 10% of the total balance sheet commitments.

**e. Information on lease payables:**

1. Information on financial leasing agreements:  
None (December 31, 2014 – None).

2. Information on operational leasing agreements:

The 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>	3.427	-	-	-
Cash flow hedge <sup>(1)</sup>	35.387	108.660	228.442	211.349
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>38.814</b>	<b>108.660</b>	<b>228.442</b>	<b>211.349</b>

(1) Explained in Note XIV of Section IV.

**g. Information on provisions:**

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	2.043.593	1.451.714
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	85.758	61.798
Provisions for second group loans and receivables	206.370	188.332
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	57.504	55.839
Provisions for non cash loans	89.189	84.527
Others	232.838	158.694
<b>Total</b>	<b>2.571.990</b>	<b>1.883.267</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

2. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial valuation methods to calculate the liabilities of enterprises.

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

	Current Period	Prior Period
Discount rate (%)	4,60	3,50
Possibility of being eligible for retirement (%)	93,89	94,11

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 4.092,53 effective from January 1, 2016 (January 1, 2014: full TL 3.541,37) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
<b>Prior period ending balance</b>	<b>123.200</b>	<b>108.664</b>
Changes during the period	47.684	23.594
Recognized in equity	(22.478)	17.405
Paid during the period	(27.689)	(26.463)
<b>Balance at the end of the period</b>	<b>120.717</b>	<b>123.200</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 147.449 as of December 31, 2015 (December 31, 2014 - TL 128.395).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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, 2015, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 30.295 (December 31, 2014 - TL 25.125). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

- (i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	574.249	654.901
Provisions on unindemnified non cash loans	105.932	82.424
Provisions on credit cards and promotion campaigns related to banking services	38.244	34.417
Provision on export commitment tax and funds liability	6.376	44.489
Other	286.577	133.624
<b>Total</b>	<b>1.011.378</b>	<b>949.855</b>

- (ii) General reserves for possible losses:

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

5. Pension fund provision:

The Bank provided provision amounting to TL 574.249 (December 31, 2014 – TL 654.901) 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.

	Current Period	Prior Period
Income statement (Other operations charge/benefit)	80.652	112.230

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

	Current Period	Prior Period
Present value of funded obligations	1.757.364	1.621.901
- Pension benefits transferable to SSI	1.889.880	1.658.083
- Post employment medical benefits transferable to SSI	(132.516)	(36.182)
Fair value of plan assets	(1.183.115)	(967.000)
<b>Provision for the actuarial deficit of the pension fund</b>	<b>574.249</b>	<b>654.901</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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 CSO 1980 mortality table.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Government bonds and treasury bills	168.951	14	190.168	20
Premises and equipment	223.142	19	138.997	14
Bank placements	728.589	62	570.814	59
Other	62.433	5	67.021	7
<b>Total</b>	<b>1.183.115</b>	<b>100</b>	<b>967.000</b>	<b>100</b>

**ğ. Information on taxes payable:**

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	185.879	131.719
Taxation of Marketable Securities	111.321	94.719
Property Tax	2.795	2.411
Banking Insurance Transaction Tax ("BITT")	105.614	78.269
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	12.831	9.783
Other	31.588	28.754
<b>Total</b>	<b>450.028</b>	<b>345.655</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	13.473	11.981
Bank pension fund premiums – employer	13.921	12.397
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	961	855
Unemployment insurance – employer	1.922	1.711
Other	-	-
<b>Total</b>	<b>30.277</b>	<b>26.944</b>

(iii) Information on deferred tax liability:

Deferred tax liability, amounting to TL 113.934 represents net of deferred tax assets and deferred tax liabilities, as of December 31, 2015 (December 31, 2014 - None).

**h. Information on subordinated loans<sup>(1)</sup>:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	6.635.191	-	6.770.549
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6.635.191</b>	<b>-</b>	<b>6.770.549</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
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, 2014 - None).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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>785.325</b>	<b>1.041.745</b>	<b>662.619</b>	<b>825.292</b>
Valuation difference <sup>(1)</sup>	785.325	1.041.745	662.619	825.292
Foreign currency difference	-	-	-	-
<b>From fixed assets held for sale</b>				
Valuation difference	-	-	-	-
Foreign currency difference	-	-	-	-
<b>Available for sale securities</b>	<b>(559.598)</b>	<b>293.487</b>	<b>180.396</b>	<b>234.848</b>
Valuation differences <sup>(2)</sup>	(559.598)	293.487	180.396	234.848
Foreign currency differences	-	-	-	-
<b>Total</b>	<b>225.727</b>	<b>1.335.232</b>	<b>843.015</b>	<b>1.060.140</b>

- (1) Includes differences between historical cost basis and equity method of associates, subsidiaries and joint ventures.  
(2) Includes tax effect related to foreign currency valuation differences.

**GÜNEY**  
BAĞIMSIZ DENETİM VE  
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Maslak Mah. Eski Büyükdere Cad. No:27  
Daire:54-57-59 Kat:2-B-4 Sarıyer / İSTANBUL  
Ticaret Sicil No: 479920  
Mersis No: 0-4350-3032-6000017

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	28.304.464	25.612.776
Loan granting commitments	9.085.013	8.125.659
Commitments for cheques	6.521.085	5.981.382
Other irrevocable commitments	35.009.478	6.703.313
<b>Total</b>	<b>78.920.040</b>	<b>46.423.130</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 89.189 (December 31, 2014 - TL 84.527) and specific provision amounting to TL 597.477 (December 31, 2014 - TL 381.510) for non-cash loans which are not indemnified yet amounting to TL 105.932 (December 31, 2014 - 82.424).

(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	173.524	126.982
Letter of credits	7.648.009	7.592.268
Other guarantees and collaterals	4.255.807	2.774.812
<b>Total</b>	<b>12.077.340</b>	<b>10.494.062</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Temporary letter of guarantees	1.926.929	1.825.976
Definite letter of guarantees	31.742.225	27.400.824
Advance letter of guarantees	5.535.124	4.310.727
Letter of guarantees given to customs	2.016.647	2.067.368
Other letter of guarantees	3.742.806	2.176.908
<b>Total</b>	<b>44.963.731</b>	<b>37.781.803</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	3.455.099	1.915.986
With original maturity of 1 year or less than 1 year	430.142	322.011
With original maturity of more than 1 year	3.024.957	1.593.975
Other non-cash loans	53.585.972	46.359.879
<b>Total</b>	<b>57.041.071</b>	<b>48.275.865</b>

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>201.097</b>	<b>1,11</b>	<b>300.661</b>	<b>0,77</b>	<b>196.602</b>	<b>1,23</b>	<b>328.672</b>	<b>1,02</b>
Farming and raising livestock	145.432	0,80	248.322	0,64	160.024	1,00	286.518	0,89
Forestry	39.083	0,22	32.771	0,08	30.413	0,19	19.070	0,06
Fishing	16.582	0,09	19.568	0,05	6.165	0,04	23.084	0,07
<b>Manufacturing</b>	<b>7.163.316</b>	<b>39,63</b>	<b>18.676.101</b>	<b>47,93</b>	<b>6.906.723</b>	<b>43,21</b>	<b>15.578.737</b>	<b>48,24</b>
Mining	722.796	4,00	1.456.113	3,74	861.448	5,39	1.327.926	4,11
Production	5.379.717	29,76	14.069.653	36,11	5.354.725	33,50	12.437.242	38,51
Electric, gas and water	1.060.803	5,87	3.150.335	8,09	690.550	4,32	1.813.569	5,62
<b>Construction</b>	<b>4.554.374</b>	<b>25,19</b>	<b>7.831.375</b>	<b>20,10</b>	<b>4.071.437</b>	<b>25,47</b>	<b>6.708.839</b>	<b>20,78</b>
<b>Services</b>	<b>4.243.253</b>	<b>23,47</b>	<b>9.621.981</b>	<b>24,69</b>	<b>2.937.242</b>	<b>18,38</b>	<b>6.590.758</b>	<b>20,41</b>
Wholesale and retail trade	1.902.714	10,53	2.850.058	7,31	1.381.946	8,65	2.433.188	7,53
Hotel, food and beverage services	181.879	1,01	407.687	1,05	118.296	0,74	303.617	0,94
Transportation and telecommunication	377.454	2,09	3.044.644	7,81	363.853	2,28	1.570.948	4,86
Financial institutions	1.000.426	5,53	1.613.144	4,14	340.457	2,13	1.306.759	4,05
Real estate and leasing services	262.802	1,45	154.780	0,40	248.093	1,55	257.757	0,80
Self-employment services	-	-	-	-	-	-	-	-
Education services	31.839	0,18	63.497	0,16	18.842	0,12	3.697	0,01
Health and social services	486.139	2,69	1.488.171	3,82	465.755	2,91	714.794	2,21
<b>Other</b>	<b>1.914.483</b>	<b>10,59</b>	<b>2.534.430</b>	<b>6,50</b>	<b>1.871.219</b>	<b>11,71</b>	<b>3.085.636</b>	<b>9,56</b>
<b>Total</b>	<b>18.076.523</b>	<b>100,00</b>	<b>38.964.548</b>	<b>100,00</b>	<b>15.983.223</b>	<b>100,00</b>	<b>32.292.642</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	17.753.621	26.858.209	277.973	73.928
Bank acceptances	-	173.524	-	-
Letters of credit	11.483	7.632.586	-	3.940
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	33.446	4.221.266	-	1.095
<b>Total</b>	<b>17.798.550</b>	<b>38.885.585</b>	<b>277.973</b>	<b>78.963</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, 2015 (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	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>

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	371.490	5.020.882	2.251.603	4.034	7.648.009
Letter of guarantee	24.019.787	6.952.647	12.166.448	1.824.849	44.963.731
Bank acceptances	-	147.671	24.795	1.058	173.524
Other	678.044	382.031	1.519.599	1.676.133	4.255.807
<b>Total</b>	<b>25.069.321</b>	<b>12.503.231</b>	<b>15.962.445</b>	<b>3.506.074</b>	<b>57.041.071</b>

Prior 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>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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:**

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	114.160.143	90.575.273
FC trading forward transactions	9.577.689	6.462.898
Trading swap transactions	91.216.743	74.647.930
Futures transactions	-	-
Trading option transactions	13.365.711	9.464.445
Interest related derivative transactions (II)	36.127.848	23.052.540
Forward interest rate agreements	-	-
Interest rate swaps	34.250.180	15.959.242
Interest rate options	1.877.668	7.093.298
Interest rate futures	-	-
Other trading derivative transactions (III)	15.142.751	9.343.196
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>165.430.742</b>	<b>122.971.009</b>
Types of hedging derivative transactions	-	-
Transactions for fair value hedge	1.395.004	1.129.469
Cash flow hedges	57.114.076	40.767.075
Transactions for foreign net investment hedge	-	-
<b>B. Total hedging related derivatives</b>	<b>58.509.080</b>	<b>41.896.544</b>
<b>Total derivative transactions (A+B)</b>	<b>223.939.822</b>	<b>164.867.553</b>

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

Derivative portfolio includes credit default swaps for TL 794.684 (31 December 2014 – TL 1.217.430) for the period ended 31 December 2015. 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 42.615 (December 31, 2014 - TL 61.683) 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, 2015 (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>	4.883.570	178.363	4.033.999	154.637
Medium/long-term loans <sup>(1)</sup>	5.535.883	2.130.564	3.787.374	1.540.013
Interest on loans under follow-up	77.480	54	100.029	533
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>10.496.933</b>	<b>2.308.981</b>	<b>7.921.402</b>	<b>1.695.183</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	20.851	218	56.706	309
From foreign banks	2.880	7.775	5.053	7.169
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>23.731</b>	<b>7.993</b>	<b>61.759</b>	<b>7.478</b>

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	10.042	1.242	2.143	1.236
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	1.739.184	204.115	1.215.116	199.233
From held-to-maturity investments	181.146	237.071	235.405	188.865
<b>Total</b>	<b>1.930.372</b>	<b>442.428</b>	<b>1.452.664</b>	<b>389.334</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		24.822		24.847

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	62.959	695.894	79.505	636.400
The CBRT	-	-	-	-
Domestic banks	13.523	4.386	14.913	7.098
Foreign banks	49.436	691.508	64.592	629.302
Headquarters and branches abroad	-	-	-	-
Other institutions	-	107.587	-	8.077
<b>Total <sup>(1)</sup></b>	<b>62.959</b>	<b>803.481</b>	<b>79.505</b>	<b>644.477</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	59.804	91.095

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	282.558	357.306	230.503	228.292
<b>Total</b>	<b>282.558</b>	<b>357.306</b>	<b>230.503</b>	<b>228.292</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	242	91.569	2.961	166	535	-	-	95.473	13.194
Saving deposits	1	158.172	2.501.605	88.739	16.977	18.751	-	2.784.245	2.135.336
Public sector deposits	-	34	7.157	14	32	5	-	7.242	3.023
Commercial deposits	87	412.016	1.329.584	113.734	25.417	42.016	-	1.922.854	1.285.334
Other deposits	-	26.396	449.098	67.581	32.243	262	-	575.580	445.727
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>330</b>	<b>688.187</b>	<b>4.290.405</b>	<b>270.234</b>	<b>75.204</b>	<b>61.034</b>	<b>-</b>	<b>5.365.394</b>	<b>3.882.614</b>
<b>FC</b>									
Foreign currency deposits	127	214.509	525.828	61.566	40.511	12.619	-	855.160	825.950
Bank deposits	30	2.789	1.361	1.033	444	-	-	5.657	2.733
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	667	1.045	82	130	44	-	1.968	2.501
<b>Total</b>	<b>157</b>	<b>217.965</b>	<b>528.234</b>	<b>62.681</b>	<b>41.085</b>	<b>12.663</b>	<b>-</b>	<b>862.785</b>	<b>831.184</b>
<b>Grand total</b>	<b>487</b>	<b>906.152</b>	<b>4.818.639</b>	<b>332.915</b>	<b>116.289</b>	<b>73.697</b>	<b>-</b>	<b>6.248.179</b>	<b>4.713.798</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	1	-
Subsidiaries and associates	2.970	2.468
Other	-	-
<b>Total</b>	<b>2.971</b>	<b>2.468</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Gain</b>	<b>44.640.189</b>	<b>36.521.038</b>
Gain from capital market transactions	324.520	307.792
Derivative financial transaction gains	15.636.501	8.013.700
Foreign exchange gains	28.679.168	28.199.546
<b>Loss (-)</b>	<b>(45.428.113)</b>	<b>(36.937.156)</b>
Loss from capital market transactions	(63.900)	(31.714)
Derivative financial transaction losses	(14.790.785)	(9.384.845)
Foreign exchange loss	(30.573.428)	(27.520.597)
<b>Net gain/loss</b>	<b>(787.924)</b>	<b>(416.118)</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 1.946.690 income (December 31, 2014 – TL 480.170 loss).

**e. Information on other operating income:**

Based on valuation reports of expertise companies, authorized by CMB and BRSA, the Bank booked a reversal out of previously incurred impairment amounting to TL 103.401, as an income. Other operating income mainly results from collections from provisions recorded as expense, release of provisions and sale of fixed assets.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

**f. Provision for impairment of loans and other receivables:**

	Current Period	Prior Period
Specific provisions for loans and other receivables	1.663.210	1.257.795
III. Group loans and receivables	52.621	46.747
IV. Group loans and receivables	55.226	119.991
V. Group loans and receivables	1.555.363	1.091.057
General provision expenses	688.723	459.433
Provision expense for possible risks	-	23.178
Marketable securities impairment expenses <sup>(1)</sup>	80.104	55.459
Financial assets at fair value through profit or loss	1.225	565
Available-for-sale financial assets	78.879	54.894
Impairment of investments in associates, subsidiaries and held-to-maturity securities	38.955	35.360
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments <sup>(1)</sup>	38.955	35.360
Other	50.504	30.753
<b>Total</b>	<b>2.521.496</b>	<b>1.861.978</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:**

	Current Period	Prior Period
Personnel expenses	1.796.424	1.562.826
Reserve for employee termination benefits	19.994	-
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	1.492	-
Depreciation expenses of property and equipment	204.672	156.156
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	119.135	102.654
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	400	566
Depreciation expenses of assets held for resale	5.149	4.958
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.578.929	1.348.965
Operational lease expenses	251.781	205.335
Repair and maintenance expenses	91.366	70.017
Advertising expenses	125.083	129.890
Other expense	1.110.699	943.723
Loss on sales of assets	117	32.400
Other	1.084.106	721.351
<b>Total</b>	<b>4.810.418</b>	<b>3.929.876</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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 6.842.222 (31 December 2014 – 5.605.709) of net interest income, TL 2.688.104 (31 December 2014 – TL 2.200.614) of net fees and commissions and TL 4.810.418 (31 December 2014 – TL 3.929.876) of other operations.

As of December 31, 2015, the Bank has no (December 31, 2014 – None) profit before tax from discontinued operations.

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

As of December 31, 2015, the Bank has TL 328.064 (December 31, 2014 – TL 680.515) tax expense from continued operations, from discontinued operations none and deferred tax income from continued operations amounting to TL 200.879 (December 31, 2014 – TL 155.856 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	2.389.488	2.369.625
Tax calculated at rate of 20%	477.898	473.925
Nondeductible expenses, discounts and other, net	51.045	50.734
<b>Total</b>	<b>528.943</b>	<b>524.659</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, 2015 (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, 2015 is TL 267.965 profit (December 31, 2014 – 297.009 loss).

The Bank's Euro denominated borrowing is designated as a hedge of the net investment in the Bank's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2015 is EUR 348 million. The foreign exchange loss of TL 54.614 net of tax, on translation of the borrowing to Turkish Lira at the statement of financial position date is recognized in "hedging reserves" in equity.

**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.

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**Notes to unconsolidated financial statements at December 31, 2015 (continued)**

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

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

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

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

	Current Period	Prior Period
<b>Cash</b>	<b>7.377.737</b>	<b>5.109.449</b>
Cash and effectives	2.214.524	1.748.979
Demand deposits in banks	5.163.213	3.360.470
<b>Cash equivalents</b>	<b>1.823.458</b>	<b>4.162.764</b>
Interbank 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>

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

	Current Period	Prior Period
<b>Cash</b>	<b>7.820.237</b>	<b>7.377.737</b>
Cash and effectives	1.949.094	2.214.524
Demand deposits in banks	5.871.143	5.163.213
<b>Cash equivalents</b>	<b>499.699</b>	<b>1.823.458</b>
Money market	284.692	1.567.000
Time deposits in banks	215.007	256.458
<b>Total cash and cash equivalents</b>	<b>8.319.936</b>	<b>9.201.195</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 25.015.080 (December 31, 2014 – TL 20.752.797) 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 4.896.337 as of December 31, 2015 (December 31, 2014 – TL 299.377 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 305.523 as of December 31, 2015 (December 31, 2014 – TL 2.786.132 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 1.077.239 as of December 31, 2015 (December 31, 2014 – TL 115.664 increase).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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	99.878	422.846	47.802	536.763	1.288.096	2.092.659
Balance at the end of the period	36.629	270.763	6.593	954.585	1.654.575	2.393.852
<b>Interest and commission income received</b>	<b>24.822</b>	<b>1.436</b>	<b>13.052</b>	<b>6.027</b>	<b>181.764</b>	<b>8.859</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	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 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
Deposit						
Beginning of the period	2.229.278	2.443.971	10.228.006	11.261.140	10.038.882	6.391.249
End of the period	2.500.000	2.229.278	15.911.762	10.228.006	4.515.168	10.038.882
<b>Interest expense on deposits</b>	<b>59.804</b>	<b>91.095</b>	<b>814.288</b>	<b>509.074</b>	<b>372.491</b>	<b>290.513</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, 2015 (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)(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>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	872.477	5.973.118	428.403	460.395	718.079	659.635
End of the period <sup>(3)</sup>	4.510.236	872.477	1.455.484	428.403	146.778	718.079
<b>Total profit / (loss)</b>	<b>4.685</b>	<b>25.703</b>	<b>(53.226)</b>	<b>(1.830)</b>	<b>(896)</b>	<b>(64.376)</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 39.699 as of December 31, 2014 (December 31, 2014 – TL 34.914).

**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	999	18.260			
			Country of incorporation		
Foreign Rep. Office	-	-			
				Total asset	Statutory share capital
Foreign Branch	1	2	Bahrain	14.869.397	-
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, 2015 (continued)**

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

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

**IX. Explanations and notes related to subsequent events:**

None

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2015 (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, 2015 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, 2016 is presented preceding the unconsolidated financial statements.

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

None.