

Yapı ve Kredi Bankası A.Ş.

**Publicly announced unconsolidated financial statements and
related disclosures at September 30, 2017 together with
auditor's review report**

**(Convenience translation of publicly announced unconsolidated financial
statements and independent auditor's report originally issued in Turkish, See
Note 1. of Section three)**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at 30 September 2017 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "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 and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information does not present fairly in all material respects the financial position of Yapı ve Kredi Bankası A.Ş. at 30 September 2017 and the results of its operations and its cash flows for the nine-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2016 were audited by another auditor whose report dated 2 February 2017 expressed an unqualified opinion.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three 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.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Halûk Yalçın, SMMM
Partner

Istanbul, 27 October 2017

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

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
YAPI VE KREDİ BANKASI A.Ş. AS OF SEPTEMBER 30, 2017**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR’S REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements for the nine months and notes to these financial statements which are expressed, in **thousands of Turkish Lira** (unless otherwise stated), 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 independently reviewed and are presented enclosed.

Y. Ali KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Massimo FRANCESE
Chief Financial Officer

B. Sedat KIZLER
Financial Reporting and
Accounting Executive
Vice President

Wolfgang SCHILK
Chairman of Audit
Committee

Adil G. ÖZTOPRAK
Member of Audit
Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname / Title : Aysel Taktak / Regulatory Reporting Manager
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Notes to unconsolidated financial statements as of September 30, 2017

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

Section One - General Information

1. 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.

2. 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 September 30, 2017, 18,20% of the shares of the Bank are publicly traded (December 31, 2016 - 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%.

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

As of September 30, 2017, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows.

Notes to unconsolidated financial statements as of September 30, 2017

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

Board of Directors Members:

Name	Responsibility
Y. Ali KOÇ	Chairman
Carlo VIVALDI	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Niccolò UBERTALLI	Deputy General Manager
Adil Giray ÖZTOPRAK	Independent Member
Ahmet Fadıl ASHABOĞLU	Member
A. Ümit TAFTALI	Member
F. Füsün Akkal BOZOK	Member
Gianfranco BISAGNI	Member
Giovanna VILLA	Independent Member
Giuseppe SCOGNAMIGLIO	Member
Levent ÇAKIROĞLU	Member
Mirko D. G. BIANCHI	Member
Wolfgang SCHILK	Independent Member

Audit Committee Members:

Name	Responsibility
Wolfgang SCHILK	Chairman
Adil Giray ÖZTOPRAK	Member
Giovanna VILLA	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
Demir KARAASLAN	Retail Credits Management
Feza TAN	Corporate and Commercial Banking Management
Giovanni Battista AVANZI	Internal Audit / Chief Audit Executive
Massimo FRANCESE	Financial Planning and Administration Management
Mehmet Erkan ÖZDEMİR	Compliance and Internal Control / Consumer Relations Coordination Officer
Mehmet Gökmen UÇAR	Human Resources and Organization Management
Mehmet Murat ERMERT	Corporate Communication Management
Mert ÖNCÜ	Treasury Management
Mert YAZICIOĞLU ⁽¹⁾	Private Banking and Asset Management
Nurgün EYÜBOĞLU	Corporate and Commercial Credit Management
Patrick Josef SCHMITT	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Zeynep Nazan SOMER ÖZELGİN ⁽¹⁾	Retail Banking Management

(1) Zeynep Nazan Somer Özelgin, Assistant General Manager responsible for Retail Banking Management, is leaving Yapı Kredi as of January 1, 2018. According to the Bank's Board of Directors' meeting on September 22, 2017, it is unanimously resolved to change the current organizational structure for retail banking into two functions as "Retail Banking Management" and "Retail Banking Sales Management" and; it is also unanimously resolved to apply BRSA to appoint Serkan Ülgen as Assistant General Manager responsible for "Retail Banking Management" and to assign Mert Yazıcıoğlu as Assistant General Manager responsible for "Retail Banking Sales Management", to be effective as of January 1, 2018. Private Banking and Wealth Management will be followed under the related functions in the Bank's new organization.

Notes to unconsolidated financial statements as of September 30, 2017

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

4. 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.

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

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

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

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

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

As of September 30, 2017, the Bank has 887 branches operating in Turkey and 1 branch in overseas (December 31, 2016 - 935 branches operating in Turkey, 1 branch in overseas). As of September 30, 2017, the Bank has 18.195 employees (December 31, 2016 – 18.366 employees).

The accompanying unconsolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

6. 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 on Preparation of Consolidated Financial Statements of Banks 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., Yapı Kredi Teknoloji A.Ş. and Enternasyonal Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué on Preparation of Consolidated Financial Statements since these entities are not financial institutions.

All other subsidiaries are fully consolidated.

7. 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.

Unconsolidated financial statements as of September 30, 2017 and December 31, 2016

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

Section two - Unconsolidated financial statements

1. Balance sheet (Statement of Financial Position)

Assets	Note (Section Five)	Current Period (30/09/2017)			Prior Period (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	1.1	4.396.258	28.078.474	32.474.732	9.051.431	23.329.135	32.380.566
II. Financial assets at fair value through profit or (loss) (net)	1.2	2.597.702	467.472	3.065.174	2.652.903	365.380	3.018.283
2.1 Trading financial assets		2.597.702	467.472	3.065.174	2.652.903	365.380	3.018.283
2.1.1 Government debt securities		28.688	15.162	43.850	18.888	17.825	36.713
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading	1.3	2.569.014	452.310	3.021.324	2.634.015	347.555	2.981.570
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	1.4	232.693	1.706.472	1.939.165	33.331	1.415.361	1.448.692
IV. Money markets		-	754.632	754.632	-	-	-
4.1 Interbank money market placements		-	754.632	754.632	-	-	-
4.2 Receivables from IMKB		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. Financial assets available-for-sale (net)	1.5,6	20.110.310	2.870.087	22.980.397	15.170.100	3.110.106	18.280.206
5.1 Share certificates		7.613	84.278	91.891	6.330	62.288	68.618
5.2 Government debt securities		19.365.215	1.388.225	20.753.440	14.431.742	1.602.330	16.034.072
5.3 Other marketable securities		737.482	1.397.584	2.135.066	732.028	1.445.488	2.177.516
VI. Loans and receivables	1.7	120.126.100	65.846.133	185.972.233	106.608.228	66.015.989	172.624.217
6.1 Loans and receivables		118.279.094	65.846.133	184.125.227	104.490.268	66.015.989	170.506.257
6.1.1 Loans to bank's risk group		1.616.134	868.619	2.484.753	1.608.906	811.272	2.420.178
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		116.662.960	64.977.514	181.640.474	102.881.362	65.204.717	168.086.079
6.2 Loans under follow-up		8.390.134	-	8.390.134	8.706.143	-	8.706.143
6.3 Specific provisions (-)		(6.543.128)	-	(6.543.128)	(6.588.183)	-	(6.588.183)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	1.8	5.201.138	5.818.175	11.019.313	4.804.968	5.859.583	10.664.551
8.1 Government debt securities		5.201.138	5.818.175	11.019.313	4.804.968	5.859.583	10.664.551
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	1.9	4.503	495.822	500.325	4.503	437.143	441.646
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	495.822	500.325	4.503	437.143	441.646
9.2.1 Investments in financial associates		-	495.822	495.822	-	437.143	437.143
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	1.10	2.662.588	2.065.066	4.727.654	2.476.582	1.756.442	4.233.024
10.1 Unconsolidated financial subsidiaries		2.655.288	2.065.066	4.720.354	2.469.282	1.756.442	4.225.724
10.2 Unconsolidated non-financial subsidiaries		7.300	-	7.300	7.300	-	7.300
XI. Joint ventures (net)	1.11	18.318	-	18.318	18.114	-	18.114
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		18.318	-	18.318	18.114	-	18.114
11.2.1 Financial joint ventures		18.318	-	18.318	18.114	-	18.114
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	1.12	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	1.13	933.303	103.832	1.037.135	1.055.832	113.104	1.168.936
13.1 Fair value hedge		-	-	-	205.519	-	205.519
13.2 Cash flow hedge		933.303	103.832	1.037.135	850.313	113.104	963.417
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)		2.582.219	-	2.582.219	2.653.825	-	2.653.825
XV. Intangible assets (net)		1.578.519	-	1.578.519	1.523.961	-	1.523.961
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		599.026	-	599.026	544.468	-	544.468
XVI. Investment property (net)	1.14	-	-	-	-	-	-
XVII. Tax asset		-	-	-	97.812	-	97.812
17.1 Current tax asset		-	-	-	97.812	-	97.812
17.2 Deferred tax asset		-	-	-	-	-	-
XVIII. Assets held for resale and related to discontinued operations (net)	1.15	177.405	-	177.405	159.974	-	159.974
18.1 Held for sale purposes		177.405	-	177.405	159.974	-	159.974
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	1.16	1.409.745	2.129.179	3.538.924	1.486.403	2.619.328	4.105.731
Total assets		162.030.801	110.335.344	272.366.145	147.797.967	105.021.571	252.819.538

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of September 30, 2017 and December 31, 2016

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

1. Balance sheet (Statement of Financial Position)

Liabilities	Note (Section Five)	Current Period (30/09/2017)			Prior Period (31/12/2016)		
		TL	FC	Total	TL	FC	Total
I. Deposits	2.1	71.063.474	89.387.595	160.451.069	84.648.505	69.626.351	154.274.856
1.1 Deposits of the Bank's risk group		7.243.654	14.374.859	21.618.513	8.221.813	14.113.290	22.335.103
1.2 Other		63.819.820	75.012.736	138.832.556	76.426.692	55.513.061	131.939.753
II. Derivative financial liabilities held for trading	2.2	2.117.821	287.554	2.405.375	2.162.389	363.137	2.525.526
III. Funds borrowed	2.3	530.861	29.981.716	30.512.577	543.244	27.451.618	27.994.862
IV. Money markets		10.124.298	503.325	10.627.623	4.294.113	1.563.675	5.857.788
4.1 Funds from interbank money market		5.296.445	-	5.296.445	-	-	-
4.2 Funds from IMKB		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		4.827.853	503.325	5.331.178	4.294.113	1.563.675	5.857.788
V. Marketable securities issued (net)	2.3	2.133.092	9.630.024	11.763.116	1.719.641	7.525.077	9.244.718
5.1 Bills		1.289.251	86.821	1.376.072	1.399.791	86.665	1.486.456
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		843.841	9.543.203	10.387.044	319.850	7.438.412	7.758.262
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		9.984.781	1.332.814	11.317.595	8.878.296	1.758.713	10.637.009
VIII. Other liabilities	2.4	1.206.479	381.458	1.587.937	1.575.848	314.654	1.890.502
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	2.5	-	75	75	-	1.112	1.112
10.1 Financial lease payables		-	79	79	-	1.130	1.130
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	(4)	(4)	-	(18)	(18)
XI. Derivative financial liabilities held for hedging	2.6	184.835	25.587	210.422	66.263	22.525	88.788
11.1 Fair value hedge		125.423	-	125.423	49.949	-	49.949
11.2 Cash flow hedge		59.412	25.587	84.999	16.314	22.525	38.839
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	2.7	3.673.768	1.269.504	4.943.272	3.252.175	1.311.400	4.563.575
12.1 General loan loss provision		2.012.720	1.173.760	3.186.480	1.833.501	1.208.819	3.042.320
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		527.386	-	527.386	287.881	-	287.881
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.133.662	95.744	1.229.406	1.130.793	102.581	1.233.374
XIII. Tax liability	2.8	411.670	-	411.670	554.362	-	554.362
13.1 Current tax liability		347.117	-	347.117	296.752	-	296.752
13.2 Deferred tax liability		64.553	-	64.553	257.610	-	257.610
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)	2.9	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	2.10	-	9.162.631	9.162.631	-	9,067.893	9,067.893
XVI. Shareholders' equity	2.11	27.189.124	1.783.659	28.972.783	24.705.325	1.413.222	26.118.547
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		3.561.623	1.783.659	5.345.282	3.666.340	1.413.222	5.079.562
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		469.671	1.700.082	2.169.753	394.466	1.315.943	1.710.409
16.2.4 Property and equipment revaluation differences		1.447.754	-	1.447.754	1.449.056	-	1.449.056
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		16.271	-	16.271	15.165	-	15.165
16.2.8 Hedging funds (effective portion)		(72.633)	83.577	10.944	66.059	97.279	163.338
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		1.156.679	-	1.156.679	1.197.713	-	1.197.713
16.3 Profit reserves		16.545.884	-	16.545.884	13.759.139	-	13.759.139
16.3.1 Legal reserves		869.410	-	869.410	844.539	-	844.539
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		15.675.023	-	15.675.023	12.913.149	-	12.913.149
16.3.4 Other profit reserves		1.451	-	1.451	1.451	-	1.451
16.4 Income or (loss)		2.734.566	-	2.734.566	2.932.795	-	2.932.795
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		2.734.566	-	2.734.566	2.932.795	-	2.932.795
Total liabilities		128.620.203	143.745.942	272.366.145	132.400.161	120.419.377	252.819.538

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

Unconsolidated financial statements as of September 30, 2017 and December 31, 2016

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

2. Off-balance sheet commitments

	Note (Section Five)	Current Period (30/09/2017)			Prior Period (31/12/2016)		
		TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I-II+III)	261.890.984	360.644.438	622.535.422	158.620.046	239.642.521	398.262.567
I.	Guarantees and warranties	24.876.062	51.040.161	75.916.223	21.614.582	46.253.958	67.868.540
1.1	Letters of guarantee	24.796.840	33.276.583	58.073.423	21.568.691	31.069.592	52.638.283
1.1.1	Guarantees subject to state tender law	753.508	991.725	1.745.233	471.441	930.593	1.402.034
1.1.2	Guarantees given for foreign trade operations	2.893.689	32.284.858	35.178.547	2.597.219	30.138.999	32.736.218
1.1.3	Other letters of guarantee	21.149.643	-	21.149.643	18.500.031	-	18.500.031
1.2	Bank acceptances	-	238.095	238.095	-	195.766	195.766
1.2.1	Import letter of acceptance	-	238.095	238.095	-	195.766	195.766
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	21.407	11.079.252	11.100.659	11.407	8.749.767	8.761.174
1.3.1	Documentary letters of credit	21.407	11.079.252	11.100.659	11.407	8.749.767	8.761.174
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	57.815	2.246.018	2.303.833	34.484	1.960.487	1.994.971
1.9	Other warranties	-	4.200.213	4.200.213	-	4.278.346	4.278.346
II.	Commitments	90.030.487	84.081.149	174.111.636	53.181.915	25.549.089	78.731.004
2.1	Irrevocable commitments	88.852.293	67.845.959	156.698.252	52.743.486	13.663.919	66.407.405
2.1.1	Asset purchase and sale commitments	35.224.556	66.301.362	101.525.918	3.706.202	12.562.607	16.268.809
2.1.2	Deposit purchase and sales commitments	3.623	754.632	758.255	27.500	6.581	34.081
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	8.813.340	626.761	9.440.101	8.008.276	869.605	8.877.881
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	6.853.366	-	6.853.366	6.686.199	-	6.686.199
2.1.8	Tax and fund liabilities from export commitments	6.412	-	6.412	6.014	-	6.014
2.1.9	Commitments for credit card limits	32.535.832	-	32.535.832	29.878.711	-	29.878.711
2.1.10	Commitments for credit cards and banking services promotions	20.984	-	20.984	18.409	-	18.409
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	5.394.180	163.204	5.557.384	4.412.175	225.126	4.637.301
2.2	Revocable commitments	1.178.194	16.235.190	17.413.384	438.429	11.885.170	12.323.599
2.2.1	Revocable loan granting commitments	1.178.194	16.235.190	17.413.384	438.429	11.885.170	12.323.599
2.2.2	Other revocable commitments	-	-	-	-	-	-
III.	Derivative financial instruments	146.984.435	225.523.128	372.507.563	83.823.549	167.839.474	251.663.023
3.1	Derivative financial instruments for hedging purposes	41.409.791	27.736.554	69.146.345	29.149.741	22.976.994	52.126.735
3.1.1	Transactions for fair value hedge	270.141	1.448.300	1.718.441	422.791	1.689.923	2.112.714
3.1.2	Transactions for cash flow hedge	41.139.650	26.288.254	67.427.904	28.726.950	21.287.071	50.014.021
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	105.574.644	197.786.574	303.361.218	54.673.808	144.862.480	199.536.288
3.2.1	Forward foreign currency buy/sell transactions	6.415.741	10.014.720	16.430.461	5.836.870	9.168.354	15.005.224
3.2.1.1	Forward foreign currency transactions-buy	3.260.506	4.957.539	8.218.045	2.022.577	5.425.889	7.448.466
3.2.1.2	Forward foreign currency transactions-sell	3.155.235	5.057.181	8.212.416	3.814.293	3.742.465	7.556.758
3.2.2	Swap transactions related to foreign currency and interest rates	83.769.382	155.934.943	239.704.325	37.500.424	109.501.198	147.001.622
3.2.2.1	Foreign currency swap-buy	8.585.274	85.846.339	94.431.613	12.124.291	37.791.925	49.916.216
3.2.2.2	Foreign currency swap-sell	71.184.108	23.619.922	94.804.030	20.836.133	28.669.215	49.505.348
3.2.2.3	Interest rate swap-buy	2.000.000	23.234.341	25.234.341	2.270.000	21.520.029	23.790.029
3.2.2.4	Interest rate swap-sell	2.000.000	23.234.341	25.234.341	2.270.000	21.520.029	23.790.029
3.2.3	Foreign currency, interest rate and securities options	9.485.408	18.368.373	27.853.781	6.062.482	13.199.550	19.262.032
3.2.3.1	Foreign currency options-buy	4.030.685	8.662.075	12.692.760	2.134.509	6.547.706	8.682.215
3.2.3.2	Foreign currency options-sell	4.654.723	8.192.326	12.847.049	3.427.973	5.479.950	8.907.923
3.2.3.3	Interest rate options-buy	400.000	756.986	1.156.986	250.000	585.947	835.947
3.2.3.4	Interest rate options-sell	400.000	756.986	1.156.986	250.000	585.947	835.947
3.2.3.5	Securities options-buy	-	-	-	-	-	-
3.2.3.6	Securities options-sell	-	-	-	-	-	-
3.2.4	Foreign currency futures	-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate futures	-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	5.904.113	13.468.538	19.372.651	5.274.032	12.993.378	18.267.410
B.	Custody and pledges received (IV+V+VI)	604.946.018	260.215.369	865.161.387	510.532.152	259.877.200	770.409.352
IV.	Items held in custody	338.461.332	180.301.009	518.762.341	265.934.364	181.694.033	447.628.397
4.1	Customer fund and portfolio balances	-	-	-	-	-	-
4.2	Investment securities held in custody	318.681.322	179.724.718	498.406.040	245.510.328	180.952.854	426.463.182
4.3	Checks received for collection	15.159.106	74.338	15.233.444	15.835.668	118.906	15.954.574
4.4	Commercial notes received for collection	4.562.760	446.240	5.009.000	4.543.821	574.974	5.118.795
4.5	Other assets received for collection	-	44.515	44.515	-	40.085	40.085
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	58.144	11.198	69.342	44.547	7.214	51.761
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	252.821.733	79.068.607	331.890.340	240.607.924	77.358.701	317.966.625
5.1	Marketable securities	208.095	394	208.489	179.680	390	180.070
5.2	Guarantee notes	928.179	229.117	1.157.296	1.000.765	267.379	1.268.144
5.3	Commodity	23.073	-	23.073	25.813	-	25.813
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	114.457.658	66.858.741	181.316.399	104.128.522	67.046.308	171.174.830
5.6	Other pledged items	137.204.728	11.973.963	149.178.691	135.273.144	10.038.359	145.311.503
5.7	Pledged items-depository	-	6.392	6.392	-	6.265	6.265
VI.	Accepted independent guarantees and warranties	13.662.953	845.753	14.508.706	3.989.864	824.466	4.814.330
Total off-balance sheet commitments (A+B)		866.837.002	620.859.807	1.487.696.809	669.152.198	499.519.721	1.168.671.919

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

Unconsolidated financial statements as of September 30, 2017 and 2016

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

3. Income statement

	Note (Section Five)	Current Period (01/01/2017- 30/09/2017)	Prior Period (01/01/2016- 30/09/2016)
Income and expense items			
I. Interest income	4.1	15.388.439	13.217.462
1.1 Interest on loans	4.1.1	12.789.262	11.262.280
1.2 Interest received from reserve deposits		164.242	85.936
1.3 Interest received from banks	4.1.2	149.910	34.506
1.4 Interest received from money market transactions		19.971	10.139
1.5 Interest received from marketable securities portfolio	4.1.3	2.264.057	1.822.487
1.5.1 Trading financial assets		2.876	4.595
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		1.607.067	1.296.202
1.5.4 Held to maturity investments		654.114	521.690
1.6 Financial lease income		-	-
1.7 Other interest income		997	2.114
II. Interest expense	4.2	(8.861.445)	(7.558.602)
2.1 Interest on deposits	4.2.4	(7.178.579)	(5.847.192)
2.2 Interest on funds borrowed	4.2.1	(918.879)	(700.970)
2.3 Interest expense on money market transactions		(245.582)	(559.213)
2.4 Interest on securities issued	4.2.3	(493.901)	(441.744)
2.5 Other interest expenses		(24.504)	(9.483)
III. Net interest income (I + II)		6.526.994	5.658.860
IV. Net fees and commissions income		2.348.174	2.130.335
4.1 Fees and commissions received		3.014.874	2.689.235
4.1.1 Non-cash loans		420.938	352.126
4.1.2 Other	4.5	2.593.936	2.337.109
4.2 Fees and commissions paid		(666.700)	(558.900)
4.2.1 Non-cash loans		(120)	(102)
4.2.2 Other		(666.580)	(558.798)
V. Dividend income		2.165	1
VI. Trading gain/(loss) (net)	4.3	(405.809)	72.505
6.1 Trading gains/(losses) on securities		49.730	46.548
6.2 Derivative financial transactions gains/(losses)	4.4	(2.001.968)	(832.191)
6.3 Foreign exchange gains/(losses)		1.546.429	858.148
VII. Other operating income	4.5	869.651	478.092
VIII. Total operating income (III+IV+V+VI+VII)		9.341.175	8.339.793
IX. Provision for impairment of loans and other receivables (-)	4.6	(2.489.621)	(1.994.254)
X. Other operating expenses (-)	4.7	(3.935.048)	(3.767.624)
XI. Net operating income/(loss) (VIII-IX-X)		2.916.506	2.577.915
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		429.960	348.120
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)		3.346.466	2.926.035
XVI. Tax provision for continuing operations (±)	4.8	(611.900)	(563.216)
16.1 Current tax provision		(775.301)	(637.360)
16.2 Deferred tax provision		163.401	74.144
XVII. Net profit/loss from continuing operations (XV±XVI)		2.734.566	2.362.819
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit /losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI. Tax provision for discontinued operations (±)	4.8	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	4.9	2.734.566	2.362.819
Earnings/(loss) per share (full TL)		0,0063	0,0054

Unconsolidated financial statements as of September 30, 2017 and 2016

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

3. Income statement

	Note (Section Five)	Current Period (01/07/2017- 30/09/2017)	Prior Period (01/07/2016- 30/09/2016)
Income and expense items			
I. Interest income	4.1	5.388.075	4.533.712
1.1 Interest on loans	4.1.1	4.446.853	3.850.355
1.2 Interest received from reserve deposits		65.455	27.045
1.3 Interest received from banks	4.1.2	40.131	16.082
1.4 Interest received from money market transactions		3.074	5.867
1.5 Interest received from marketable securities portfolio	4.1.3	832.399	634.205
1.5.1 Trading financial assets		762	1.111
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		607.256	360.056
1.5.4 Held to maturity investments		224.381	273.038
1.6 Financial lease income		-	-
1.7 Other interest income		163	158
II. Interest expense	4.2	(3.175.946)	(2.468.542)
2.1 Interest on deposits	4.2.4	(2.528.086)	(1.919.355)
2.2 Interest on funds borrowed	4.2.1	(322.880)	(245.154)
2.3 Interest expense on money market transactions		(125.148)	(160.235)
2.4 Interest on securities issued	4.2.3	(198.285)	(141.549)
2.5 Other interest expenses		(1.547)	(2.249)
III. Net interest income (I + II)		2.212.129	2.065.170
IV. Net fees and commissions income		757.203	670.630
4.1 Fees and commissions received		1.006.611	872.465
4.1.1 Non-cash loans		135.155	117.395
4.1.2 Other	4.5	871.456	755.070
4.2 Fees and commissions paid		(249.408)	(201.835)
4.2.1 Non-cash loans		(35)	(27)
4.2.2 Other		(249.373)	(201.808)
V. Dividend income		-	-
VI. Trading gain/(loss) (net)	4.3	(224.256)	30.038
6.1 Trading gains/(losses) on securities		3.453	(5.947)
6.2 Derivative financial transactions gains/(losses)	4.4	(161.613)	66.788
6.3 Foreign exchange gains/(losses)		(66.096)	(30.803)
VII. Other operating income	4.5	249.966	39.506
VIII. Total operating income (III+IV+V+VI+VII)		2.995.042	2.805.344
IX. Provision for impairment of loans and other receivables (-)	4.6	(821.468)	(625.900)
X. Other operating expenses (-)	4.7	(1.293.266)	(1.310.173)
XI. Net operating income/(loss) (VIII-IX-X)		880.308	869.271
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		144.040	127.543
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)		1.024.348	996.814
XVI. Tax provision for continuing operations (±)	4.8	(182.980)	(186.133)
16.1 Current tax provision		(34.880)	(195.578)
16.2 Deferred tax provision		(148.100)	9.445
XVII. Net profit/loss from continuing operations (XV±XVI)		841.368	810.681
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit/losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI. Tax provision for discontinued operations (±)	4.8	-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	4.9	841.368	810.681
Earnings/(loss) per share (full TL)		0,0019	0,0019

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

Unconsolidated financial statements as of September 30, 2017 and 2016

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

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

		Current Period (30/09/2017)	Prior Period (30/09/2016)
Income and expense items accounted under shareholders' equity			
I.	Transfers to marketable securities valuation differences from financial assets available for sale	277.358	261.412
II.	Property and equipment revaluation differences	(1.371)	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	756	14.331
V.	Profit /loss on cash flow hedges (effective part of the fair value changes)	(1.476)	(849.064)
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	(190.723)	(67.627)
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	5.470	110.591
IX.	Deferred tax on valuation differences	29.656	104.826
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	119.670	(425.531)
XI.	Current year profit/loss	2.734.566	2.362.819
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	39.888	249.064
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	163.093	(2.398)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	2.531.585	2.116.153
XII.	Total income/loss accounted for the period (X+XI)	2.854.236	1.937.288

Unconsolidated statement of changes in shareholders' equity as of September 30, 2016

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

5. Statement of changes in shareholders' equity

Prior Period	Note	Adjustment	Share	Share	Legal	Status	Extra ord.	Other	Current	Prior	Marketable	Property and	Bonus	Hedging	Assets held	Total	
September 30, 2016	(Section five)	Paid-in capital	to share capital	premium	reserves	reserves	reserves	reserves	period net income/(loss)	period income/(loss)	securities Value increase fund	equipment and intangible assets revaluation fund	shares from investments	funds	for resale/ discontinued operations revaluation fund	shareholders' equity	
I. Period opening balance		4.347.051	-	543.881	-	751.512	-	11.148.251	1.194.298	1.860.545	-	1.560.959	1.449.056	15.107	213.351	-	23.084.011
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		4.347.051	-	543.881	-	751.512	-	11.148.251	1.194.298	1.860.545	-	1.560.959	1.449.056	15.107	213.351	-	23.084.011
Changes in the period																	
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	185.744	-	-	-	-	-	185.744
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	(733.353)	-	-	(733.353)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	(679.251)	-	-	(679.251)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	(54.102)	-	-	(54.102)
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	58	-	-	-	58
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	11.921	-	-	(455)	-	-	11.466
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	110.455	-	-	-	-	-	110.455
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		-	-	-	-	-	-	-	99	-	-	-	-	-	-	-	99
XIX. Current year income or loss		-	-	-	-	-	-	-	2.362.819	-	-	-	-	-	-	-	2.362.819
XX. Profit distribution		-	-	-	-	93.027	-	1.764.898	2.620	(1.860.545)	-	-	-	-	-	-	-
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	93.027	-	1.764.898	2.620	(1.860.545)	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+V +.....+IXX+XX)		4.347.051	-	543.881	-	844.539	-	12.913.149	1.197.017	2.362.819	-	1.869.079	1.449.056	15.165	(520.457)	-	25.021.299

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

Unconsolidated statement of changes in shareholders' equity as of September 30, 2017

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

5. Statement of changes in shareholders' equity

Current Period		Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
September 30, 2017																		
I.	Prior period end balance		4.347.051	-	543.881	-	844.539	-	12.913.149	1.199.164	2.932.795	-	1.710.409	1.449.056	15.165	163.338	-	26.118.547
	Changes in the period																	
II.	Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	221.886	-	-	-	-	221.886
IV.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(153.759)	-	(153.759)
4.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(1.181)	-	(1.181)
4.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(152.578)	-	(152.578)
V.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	(1.302)	-	-	-	(1.302)
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	1.106	-	-	1.106
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(760)	-	-	1.365	-	605
IX.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	238.218	-	-	-	-	238.218
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		-	-	-	-	-	-	-	(187.084)	-	-	-	-	-	-	-	(187.084)
XVII.	Current year income or loss		-	-	-	-	-	-	-	-	2.734.566	-	-	-	-	-	-	2.734.566
XVIII.	Profit distribution		-	-	-	-	24.871	-	2.761.874	146.050	(2.932.795)	-	-	-	-	-	-	-
18.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	24.871	-	2.761.874	146.050	(2.932.795)	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (I+II+III+...+XVI+XVII+XVIII)		4.347.051	-	543.881	-	869.410	-	15.675.023	1.158.130	2.734.566	-	2.169.753	1.447.754	16.271	10.944	-	28.972.783

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

Unconsolidated financial statements as of September 30, 2017 and 2016

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

6. Statement of cash flows

	Notes (Section Five)	Current Period (30/09/2017)	Prior Period (30/09/2016)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		6.605.229	4.531.761
1.1.1 Interest received		13.682.586	12.678.150
1.1.2 Interest paid		(8.746.427)	(7.326.908)
1.1.3 Dividend received		116.831	98.361
1.1.4 Fees and commissions received		3.014.874	2.689.235
1.1.5 Other income		783.559	265.888
1.1.6 Collections from previously written-off loans and other receivables		987.351	764.029
1.1.7 Payments to personnel and service suppliers		(3.364.917)	(3.180.108)
1.1.8 Taxes paid		(918.496)	(790.463)
1.1.9 Other		1.049.868	(666.423)
1.2 Changes in operating assets and liabilities		(5.899.682)	(6.018.900)
1.2.1 Net (increase)/decrease in trading securities		(7.127)	23.772
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(1.906.663)	(1.348.820)
1.2.4 Net (increase)/decrease in loans		(17.815.560)	(10.633.702)
1.2.5 Net (increase)/decrease in other assets		766.653	(1.275.947)
1.2.6 Net increase /(decrease) in bank deposits		(1.848.204)	(1.671.719)
1.2.7 Net increase /(decrease) in other deposits		8.069.947	10.175.502
1.2.8 Net increase /(decrease) in funds borrowed		7.482.160	(1.816.031)
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities		(640.888)	528.045
I. Net cash flows from banking operations		705.547	(1.487.139)
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(4.035.557)	5.617.767
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(250.821)	(245.961)
2.4 Disposals of property and equipment		39.316	55.375
2.5 Purchase of investments available-for-sale		(9.972.628)	(9.599.245)
2.6 Sale of investments available-for-sale		6.447.614	15.749.429
2.7 Purchase of investment securities		(322.063)	(341.897)
2.8 Sale of investment securities		23.025	66
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		2.215.985	(810.990)
3.1 Cash obtained from funds borrowed and securities issued		12.073.775	7.830.117
3.2 Cash used for repayment of funds borrowed and securities issued		(9.856.753)	(8.639.819)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(1.037)	(1.288)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents		513.871	169.620
V. Net increase in cash and cash equivalents (I+II+III+IV)		(600.154)	3.489.258
VI. Cash and cash equivalents at beginning of the period		13.957.819	8.319.936
VII. Cash and cash equivalents at end of the period		13.357.665	11.809.194

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

Section Three - Accounting policies

1. 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 amortized 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 preparation and fair presentation of the financial statement and used principles of valuation in accordance with "Accounting and Reporting Legislation" published in the regulation, communiqué, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TAS. The unconsolidated financial statements are prepared in accordance with BRSA and correspond to December 31, 2016.

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

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.

2. 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 TL 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.

3. 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 June 30, 2015. Any valuation differences arising from prior years, before January 1, 2015, are booked as "marketable securities valuation differences" under the equity. In the following periods, any valuation differences arising from the current period income and other comprehensive income are booked in profit and loss statement and "marketable securities valuation differences" under the equity, respectively. This accounting policy change is performed through an early adaption before the effective date of January 1, 2016 in accordance with the change of "TAS – 27 Turkish Accounting Standards for Individual Financial Statements" numbered 29321 on April 9, 2015 and confirmation by BRSA's letter numbered 10686 on July 14, 2015.

4. Explanations on forward and option 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.

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

Unconsolidated financial statements as of September 30, 2017

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

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 (amortized 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 "TAS – 39 Financial Instruments: Recognition and Measurement" 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 Financial Instruments: Recognition and Measurement" in case (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

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

As of September 30, 2017, 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 total return 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 Financial Instruments: Recognition and Measurement" 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.

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

Total return swaps are contracts, in which the seller commits to pay the contract value for all cash flows of the reference assets of the seller and the changes of the market values of these reference assets to the buyer during the contract maturity and bear all the decreases in the market value of the these reference assets. The Bank uses the total return swaps to generate long term funding.

Market risks of these products are monitored using the Bank's internal modelling 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 Financial Instruments: Recognition and Measurement", comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

5. 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.

6. 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.

7. 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.

7.1. 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.

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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.

7.2. 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 Financial Instruments: Recognition and Measurement", 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.

7.3. 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 are 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.

7.4. 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

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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.

8. 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 7. of this section.

9. 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.

10. 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.

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

According to the “ TFRS – 5 Non-current Assets Held for Sale and Discontinued Operations” , 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.

12. Explanations on goodwill and other intangible assets:

12.1. 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.

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. The goodwill resulting from the merger and calculated in line with “IFRS – 3 Business Combinations”, was recorded in the unconsolidated financial statements of the Bank.

In line with “IFRS – 3 Business Combinations”, 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 “TAS – 36 Impairment on Assets”. For the purposes of impairment testing, goodwill is allocated to each of the Bank’s cash-generating units that is expected to benefit from the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

12.2. Other intangible assets:

Other 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 “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:

Other intangible assets	20%
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13. 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 "TAS – 16 Property, Plant and Equipment". 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 Property, Plant and Equipment".

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

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

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

In accordance with "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.

14. Explanations on leasing transactions:

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

14.1 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".

14.2. 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.

15. 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 "TAS – 37 Provisions, Contingent Liabilities and Contingent Assets".

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.

16. Explanations on obligations related to employee rights:

16.1. Employee termination benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "TAS – 19 Employee Rights" 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 Employee Rights" standard.

16.2. 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

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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.

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.

16.3. Short term benefits of employee:

Within the scope of "TAS – 19 Employee Rights", 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.

17. Explanations on taxation:

17.1. 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.

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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.

17.2. 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 “TAS – 12 Income Taxes” 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.

17.3. Transfer pricing:

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

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

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

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18. Explanations on borrowings:

The financial liabilities classified at fair value through profit/loss, trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortized 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 amortized 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.

19. 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.

20. Explanations on avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "Off-balance sheet commitments".

21. 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 1.451 (December 31, 2016 - TL 1.451).

22. 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.

23. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) from continuing operations to be appropriated to ordinary shareholders	2.734.566	2.362.819
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share from continued operations (full TL)	0,0063	0,0054

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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 2017 (2016 - None).

24. 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 “TAS – 24 Related Parties”. The transactions with related parties are disclosed in detail in Note 7 of Section Five.

25. Explanations on operating segments:

Information about operating segments which are determined inline with “TFRS – 8 Operating Segments” together with organizational and internal reporting structure of the Bank, are disclosed in Note 10 of Section Four.

26. Explanations on other matters:

None.

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Section Four - Information related to financial position of the Bank

1. Explanations on equity:

The calculation of the own funds and the capital adequacy standart ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, “Regulation Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitizations” and “Regulation Regarding Banks’ Shareholders’ Equity”. The capital adequacy ratio of the Bank is 14,91% (December 31, 2016 – 14,21%).

1.1. Information on equity:

	Current Period	Amounts subject to treatment before 1/1/2014 ⁽¹⁾	Prior Period	Amounts subject to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL				
Paid-up Capital	4.347.051		4.347.051	
Share issue premiums	543.881		543.881	
Retained earnings	16.545.884		13.759.139	
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	5.548.392		5.185.457	
Profit	2.734.566		2.932.795	
Net profit of the period	2.734.566		2.932.795	
Profit of the previous years	-		-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	16.271		15.165	
Common Equity Tier 1 capital before regulatory adjustments	29.736.045		26.783.488	
Common Equity Tier 1 capital: regulatory adjustments				
Prudential valuation adjustments	23.986		18.141	
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	763.262		664.940	
Improvement costs for operating leasing	82.870		109.050	
Goodwill (net of related tax liability)	783.594	979.493	587.696	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	452.032	565.040	306.021	510.035
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-	
Cash-flow hedge reserve	379.334		379.150	
Shortfall of provisions to expected losses	-		-	
Securitisation gain on sale	-		-	
Gains and losses due to changes in own credit risk on fair valued liabilities	-		-	
Defined-benefit pension fund net assets	-		-	
Investments in own shares	-		-	
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-		-	
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 does not own more than 10% of the issued share capital (amount above 10% 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 owns 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 (amount above 10% threshold, net of related tax liability)	-		-	
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks’ Shareholders’ Equity	-		-	
The amount above threshold for the 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 owns more than 10% of the issued share capital	514.140		455.257	
The amount above threshold for mortgage servicing rights	-		-	
The amount above threshold for deferred tax assets arising from temporary differences	-		-	
National specific regulatory adjustments which shall be determined by the BRSA	-		-	
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		-	
Total regulatory adjustments to Common equity Tier 1	2.999.218		2.520.255	
Common Equity Tier 1 capital (CET1)	26.736.827		24.263.233	

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

ADDITIONAL TIER 1 CAPITAL	Amounts subject to treatment			
	Current Period	Amounts subject to treatment before 1/1/2014 ⁽¹⁾	Prior Period	Amounts subject to treatment before 1/1/2014 ⁽¹⁾
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	-	-	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-	-	-
Additional Tier 1 capital before regulatory adjustments	-	-	-	-
Additional Tier 1 capital: regulatory adjustments	-	-	-	-
Investments in own Additional Tier 1 instruments	-	-	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-
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 does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	308.907	-	595.811	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-	-	-
Total Additional Tier 1 capital	-	-	-	-
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	26.427.920		23.667.422	
TIER 2 CAPITAL				
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	5.523.516		5.472.356	
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	888.800		1.066.560	
Provisions (Article 8 of the Regulation on the Equity of Banks)	2.737.736		2.689.286	
Tier 2 capital before regulatory adjustments	9.150.052		9.228.202	
Tier 2 capital: regulatory adjustments				
Direct and indirect investments of the Bank on its own Tier 2 Capital (-)	-		-	
Investments of the Bank to banks that invest on the Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	70.293		109.452	
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 does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-		-	
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-		-	
National specific regulatory adjustments which shall be determined by the BRSA	-		-	
Total regulatory adjustments to Tier 2 capital	70.293		109.452	
Total Tier 2 capital	9.079.759		9.118.750	
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	35.333.423		32.567.023	
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)				
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	4.058		13.431	
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition ⁽²⁾	-		11.868	
National specific regulatory adjustments which shall be determined by the BRSA	170.198		193.850	
Regulatory Adjustments which will be deducted from Total Capital during the transition period				
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 does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-		-	

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OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	35.333.423	32.567.023
Total Risk Weighted Assets	237.061.679	229.213.155
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	11,28	10,59
Tier 1 Capital Adequacy Ratio (%)	11,15	10,33
Capital Adequacy Ratio (%)	14,91	14,21
BUFFERS		
Institution specific buffer requirement of the Bank(a+b+c)	1,261	0,633
a) Capital conservation buffer requirement (%)	1,250	0,625
b) Bank's specific countercyclical buffer requirement (%)	0,011	0,008
c) Systemically important Bank buffer (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,278	4,588
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	-	-
Significant investments in the common stock of financials	-	-
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	1.178.076	1.126.265
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.186.480	3.042.320
Up to 1.25% of total risk-weighted amount of general provisions for receivables where the standard approach used	2.737.736	2.689.286
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	-

(1) The specified amounts are the figures calculated for the items subject to the phasing.

(2) According to the "Regulation Regarding to changes on Regulation on Banks' Shareholders' Equity" published in Official Gazette No.30121 on July 11, 2017, related article has been abolished.

Yapı ve Kredi Bankası A.Ş.

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1.2. Details on Subordinated Liabilities:

	1	2	3	4
Issuer	UNICREDIT SPA	UNICREDIT SPA	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	XS0861979440/ US984848AB73	XS1376681067
Governing law(s) of the instrument	BRSA / Austria Law	BRSA / Austria Law	BRSA / CMB / LONDON STOCK EXCHANGE / English Law	English Law / Turkish Law
	Regulatory treatment			
Transitional Basel III rules	No	No	Yes	No
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	Bond	Bond
Amount recognised in regulatory capital (Currency in mil. as of most recent reporting date)	2,078	1,669	889	1,776
Par value of instrument	2,078	1,669	3,552	1,776
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	January 9, 2013	December 18, 2013	December 6, 2012	March 8, 2016
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	-	-
	Coupons / dividends			
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate and any related index	5,7%	6,55% (5 Year MidSwap+ 4,88% coupon)	5,5%	8,625% (5 Year MidSwap+ 7,40% coupon)
Existence of a dividend stopper	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	-	No interest accrue after the date of value decrease for the decreased amount
Fully discretionary, partially discretionary or mandatory	-	-	-	Mandatory
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative
	Convertible or non-convertible			
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			
If write-down, write-down trigger(s)	-	-	-	In case of default
If write-down, full or partial	-	-	-	Partial
If write-down, permanent or temporary	-	-	-	Permanent
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	No
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-	-	8-2-ğ	-

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- 1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, general provision up to 1,25% credit risk is taken into consideration as Tier II Capital, the losses that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the “Regulation Regarding Banks’ Shareholders’ Equity” are considered in the own funds. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article and in the provisional fourth article of the “Regulation Regarding Banks’ Shareholders’ Equity”.

2. Explanations on Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal Rating-Based (IRB) approach, have not been presented.

2.1. General Information on Risk Management and Risk Weighted Amount**2.1.1. Overview of Risk Weighted Assets**

	Risk Weighted Assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	213.141.968	211.778.102	17.051.357
2 Of which standardised approach (SA)	213.141.968	211.778.102	17.051.357
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	5.837.927	3.364.835	467.034
5 Of which standardised approach for counterparty credit risk (SA-CCR)	5.837.927	3.364.835	467.034
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity investments in funds – look-through approach	38.995	-	3.120
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach	-	-	-
11 Settlement risk	-	-	-
12 Securitisation exposures in banking book	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	1.448.691	960.279	115.895
17 Of which standardised approach (SA)	1.448.691	960.279	115.895
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	16.594.098	13.109.939	1.327.528
20 Of which Basic Indicator Approach	16.594.098	13.109.939	1.327.528
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	237.061.679	229.213.155	18.964.934

3. 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 8.

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

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	3,5521	4,1924
First day current bid rate	3,5720	4,2023
Second day current bid rate	3,5657	4,1891
Third day current bid rate	3,5344	4,1747
Fourth day current bid rate	3,5162	4,1818
Fifth day current bid rate	3,4862	4,1763
Arithmetic average of the last 30 days:	3,4619	4,1381
Balance sheet evaluation rate as of prior period:	3,5192	3,7099

Current Period	EUR	USD	OTHER FC ⁽⁴⁾	Total
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.710.090	16.661.567	4.706.817	28.078.474
Banks	877.605	750.573	78.294	1.706.472
Financial assets at fair value through profit or loss	103.927	363.534	11	467.472
Money market placements	754.632	-	-	754.632
Available-for-sale financial assets	651.385	2.218.699	3	2.870.087
Loans ⁽¹⁾	31.512.150	38.531.773	1.060.484	71.104.407
Investments in associates, subsidiaries and joint ventures	1.694.408	370.658	495.822	2.560.888
Held-to-maturity investments	213.162	5.605.013	-	5.818.175
Hedging derivative financial assets	41.523	62.308	1	103.832
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	1.083.185	696.707	217.127	1.997.019
Total assets	43.642.067	65.260.832	6.558.559	115.461.458
Liabilities				
Bank deposits	436.896	2.789.564	70.319	3.296.779
Foreign currency deposits	27.834.780	55.943.822	2.312.214	86.090.816
Funds from money market	196.154	307.171	-	503.325
Funds borrowed from other financial institutions	13.267.587	16.614.714	99.415	29.981.716
Marketable securities issued	131.245	9.375.593	123.186	9.630.024
Miscellaneous payables	1.078.442	243.791	10.581	1.332.814
Hedging derivative financial liabilities	15.643	9.944	-	25.587
Other liabilities ⁽³⁾	236.127	9.688.345	2.990	9.927.462
Total liabilities	43.196.874	94.972.944	2.618.705	140.788.523
Net on-balance sheet position	445.193	(29.712.112)	3.939.854	(25.327.065)
Net off-balance sheet position⁽⁵⁾	(322.891)	30.085.221	(3.480.381)	26.281.949
Financial derivative assets	20.474.941	89.596.573	2.797.299	112.868.813
Financial derivative liabilities	20.797.832	59.511.352	6.277.680	86.586.864
Net Position	122.302	373.109	459.473	954.884
Non-cash loans	22.180.492	25.007.733	3.851.936	51.040.161
Prior Period				
Total assets	40.657.310	63.460.087	6.519.067	110.636.464
Total liabilities	39.718.998	75.362.762	2.715.576	117.797.336
Net on-balance sheet position	938.312	(11.902.675)	3.803.491	(7.160.872)
Net off-balance sheet position	(832.134)	12.068.488	(3.518.499)	7.717.855
Financial derivative assets	13.395.951	37.803.271	1.745.288	52.944.510
Financial derivative liabilities	14.228.085	25.734.783	5.263.787	45.226.655
Net Position	106.178	165.813	284.992	556.983
Non-cash loans	18.440.614	24.361.198	3.452.146	46.253.958

(1) Includes FX indexed loans amounting to TL 5.258.274 (December 31, 2016 – TL 5.733.763) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 132.160 (December 31, 2016 - TL 118.870).

(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 includes also gold balance.

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

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4. 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/FC 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.

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	19.550.188	-	-	-	-	12.924.544	32.474.732
Banks	505.771	232.178	-	-	-	1.201.216	1.939.165
Financial assets at fair value through profit/loss	944.566	951.253	607.364	374.810	187.181	-	3.065.174
Money market placements	754.632	-	-	-	-	-	754.632
Available-for-sale financial assets	3.324.624	3.198.396	8.579.959	5.487.086	2.216.807	173.525	22.980.397
Loans	34.280.754	32.820.814	51.980.482	53.720.693	11.322.484	1.847.006	185.972.233
Held-to-maturity investments	1.447.968	-	1.409.220	1.210.914	6.951.211	-	11.019.313
Other assets	-	478.767	12.600	442.652	103.116	13.123.364	14.160.499
Total assets	60.808.503	37.681.408	62.589.625	61.236.155	20.780.799	29.269.655	272.366.145
Liabilities							
Bank deposits	3.996.585	245.831	-	-	-	928.854	5.171.270
Other deposits	86.261.256	32.961.806	8.019.002	43.256	-	27.994.479	155.279.799
Funds from money market	10.430.639	826	196.158	-	-	-	10.627.623
Miscellaneous payables	-	-	-	-	-	11.317.595	11.317.595
Marketable securities issued	594.976	717.115	493.986	8.108.818	1.848.221	-	11.763.116
Funds borrowed from other financial institutions	5.948.718	15.210.528	7.977.172	587.731	788.428	-	30.512.577
Other liabilities ⁽¹⁾	546.855	619.837	445.854	837.096	9.328.861	35.915.662	47.694.165
Total liabilities	107.779.029	49.755.943	17.132.172	9.576.901	11.965.510	76.156.590	272.366.145
Balance sheet long position	-	-	45.457.453	51.659.254	8.815.289	-	105.931.996
Balance sheet short position	(46.970.526)	(12.074.535)	-	-	-	(46.886.935)	(105.931.996)
Off-balance sheet long position	-	-	-	3.399.986	3.914.814	-	7.314.800
Off-balance sheet short position	(957.542)	(4.299.297)	(2.554.378)	-	-	-	(7.811.217)
Total position	(47.928.068)	(16.373.832)	42.903.075	55.059.240	12.730.103	(46.886.935)	(496.417)

(1) Shareholders' equity is presented under "Non interest bearing" column.

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	18.675.878	-	-	-	-	13.704.688	32.380.566
Banks	19.714	128.674	25.859	-	-	1.274.445	1.448.692
Financial assets at fair value through profit/loss	1.071.266	812.302	417.210	428.581	288.924	-	3.018.283
Money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	2.391.170	4.113.076	5.781.364	3.434.254	2.395.084	165.258	18.280.206
Loans	27.707.389	31.050.486	53.350.202	38.322.482	20.075.698	2.117.960	172.624.217
Held-to-maturity investments	-	868.075	1.408.356	1.029.134	7.358.986	-	10.664.551
Other assets	366.743	900.005	-	-	-	13.136.275	14.403.023
Total assets	50.232.160	37.872.618	60.982.991	43.214.451	30.118.692	30.398.626	252.819.538
Liabilities							
Bank deposits	5.919.171	149.871	39.489	-	-	913.799	7.022.330
Other deposits	88.898.651	25.652.977	7.606.486	32.122	-	25.062.290	147.252.526
Funds from money market	4.377.375	170.828	1.309.585	-	-	-	5.857.788
Miscellaneous payables	-	-	-	-	-	10.637.009	10.637.009
Marketable securities issued	444.124	2.996.378	367.845	5.399.026	37.345	-	9.244.718
Funds borrowed from other financial institutions	5.671.496	14.364.610	6.878.955	348.815	730.986	-	27.994.862
Other liabilities ⁽¹⁾	582.033	338.147	585.782	905.012	9.272.345	33.126.986	44.810.305
Total liabilities	105.892.850	43.672.811	16.788.142	6.684.975	10.040.676	69.740.084	252.819.538
Balance sheet long position	-	-	44.194.849	36.529.476	20.078.016	-	100.802.341
Balance sheet short position	(55.660.690)	(5.800.193)	-	-	-	(39.341.458)	(100.802.341)
Off-balance sheet long position	10.007.647	17.277.542	-	-	-	-	27.285.189
Off-balance sheet short position	-	-	(2.369.717)	(16.390.916)	(8.159.895)	-	(26.920.528)
Total position	(45.653.043)	11.477.349	41.825.132	20.138.560	11.918.121	(39.341.458)	364.661

(1) Shareholders' equity is presented under "Non interest bearing"

4.2. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	1,25	-	9,17
Banks	0,13	1,15	-	13,24
Financial assets at fair value through profit/loss	2,91	5,14	-	11,88
Money market placements	-	-	-	-
Available-for-sale financial assets	4,04	5,32	-	12,41
Loans	4,43	6,30	4,83	13,79
Held-to-maturity investments	5,20	5,43	-	11,50
Liabilities⁽¹⁾				
Bank deposits	1,19	1,31	-	12,18
Other deposits	1,75	3,36	1,54	12,95
Funds from money market	-	1,74	-	11,95
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,44	5,22	-	12,55
Funds borrowed from other financial institutions	1,14	2,91	2,64	8,05

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

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Prior Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	0,49	-	3,31
Banks	0,58	-	-	10,42
Financial assets at fair value through profit/loss	3,06	3,69	-	9,92
Money market placements	-	-	-	-
Available-for-sale financial assets	4,30	5,46	-	9,57
Loans	4,20	5,95	4,97	13,18
Held-to-maturity investments	5,20	5,43	-	9,46
Liabilities⁽¹⁾				
Bank deposits	0,89	1,56	-	11,12
Other deposits	1,52	2,91	1,41	10,74
Funds from money market	-	1,13	-	7,82
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,74	5,25	0,35	9,06
Funds borrowed from other financial institutions	0,86	2,34	3,16	9,48

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

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

None.

6. 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 the 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 the 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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Funding sources of the Bank mainly consist of deposits which constitute 59% of total liabilities of the Bank (31 December 2016 – 61%) 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.

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 below.

	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			48.407.862	27.384.826
Cash Outflows				
Retail and Small Business Customers Deposits	81.510.101	33.927.246	7.178.314	3.392.670
Stable deposits	19.453.907	1.110	972.695	56
Less stable deposits	62.056.194	33.926.136	6.205.619	3.392.614
Unsecured Funding other than Retail and Small Business Customers Deposits	66.128.431	33.979.728	36.742.422	17.659.563
Operational deposits	-	-	-	-
Non-Operational deposits	53.445.702	30.164.816	26.794.248	14.092.726
Other Unsecured funding	12.682.729	3.814.912	9.948.174	3.566.837
Secured funding				
Other Cash Outflows	20.444.371	17.213.564	20.444.371	17.213.564
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	20.444.371	17.213.564	20.444.371	17.213.564
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	80.502.915	54.480.642	4.025.146	2.724.032
Other irrevocable or conditionally revocable commitments	66.466.882	12.685.913	4.826.543	882.516
Total Cash Outflows			73.216.796	41.872.345
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	17.825.351	5.299.612	11.059.922	4.164.089
Other contractual cash inflows	18.914.708	24.503.866	18.914.708	24.503.866
Total Cash Inflows	36.740.059	29.803.478	29.974.630	28.667.955
			Capped Amounts	
Total High Quality Liquid Assets			48.407.862	27.384.826
Total Net Cash Outflows			43.242.166	13.204.390
Liquidity Coverage Ratio (%)			111,95	207,39

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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.

Current Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	September 29, 2017	July 28, 2017	August 11, 2017	August 18, 2017
Ratio(%)	112,33	102,72	273,79	123,08

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 dated 2016.

Prior Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			35.129.581	21.498.931
Cash Outflows				
Retail and Small Business Customers Deposits	68.672.303	25.233.255	5.972.464	2.523.295
Stable deposits	17.895.319	616	894.766	31
Less stable deposits	50.776.984	25.232.639	5.077.698	2.523.264
Unsecured Funding other than Retail and Small Business Customers Deposits	60.213.570	29.033.655	33.439.165	14.736.867
Operational deposits	-	-	-	-
Non-Operational deposits	49.565.700	26.073.260	24.884.593	11.776.472
Other Unsecured funding	10.647.870	2.960.395	8.554.572	2.960.395
Secured funding	-	-	-	-
Other Cash Outflows	13.792.956	12.441.581	13.792.956	12.441.581
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	13.792.956	12.441.581	13.792.956	12.441.581
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	57.284.824	36.261.253	2.864.241	1.813.063
Other irrevocable or conditionally revocable commitments	57.738.358	9.613.934	4.148.299	614.209
Total Cash Outflows			60.217.125	32.129.015
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	17.685.500	5.527.070	11.254.271	4.394.788
Other Contractual Cash Inflows	12.706.944	9.919.938	12.706.944	9.919.938
Total Cash Inflows	30.392.444	15.447.008	23.961.215	14.314.726
			Capped Amounts	
Total High Quality Liquid Assets			35.129.581	21.498.931
Total Net Cash Outflows			36.255.910	17.814.289
Liquidity Coverage Ratio (%)			96,89	120,68

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.

Prior Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	11 November 2016	7 October 2016	28 October 2016	18 November 2016
Ratio(%)	96,77	87,98	145,26	107,51

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Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	8.392.750	24.081.982	-	-	-	-	-	32.474.732
Banks	1.201.216	505.771	232.178	-	-	-	-	1.939.165
Financial assets at fair value through profit or loss	-	685.996	496.503	750.272	747.822	384.581	-	3.065.174
Money market placements	-	754.632	-	-	-	-	-	754.632
Available-for-sale financial assets	81.634	238.941	329.054	1.252.839	12.848.793	8.137.245	91.891	22.980.397
Loans	-	30.960.029	19.909.185	46.235.444	66.790.473	20.230.096	1.847.006	185.972.233
Held-to-maturity investments	-	1.043.972	-	151.557	1.868.787	7.954.997	-	11.019.313
Other assets ⁽¹⁾	1.749.146	-	-	12.600	921.419	103.116	11.374.218	14.160.499
Total assets	11.424.746	58.271.323	20.966.920	48.402.712	83.177.294	36.810.035	13.313.115	272.366.145
Liabilities								
Bank deposits	928.854	3.996.585	245.831	-	-	-	-	5.171.270
Other deposits	27.994.479	86.261.256	32.961.806	8.019.002	43.256	-	-	155.279.799
Funds borrowed from other financial institutions	-	5.571.467	1.910.196	12.406.517	6.205.764	4.418.633	-	30.512.577
Funds from money market	-	10.430.639	826	196.158	-	-	-	10.627.623
Marketable securities issued	-	594.976	717.115	493.986	8.108.818	1.848.221	-	11.763.116
Miscellaneous payables	763.273	10.358.723	50.802	-	-	-	144.797	11.317.595
Other liabilities ⁽²⁾	1.587.937	365.341	890.156	654.205	1.480.488	9.469.278	33.246.760	47.694.165
Total liabilities	31.274.543	117.578.987	36.776.732	21.769.868	15.838.326	15.736.132	33.391.557	272.366.145
Net liquidity gap	(19.849.797)	(59.307.664)	(15.809.812)	26.632.844	67.338.968	21.073.903	(20.078.442)	-
Net Off-Balance Sheet Position	-	45.739	(59.494)	(387.656)	292.571	(387.577)	-	(496.417)
Derivative Financial Assets	-	54.124.978	27.768.243	32.964.817	51.550.856	19.596.680	-	186.005.574
Derivative Financial Liabilities	-	54.079.239	27.827.737	33.352.473	51.258.285	19.984.257	-	186.501.991
Non-Cash Loans	-	2.831.676	7.360.389	28.320.226	10.233.623	4.523.365	22.646.944	75.916.223
Prior Period								
Total assets	13.583.997	48.167.457	21.995.528	41.808.354	55.612.356	58.088.502	13.563.344	252.819.538
Total liabilities	28.758.675	110.211.261	30.778.700	25.984.664	11.850.030	14.845.648	30.390.560	252.819.538
Liquidity gap	(15.174.678)	(62.043.804)	(8.783.172)	15.823.690	43.762.326	43.242.854	(16.827.216)	-
Net Off-Balance Sheet Position	-	(58.407)	153.940	297.139	279.255	(307.266)	-	364.661
Derivative Financial Assets	-	33.364.178	15.344.691	19.342.430	38.274.123	19.688.420	-	126.013.842
Derivative Financial Liabilities	-	33.422.585	15.190.751	19.045.291	37.994.868	19.995.686	-	125.649.181
Non-Cash Loans	-	2.385.544	8.127.694	19.427.721	11.874.230	4.247.343	21.806.008	67.868.540

(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.

7. 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 ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	261.948.084	239.511.702
(Asset amounts deducted in determining Tier 1 capital)	(2.798.862)	(2.548.041)
Total on-Balance sheet exposures	259.149.222	236.963.661
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	1.055.631	1.142.150
Potential credit risk of derivative financial instruments and credit derivatives	3.360.503	2.600.580
Total derivative financial instruments and credit derivatives exposure	4.416.134	3.742.730
Securities financing transaction exposure		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	716.577	535.578
Agent transaction exposures	-	-
Total securities financing transaction exposures	716.577	535.578
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	200.847.117	148.310.644
(Adjustments for conversion to credit equivalent amounts)	(15.328.955)	(10.254.102)
Total risk of off-balance sheet items	185.518.162	138.056.542
Capital and total exposure		
Tier 1 capital	26.225.445	23.511.821
Total exposures	449.800.095	379.298.511
Leverage ratio		
Leverage ratio (%)	5,87	6,21

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

8. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of September 30, 2017: Fair Value Hedge (“FVH”) and 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 September 30, 2017 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Hedging instrument						
Interest rate swap/ Cross currency interest rate swap (CFH)	33.511.840	1.037.135	84.999	24.782.222	963.417	38.839
Cross currency interest rate swap	915.485	-	125.423	962.773	205.519	49.949
Total	34.427.325	1.037.135	210.422	25.744.995	1.168.936	88.788

(1) Only the “sell” legs of the related derivatives are presented with the addition of the “buy” legs of these derivatives amounting to TL 34.719.020 (December 31, 2016 – TL 26.381.740) the total notional of derivative financial assets amounting to TL 69.146.345 (December 31, 2016 – TL 52.126.735) 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 3, Part 4.

Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using cross-currency interest rate swaps.

Starting from July 28, 2015, the Parent Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using cross-currency interest rate swaps.

The Bank selected to apply macro FVH accounting for such relationship in accordance with “TAS – 39 Financial Instruments: Recognition and Measurement”.

The impact of application of FVH accounting is summarized below:

Current Period						Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		
				Asset	Liability	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	17.384	-	125.423	13.050

Prior Period						Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		
				Asset	Liability	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	4.334	205.519	49.949	14.710

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 5.158 loss (December 31, 2016- TL 2.528 income).

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with “TAS 39- Financial Instruments: Recognition and Measurement” and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with “TAS 39- Financial Instruments: Recognition and Measurement”, 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 and the effectiveness of risk relationships are measured. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts within the remaining maturity. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method within the remaining maturity.

Cash flow hedge accounting:

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

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	1.037.135	84.999	379.334	184
Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	963.417	38.839	379.150	111.185

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 2.606 income (December 31, 2016 – TL 5.290 income).

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 Financial Instruments: Recognition and Measurement" and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with "TAS – 39 Financial Instruments: Recognition and Measurement", 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 effectiveness range 80%-125%) 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 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 EURO denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at September 30, 2017 is EUR 404 million (December 31, 2016 - EUR 386 million.)

9. 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.

10. Explanations on operating segments:

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

- Retail Banking
- Corporate and Commercial Banking
- Private Banking and Wealth Management.

The Bank's Retail Banking activities include card payment systems, 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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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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:

	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, asset-liability management and other	Total operations of the Bank
Current Period					
Operating revenue	3.414.434	2.437.953	213.144	3.273.479	9.339.010
Operating expenses	(3.354.921)	(658.119)	(79.302)	(2.332.327)	(6.424.669)
Net operating income / (expense)	59.513	1.779.834	133.842	941.152	2.914.341
Dividend income ⁽¹⁾	-	-	-	2.165	2.165
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	-	429.960	429.960
Profit before tax	59.513	1.779.834	133.842	1.373.277	3.346.466
Tax provision expense ⁽¹⁾	-	-	-	(611.900)	(611.900)
Net period income	59.513	1.779.834	133.842	761.377	2.734.566
Net profit	59.513	1.779.834	133.842	761.377	2.734.566
Segment asset	77.472.623	93.094.981	171.371	96.380.873	267.119.848
Investments in associates, subsidiaries and joint ventures	-	-	-	5.246.297	5.246.297
Total assets	77.472.623	93.094.981	171.371	101.627.170	272.366.145
Segment liabilities	70.377.371	57.267.660	30.625.868	85.122.463	243.393.362
Shareholders' equity	-	-	-	28.972.783	28.972.783
Total liabilities	70.377.371	57.267.660	30.625.868	114.095.246	272.366.145

	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, asset-liability management and other	Total operations of the Bank
Prior Period⁽²⁾					
Operating revenue	3.278.257	2.057.652	173.367	2.830.516	8.339.792
Operating expenses	(3.069.357)	(643.800)	(74.440)	(1.974.281)	(5.761.878)
Net operating income / (expense)	208.900	1.413.852	98.927	856.235	2.577.914
Dividend income ⁽¹⁾	-	-	-	1	1
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	-	348.120	348.120
Profit before tax	208.900	1.413.852	98.927	1.204.356	2.926.035
Tax provision expense ⁽¹⁾	-	-	-	(563.216)	(563.216)
Net period income	208.900	1.413.852	98.927	641.140	2.362.819
Net profit	208.900	1.413.852	98.927	641.140	2.362.819
Segment asset	71.341.470	88.591.658	156.652	88.036.974	248.126.754
Investments in associates, subsidiaries and joint ventures	-	-	-	4.692.784	4.692.784
Total assets	71.341.470	88.591.658	156.652	92.729.758	252.819.538
Segment liabilities	61.218.411	55.827.497	32.536.775	77.118.308	226.700.991
Shareholders' equity	-	-	-	26.118.547	26.118.547
Total liabilities	61.218.411	55.827.497	32.536.775	103.236.855	252.819.538

(1) Related items have not been distributed based on operating segments and presented under “Treasury, Asset-Liability Management and Other”.

(2) Income statement information disclosed above shows September 30, 2016 results.

Section Five - Explanations and notes related to unconsolidated financial statements

1. Explanations and notes related to assets

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

1.1.1 Information on cash and the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.337.564	962.681	1.451.282	1.202.894
The CBRT ⁽¹⁾	3.058.694	27.115.723	7.600.149	22.123.910
Other	-	70	-	2.331
Total	4.396.258	28.078.474	9.051.431	23.329.135

(1) The balance of gold amounting to TL 4.639.236 is accounted for under the Central Bank foreign currency account (December 31, 2016 - TL 4.784.973).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	1.159.649	4.932.786	7.600.149	196.747
Time unrestricted amount	1.899.045	-	-	-
Time restricted amount	-	398.278	-	2.107.234
Reserve requirement ⁽²⁾	-	21.784.659	-	19.819.929
Total	3.058.694	27.115.723	7.600.149	22.123.910

(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".

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

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, 2016 - None).

1.3. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	299.584	-	378.431	-
Swap transactions ⁽¹⁾	2.149.759	376.332	2.167.698	313.748
Futures transactions	-	-	-	-
Options	119.671	75.978	87.886	33.807
Other	-	-	-	-
Total	2.569.014	452.310	2.634.015	347.555

(1) Includes Credit Default Swaps

1.4. Information on banks:

1.4.1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	209.475	213.140	32.531	6.717
Foreign ⁽¹⁾	23.218	1.493.332	800	1.408.644
Head quarters and branches abroad	-	-	-	-
Total	232.693	1.706.472	33.331	1.415.361

(1) The balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 109 (December 31, 2016 - TL 14.668).

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Notes to unconsolidated financial statements at September 30, 2017

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

1.5. 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 4.538.260 (December 31, 2016 - TL 1.561.834) and available-for-sale financial assets subject to repo transactions amounts to TL 4.827.549 (December 31, 2016 – TL 3.651.723).

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

	Current Period	Prior Period
Debt securities	22.980.272	18.313.621
Quoted on stock exchange	22.146.132	17.498.849
Not quoted ⁽¹⁾	834.140	814.772
Share certificates	137.210	113.936
Quoted on stock exchange	-	-
Not quoted ⁽²⁾	137.210	113.936
Impairment provision (-) ⁽³⁾	(218.719)	(243.991)
Other ⁽⁴⁾	81.634	96.640
Total	22.980.397	18.280.206

(1) Includes credit linked notes amounting to TL 410.708. (December 31, 2016 - TL 395.756)

(2) After the completion of the acquisition of Visa Europe by Visa Inc., 18.871 Series C Visa Inc. preferred shares have been allocated to the Bank.

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

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

1.7. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	8.783	1.396.783	105.720	1.158.561
Loans granted to employees	151.334	101	148.674	103
Total	160.117	1.396.884	254.394	1.158.664

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

	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	
Cash Loans		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	178.910.510	3.056.509	-	5.214.717	2.344.178	150.698
Loans given to enterprises	90.488.463	1.203.696	-	1.657.647	1.006.669	114.714
Export loans	7.532.219	151.550	-	105.450	56.386	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.956.274	-	-	-	-	-
Consumer loans	32.660.903	801.406	-	1.062.655	257.059	20.312
Credit cards	23.382.320	639.124	-	398.872	160.823	10.701
Other ⁽¹⁾	21.890.331	260.733	-	1.990.093	863.241	4.971
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	178.910.510	3.056.509	-	5.214.717	2.344.178	150.698

(1) Fair value differences of the hedged item amounting to TL 13.584 are classified in other loans as explained in Note 8, Section 4.

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Notes to unconsolidated financial statements at September 30, 2017

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

Number of modifications made to extend payment plan⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	2.758.495	1.915.791
Extended by 3,4 or 5 times	271.038	399.905
Extended by more than 5 times	26.976	28.482
Total	3.056.509	2.344.178

Extended period of time⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	420.094	173.191
6 - 12 Months	138.959	160.089
1 - 2 Years	225.174	227.930
2 - 5 Years	1.559.814	939.331
5 Years and over	712.468	843.637
Total	3.056.509	2.344.178

- (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 50 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. 39 of them were restructured once or twice, 7 of them were structured three, four or five times, 4 of them were structured more than five times.
- (3) There is no loan which is subject to the temporary article 7 of the amendment of Provisioning Regulation dated on September 21, 2012.
- (4) There are 540 loans restructured in accordance with temporary article 10 subsection of the amendment of Provisioning Regulation dated August 5, 2016 with maturities until 0-6 months, 6-12 months and 1-2 years, 2-5 years, 5 years and over. 461 of them were restructured once or twice, 63 of them were restructured three, four or five times, 16 of them were structured more than five times.

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	297.768	31.892.022	32.189.790
Real estate loans	5.599	13.687.885	13.693.484
Automotive loans	11.334	369.191	380.525
Consumer loans	280.835	17.834.946	18.115.781
Consumer loans-FC indexed	-	23.908	23.908
Real estate loans	-	23.472	23.472
Automotive loans	-	-	-
Consumer loans	-	436	436
Individual credit cards-TL	16.091.796	819.764	16.911.560
With installments	8.610.719	809.114	9.419.833
Without installments	7.481.077	10.650	7.491.727
Individual credit cards-FC	12.623	-	12.623
With installments	-	-	-
Without installments	12.623	-	12.623
Personnel loans-TL	4.656	58.697	63.353
Real estate loans	43	2.222	2.265
Automotive loans	10	158	168
Consumer loans	4.603	56.317	60.920
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Personnel credit cards-TL	85.566	524	86.090
With installments	42.593	524	43.117
Without installments	42.973	-	42.973
Personnel credit cards-FC	402	-	402
With installments	-	-	-
Without installments	402	-	402
Credit deposit account-TL (real person)⁽¹⁾	1.446.507	-	1.446.507
Total	17.939.318	32.794.915	50.734.233

- (1) TL 1.489 of the credit deposit account belongs to the loans used by personnel.

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

	Current Period		
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	805.002	14.620.646	15.425.648
Business loans	5.641	1.186.158	1.191.799
Automotive loans	44.454	1.149.527	1.193.981
Consumer loans	754.907	12.284.961	13.039.868
Commercial installments loans-FC indexed	8.554	182.256	190.810
Business loans	-	13.526	13.526
Automotive loans	-	46.339	46.339
Consumer loans	8.554	122.391	130.945
Corporate credit cards-TL	6.767.140	2.824	6.769.964
With installment	4.372.460	1.471	4.373.931
Without installment	2.394.680	1.353	2.396.033
Corporate credit cards-FC	553	-	553
With installment	-	-	-
Without installment	553	-	553
Credit deposit account-TL (legal person)	874.784	-	874.784
Total	8.456.033	14.805.726	23.261.759

1.7.5. Distribution of domestic and foreign loans: Distribution has been disclosed based on the location where the customers operate⁽¹⁾:

	Current Period	Prior Period
Domestic loans	182.193.686	168.909.282
Foreign loans	1.931.541	1.596.975
Total	184.125.227	170.506.257

(1) Loans are classified according to the locations of the customers.

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	206.537	35.428
Indirect loans granted to associates and subsidiaries	-	-
Total	206.537	35.428

1.7.7. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	100.931	167.826
Loans and other receivables with doubtful collectibility	601.292	715.400
Uncollectible loans and other receivables	5.840.905	5.704.957
Total	6.543.128	6.588.183

1.7.8. Information on non-performing loans (net):**1.7.8.1. Information on non-performing loans restructured or rescheduled, and other receivables:**

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	52.347	29.421	264.464
Restructured loans and other receivables	52.347	29.421	264.464
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	20.912	87.059	283.295
Restructured loans and other receivables	20.912	87.059	283.295
Rescheduled loans and other receivables	-	-	-

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1.7.8.2. Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Prior Period	1.009.826	1.803.191	5.893.126
Additions (+)	2.146.132	61.084	91.132
Transfers from other categories of non-performing loans (+)	-	2.351.123	2.401.223
Transfer to other categories of non-performing loans (-)	2.351.123	2.401.223	-
Collections (-)	169.078	243.249	575.024
Write-offs(-)	-	-	1.627.006
Corporate and commercial loans	-	-	274.329
Consumer loans	-	-	773.365
Credit cards	-	-	579.312
Other	-	-	-
Current Period	635.757	1.570.926	6.183.451
Specific provision (-)	(100.931)	(601.292)	(5.840.905)
Net balance on balance sheet	534.826	969.634	342.546

By Board of Directors resolution; it has been decided to sell non-performing loans which comprises of consumer loans, commercial loans and credit cards under follow-up with amounting to TL 1.626.322 to a selection of asset management companies for a total amount of TL 89.957.

1.7.8.3. Information on non-performing loans granted as foreign currency loans:

Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to TL non-performing loans accounts.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (net)	534.826	969.634	342.546
Loans granted to real persons and corporate entities (gross)	635.757	1.542.517	6.098.691
Specific provision amount (-)	(100.931)	(587.088)	(5.756.145)
Loans granted to real persons and corporate entities (net)	534.826	955.429	342.546
Banks (gross)	-	28.409	773
Specific provision amount (-)	-	(14.204)	(773)
Banks (net)	-	14.205	-
Other loans and receivables (gross)	-	-	83.987
Specific provision amount (-)	-	-	(83.987)
Other loans and receivables (net) ⁽¹⁾	-	-	-
Prior Period (net)	842.000	1.087.791	188.169
Loans granted to real persons and corporate entities (gross)	1.009.826	1.803.191	5.784.563
Specific provision amount (-)	(167.826)	(715.400)	(5.596.394)
Loans granted to real persons and corporate entities (net)	842.000	1.087.791	188.169
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) ⁽¹⁾	-	-	-

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

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1.8. Information on held-to-maturity investments:**1.8.1. 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 7.349.424 (December 31, 2016 - 2.779.442). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 660.320 (December 31, 2016 - TL 2.471.316).

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

	Current Period	Prior Period
Government bond	11.019.313	10.664.551
Treasury bill	-	-
Other debt securities	-	-
Total	11.019.313	10.664.551

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

	Current Period	Prior Period
Debt securities	11.376.124	10.963.188
Quoted on stock exchange	11.376.124	10.963.188
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(356.811)	(298.637)
Total	11.019.313	10.664.551

(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.

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

	Current Period	Prior Period
Beginning balance	10.664.551	6.389.632
Foreign currency differences on monetary assets ⁽¹⁾	113.898	1.088.859
Purchases during the year	322.063	1.329.699
Transfers ⁽²⁾	-	1.960.740
Disposals through sales and redemptions	(23.025)	(66)
Impairment provision (-) ⁽³⁾	(58.174)	(104.313)
Period end balance	11.019.313	10.664.551

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

(2) As of July 18, 2016, the Bank classified some of its government debt securities from available-for-sale to held-to-maturity portfolio with a nominal amount of TL 1.970.607. The fair value of the aforementioned securities on July 18, 2016 is TL 2.008.079 and has 8 year maturity in average.

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

1.9. Information on investments in associates (net):**1.9.1. 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 ⁽¹⁾	Istanbul/Turkey	18,18	18,18
3.	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	Istanbul/Turkey	9,98	9,98

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

1.9.2. 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	16.693.320	1.726.725	11.938	165.038	19.583	121.058	105.577	-
2	242.827	166.867	175.758	2.392	63	28.103	10.180	-
3	80.785	43.157	49.254	701	-	3.260	9.586	-

(1) Financial statement information disclosed above shows June 30, 2017 results.

1.9.3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	441.646	342.643
Movements during the period	58.679	99.003
Purchases	-	-
Free shares obtained profit from current year's share	-	-
Profit from current year's income	37.100	47.787
Sales	-	-
Revaluation (decrease) / increase ⁽¹⁾	32.191	58.861
Impairment provision ⁽²⁾	(10.612)	(7.645)
Balance at the end of the period	500.325	441.646
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

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

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

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

	Current Period	Prior Period
Banks	495.822	437.143
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	495.822	437.143

1.9.5. Information on investments in associates quoted on a stock exchange:

None (December 31, 2016 - None).

1.10. 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.

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1.10.1. 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.
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	13.683	-	-	-	(1.761)
Other capital reserves	93.686	(6)	(217.064)	-	-
Legal reserves	68.310	8.034	79.305	21.309	-
Extraordinary reserves	194.481	10.458	771.384	-	572.993
Other reserves	-	-	-	-	677.453
Profit/loss	1.975	132.664	887.206	24.078	74.405
Current period net profit	71.921	30.912	186.628	24.078	74.405
Prior period profit	(69.946)	101.752	700.578	-	-
Leasehold improvements (-)	-	-	303	211	201
Intangible assets (-)	21.740	2.229	5.186	388	138
Total core capital	463.010	209.635	1.905.270	50.495	1.435.193
Supplementary capital	-	10.127	48.576	-	235
Capital	463.010	219.762	1.953.846	50.495	1.435.428
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	463.010	219.762	1.953.846	50.495	1.435.428

The above information is based on the consolidated financial statements of the Bank as of September 30, 2017.

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.

1.10.2. 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 Nederland	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

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1.10.3. Main financial figures of the subsidiaries in order of the above table:

Financial statement information disclosed consolidated financial statements results.

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	229.574	229.062	-	-	-	(895)	(186)	-	-
2	5.195.507	489.254	43.017	206.954	4.448	71.921	49.557	-	-
3	3.087.901	211.864	2.918	176.510	-	30.912	25.688	-	-
4	451.415	219.537	16.553	29.780	1.258	11.762	9.511	-	-
5	10.486.302	1.910.759	5.971	472.298	-	186.628	172.803	-	-
6	61.017	51.074	949	4.857	-	24.078	18.624	-	-
7	8.074.743	1.435.532	847	308.478	9.940	74.405	67.644	-	-
8	898.659	151.770	27.952	45.201	1.490	14.602	(1.576)	-	-
9	40.498	27.653	4.903	1.908	-	1.774	1.288	-	-
10	36.385	26.333	1.073	81	-	4.354	3.484	-	-
11	10.252	7.767	1.805	591	-	1.508	644	-	-

1.10.4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	4.225.724	3.614.436
Movements in period	494.630	611.288
Purchases	-	-
Free shares obtained profit from current years share	-	-
Dividends from current year income	392.656	431.423
Sales	-	-
Transfers	-	-
Liquidation	-	-
Revaluation increase/decrease ⁽¹⁾	206.028	270.579
Impairment provision ⁽²⁾	(104.054)	(90.714)
Balance at the end of the period	4.720.354	4.225.724
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

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

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

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

Financial subsidiaries	Current Period	Prior Period
Banks	1.335.955	1.136.275
Insurance companies	-	-
Factoring companies	211.763	214.850
Leasing companies	1.910.643	1.724.028
Finance companies	-	-
Other financial subsidiaries	1.261.993	1.150.571
Total financial subsidiaries	4.720.354	4.225.724

1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2016 - None).

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1.11. Information on joint ventures (net):

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

Joint ventures	Bank's share	Group's share	Total asset	Shareholders' equity	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi – Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	85.968	64.638	29.099	56.869	8.815	44.858	(44.065)
Total			85.968	64.638	29.099	56.869	8.815	44.858	(44.065)

1.12. Information on lease receivables (net):

None (December 31, 2016 - None).

1.13. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	-	-	205.519	-
Cash flow hedge ⁽¹⁾	933.303	103.832	850.313	113.104
Foreign net investment hedge	-	-	-	-
Total	933.303	103.832	1.055.832	113.104

(1) Explained in the Note 8 of Section 4.

1.14. Information on investment property:

None (December 31, 2016 - None).

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

	Current Period	Prior Period
Net book value at the beginning of the period	159.974	151.010
Additions	109.998	94.334
Disposals (-), net	(92.880)	(81.148)
Impairment provision reversal	313	1.908
Impairment provision (-)	-	(416)
Depreciation (-)	-	(5.714)
Net book value at the end of the period	177.405	159.974
Cost at the end of the period	190.375	175.904
Accumulated depreciation at the end of the period (-)	(12.970)	(15.930)
Net book value at the end of the period	177.405	159.974

As of September 30, 2017, the Bank booked impairment provision on assets held for resale with an amount of TL 6.033 (December 31, 2016 - TL 6.346).

1.16. Information on other assets:

As of September 30, 2017, other assets do not exceed 10% of the total assets.

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Notes to unconsolidated financial statements at September 30, 2017

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2. Explanations and notes related to liabilities

2.1. Information on deposits:

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

Current Period	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Cumulative savings account	Total
Saving deposits	6.446.889	1.145.935	33.596.695	1.611.901	153.694	151.682	830	43.107.626
Foreign currency deposits	13.137.811	12.126.988	46.485.861	5.984.796	6.023.732	1.178.152	-	84.937.340
Residents in Turkey	12.936.268	11.972.177	45.387.548	4.343.159	3.317.943	892.314	-	78.849.409
Residents abroad	201.543	154.811	1.098.313	1.641.637	2.705.789	285.838	-	6.087.931
Public sector deposits	496.070	-	14.575	3	422	71	-	511.141
Commercial deposits	7.177.631	4.867.776	9.430.571	835.695	868.669	292.141	-	23.472.483
Other institutions deposits	114.896	65.501	1.334.780	309.161	272.939	456	-	2.097.733
Precious metals vault	621.182	111.343	345.689	23.847	33.819	17.596	-	1.153.476
Bank deposits	928.854	3.269.345	631.543	176.294	126.551	38.683	-	5.171.270
The CBRT	-	1.919.457	-	-	-	-	-	1.919.457
Domestic banks	9.087	1.347.557	558.027	171.523	63.345	2.183	-	2.151.722
Foreign banks	651.914	2.331	73.516	4.771	63.206	36.500	-	832.238
Participation banks	267.853	-	-	-	-	-	-	267.853
Other	-	-	-	-	-	-	-	-
Total	28.923.333	21.586.888	91.839.714	8.941.697	7.479.826	1.678.781	830	160.451.069

Prior Period	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Cumulative savings account	Total
Saving deposits	6.142.512	1.380.464	31.602.118	1.555.528	209.726	173.928	485	41.064.761
Foreign currency deposits	11.345.286	10.425.602	37.127.707	3.526.707	3.820.829	1.105.632	-	67.351.763
Residents in Turkey	11.249.275	10.419.832	36.842.069	3.501.381	3.795.131	1.073.789	-	66.881.477
Residents abroad	96.011	5.770	285.638	25.326	25.698	31.843	-	470.286
Public sector deposits	230.784	35	3.797	16	180	59	-	234.871
Commercial deposits	6.751.831	5.442.392	17.310.801	2.765.952	1.300.569	333.090	-	33.904.635
Other institutions deposits	103.771	81.880	2.400.983	785.374	423.524	575	-	3.796.107
Precious metals vault	488.106	43.940	309.337	19.931	31.543	7.532	-	900.389
Bank deposits	913.799	5.258.426	522.279	269.059	19.278	39.489	-	7.022.330
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	1.935	5.253.349	392.639	123.494	19.278	4.170	-	5.794.865
Foreign banks	481.728	5.077	129.640	145.565	-	35.319	-	797.329
Participation banks	430.136	-	-	-	-	-	-	430.136
Other	-	-	-	-	-	-	-	-
Total	25.976.089	22.632.739	89.277.022	8.922.567	5.805.649	1.660.305	485	154.274.856

2.1.2. Information on saving deposits insurance:

2.1.2.1. 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	22.481.999	21.112.778	20.625.620	19.951.541
Foreign currency saving deposits	6.986.514	5.305.173	24.840.402	19.265.517
Other deposits in the form of saving deposits	415.524	329.328	629.703	480.438
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Foreign branches' deposits and other accounts		6.817		6.581
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		143.359		202.768
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		-		-

2.2. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	91.952	-	196.563	-
Swap transactions	1.918.545	207.572	1.885.972	317.519
Futures transactions	-	-	-	-
Options	107.324	79.982	79.854	45.618
Other	-	-	-	-
Total	2.117.821	287.554	2.162.389	363.137

2.3. Information on borrowings:**2.3.1. Information on borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	197.004	-	418.480
From domestic banks and institutions	154.773	162.859	161.477	192.559
From foreign banks, institutions and funds	376.088	29.621.853	381.767	26.840.579
Total	530.861	29.981.716	543.244	27.451.618

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	33.188	4.486.827	33.472	4.006.953
Medium and long-term	497.673	25.494.889	509.772	23.444.665
Total	530.861	29.981.716	543.244	27.451.618

2.3.3. Information on securitization borrowings:

The Bank obtains borrowings via its structured entity, Diversified Payment Rights Finance Company, with securitization transactions which is founded on its future money transfers within its funding programme.

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	-	-	-
From foreign institutions ⁽¹⁾	-	6.388.891	-	6.564.507
From foreign funds	-	-	-	-
Total	-	6.388.891	-	6.564.507

(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 TAS 39 paragraph 9. As of September 30, 2017, the total amount of financial liabilities classified as fair value through profit/loss is TL 4.304.526 (December 31, 2016 -TL 4.111.709) with an accrued interest expense of TL 94.695 (December 31, 2016 - TL 97.254 income) and with a fair value difference of TL 190.000 recognized in the income statement as an expense (December 31, 2016 - TL 19.783 income). On the other hand, the nominal amounts of the total return swaps which are closely related with these financial liabilities as of September 30, 2017 are TL 4.032.226 (December 31, 2016: TL 4.033.003) for buy legs and TL 4.032.226 (December 31, 2016: TL 4.033.003) for sell legs with a fair value differences amounting to TL 69.375 asset (December 31, 2016 -TL 97.052 liability). The mentioned total return swaps have 10 year maturity in average.

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2.3.4. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.289.251	86.821	1.399.791	86.665
Bonds	843.841	9.543.203	319.850	7.438.412
<i>Collateralized securities</i>	293.992	-	288.650	-
Total	2.133.092	9.630.024	1.719.641	7.525.077

2.4. Information on other liabilities:

As of September 30, 2017, other liabilities do not exceed 10% of the total balance sheet commitments.

2.5. Information on lease payables:**2.5.1. Information on financial leasing agreements:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1 – 4 years	79	75	1.130	1.112
More than 4 years	-	-	-	-
Total	79	75	1.130	1.112

2.5.2. 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”.

2.6. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	125.423	-	49.949	-
Cash flow hedge ⁽¹⁾	59.412	25.587	16.314	22.525
Foreign net investment hedge	-	-	-	-
Total	184.835	25.587	66.263	22.525

(1) Explained in Note 8 of Section 4.

2.7. Information on provisions:**2.7.1. Information on general provisions:**

	Current Period	Prior Period
Provisions for first group loans and receivables	2.537.151	2.417.912
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	159.032	184.180
Provisions for second group loans and receivables	237.258	259.609
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	89.592	92.159
Provisions for non cash loans	108.749	107.365
Others	303.322	257.434
Total	3.186.480	3.042.320

2.7.2. 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 Employee Rights" 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 (%)	4,50	4,50
Possibility of being eligible for retirement (%)	93,63	93,63

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 4.732,48 effective from July 1, 2017 (January 1, 2017: full TL 4.426,16) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	127.500	120.717
Changes during the period	38.042	49.897
Recognized in equity	233.855	(2.683)
Paid during the period	(33.550)	(40.431)
Balance at the end of the period	365.847	127.500

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 161.539 as of September 30, 2017 (December 31, 2016 - TL 160.381).

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

As of September 30, 2017, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 13.723 (December 31, 2016 - TL 708). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

2.7.4. Other provisions:**2.7.4.1. Information on other provisions:**

	Current Period	Prior Period
Pension fund provision	568.006	568.006
Provisions on unindemnified non cash loans	142.408	150.517
Provision on lawsuits	56.559	50.628
Provisions on credit cards and promotion campaigns related to banking services	48.629	43.314
Other	263.804	320.909
Total	1.079.406	1.133.374

2.7.4.2. General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	150.000	100.000
Total	150.000	100.000

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2.8. Information on taxes payable:**2.8.1. Information on taxes payable:**

	Current Period	Prior Period
Corporate Tax Payable	34.880	-
Taxation of Marketable Securities	131.336	108.253
Property Tax	2.854	2.840
Banking Insurance Transaction Tax (“BITT”)	90.487	107.238
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.504	9.788
Other	41.224	34.245
Total	304.285	262.364

2.8.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	19.072	15.310
Bank pension fund premiums – employer	19.675	15.798
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	1.361	1.093
Unemployment insurance – employer	2.724	2.187
Other	-	-
Total	42.832	34.388

2.8.3. Information on deferred tax liability:

Deferred tax liability, amounting to TL 64.553 represents net of deferred tax assets and deferred tax liabilities, as of September 30, 2017 (December 31, 2016 – TL 257.610).

2.9. Liabilities for property and equipment held for sale and related to discontinued operations (net):

None (December 31, 2016 - None).

2.10. Information on subordinated loans⁽¹⁾:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	9.162.631	-	9.067.893
From other foreign institutions	-	-	-	-
Total	-	9.162.631	-	9.067.893

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

2.11. Information on shareholders’ equity:**2.11.1. Presentation of paid-in capital:**

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

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

Capital System	Paid-In Capital	Registered Share Capital Ceiling
Registered Capital System	4.347.051	10.000.000

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

None (December 31, 2016 - None).

2.11.4. Information on transfers from capital reserves to capital during the current period:

None (December 31, 2016 - None).

2.11.5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period:

None (December 31, 2016 - None).

2.11.6. 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.

2.11.7. Privileges on the corporate stock:

None (December 31, 2016 - None).

2.11.8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	785.434	1.609.297	785.286	1.371.226
Valuation difference ⁽¹⁾	785.434	1.609.297	785.286	1.371.226
Foreign currency difference	-	-	-	-
Available for sale securities	(315.763)	90.785	(390.820)	(55.283)
Valuation differences ⁽²⁾	(315.763)	90.785	(390.820)	(55.283)
Foreign currency differences	-	-	-	-
Total	469.671	1.700.082	394.466	1.315.943

(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 in TL column.

2.11.9. Information on distribution of profit:

It was decided to distribute unconsolidated net profit of TL 2.932.795 as of December 31, 2016, in accordance with the General Assembly dated March 28, 2017 as follows: TL 24.871 to be transferred to legal reserves, TL 146.050 to be transferred to special funds account in accordance with the article No 5 1/e section of the Corporate Tax Law numbered 5520 as 75% of the profit from the sale of real estate and the remaining TL 2.761.874 to be transferred to extraordinary reserves.

3. Explanations and notes related to off-balance sheet accounts**3.1. Information on off balance sheet commitments:****3.1.1. The amount and type of irrevocable commitments:**

	Current Period	Prior Period
Commitments on credit card limits	32.535.832	29.878.711
Loan granting commitments	9.440.101	8.877.881
Commitments for cheques	6.853.366	6.686.199
Other irrevocable commitments	107.868.953	20.964.614
Total	156.698.252	66.407.405

3.1.2. 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 108.749 (December 31, 2016 - TL 107.365) and specific provision amounting to TL 893.518 (December 31, 2016 - TL 875.166) for non-cash loans which are not indemnified yet amounting to TL 142.408 (December 31, 2016 - TL 150.517).

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

	Current Period	Prior Period
Bank acceptance loans	238.095	195.766
Letter of credits	11.100.659	8.761.174
Other guarantees and collaterals	6.504.046	6.273.317
Total	17.842.800	15.230.257

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	2.463.808	3.060.589
Definite letter of guarantees	36.199.556	33.450.239
Advance letter of guarantees	9.381.285	8.265.692
Letter of guarantees given to customs	2.307.060	2.100.488
Other letter of guarantees	7.721.714	5.761.275
Total	58.073.423	52.638.283

3.1.3. Information on non-cash loans:**3.1.3.1. Total amount of non-cash loans:**

	Current Period	Prior Period
Non-cash loans given against cash loans	7.293.353	5.433.904
With original maturity of 1 year or less than 1 year	2.145.939	812.327
With original maturity of more than 1 year	5.147.414	4.621.577
Other non-cash loans	68.622.870	62.434.636
Total	75.916.223	67.868.540

3.2. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 56.559 (December 31, 2016 - TL 50.628) 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.

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements at September 30, 2017**

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

4. Explanations and notes related to income statement:**4.1. Information on interest income:****4.1.1. Information on interest income on loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.835.485	127.036	3.896.248	125.017
Medium/long-term loans ⁽¹⁾	6.178.025	2.579.706	5.222.540	1.955.918
Interest on loans under follow-up	69.010	-	62.421	136
Premiums received from resource utilization support fund	-	-	-	-
Total	10.082.520	2.706.742	9.181.209	2.081.071

(1) Includes fees and commissions received for cash loans.

4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	83.626	18	-	11
From domestic banks	43.367	644	20.011	229
From foreign banks	1.576	20.679	1.757	12.498
Headquarters and branches abroad	-	-	-	-
Total	128.569	21.341	21.768	12.738

4.1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	1.729	1.147	3.716	879
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	1.491.997	115.070	1.154.551	141.651
From held-to-maturity investments	368.298	285.816	295.328	226.362
Total	1.862.024	402.033	1.453.595	368.892

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	43.996	35.528

4.2. Information on interest expense:**4.2.1. Information on interest expense on borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	34.134	734.932	37.536	551.363
The CBRT	-	3.006	-	-
Domestic banks	7.995	2.627	8.829	3.127
Foreign banks	26.139	729.299	28.707	548.236
Headquarters and branches abroad	-	-	-	-
Other institutions	-	149.813	-	112.071
Total ⁽¹⁾	34.134	884.745	37.536	663.434

(1) Includes fees and commissions related to borrowings.

4.2.2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	146.027	146.377

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements at September 30, 2017**

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

4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	153.467	340.434	179.785	261.959
Total	153.467	340.434	179.785	261.959

4.2.4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposits	172	81.943	3.668	-	171	67	45	86.066	111.085
Saving deposits	-	91.432	2.893.179	131.608	13.957	11.784	-	3.141.960	2.612.511
Public sector deposits	-	94	1.665	71	25	4	-	1.859	6.131
Commercial deposits	23	409.048	1.451.480	132.496	96.272	34.589	-	2.123.908	1.968.636
Other deposits	-	10.938	465.143	81.007	17.144	28	-	574.260	420.127
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	195	593.455	4.815.135	345.182	127.569	46.472	45	5.928.053	5.118.490
FC									
Foreign currency deposits	48	257.277	865.597	45.386	41.912	15.799	-	1.226.019	722.034
Bank deposits	552	14.954	5.274	186	319	851	-	22.136	5.222
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	536	1.454	107	210	64	-	2.371	1.446
Total	600	272.767	872.325	45.679	42.441	16.714	-	1.250.526	728.702
Grand total	795	866.222	5.687.460	390.861	170.010	63.186	45	7.178.579	5.847.192

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

	Current Period	Prior Period
Gain	29.883.154	20.504.539
Gain from capital market transactions	75.761	129.406
Derivative financial transaction gains	9.800.105	7.254.974
Foreign exchange gains	20.007.288	13.120.159
Loss (-)	(30.288.963)	(20.432.034)
Loss from capital market transactions	(26.031)	(82.858)
Derivative financial transaction losses	(11.802.073)	(8.087.165)
Foreign exchange loss	(18.460.859)	(12.262.011)
Net gain/loss	(405.809)	72.505

4.4. Information on derivatives financial transaction gain/loss:

The net loss resulting from the foreign exchange differences related to derivative financial transactions is TL 1.416.118 loss (September 30, 2016 – TL 720.428 loss).

4.5. Information on other operating income:

“Other Operating Income” in the Income Statement mainly includes collections from receivables for which Specific / General provision has been allocated in prior periods.

4.6. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	2.181.353	1.514.414
III. Group loans and receivables	69.846	41.749
IV. Group loans and receivables	42.122	161.670
V. Group loans and receivables	2.069.385	1.310.995
General provision expenses	144.189	310.027
Provision expense for possible risks	50.000	50.000
Marketable securities impairment expenses ⁽¹⁾	44.971	35.361
Financial assets at fair value through profit or loss	369	700
Available-for-sale financial assets	44.602	34.661
Impairment of investments in associates, subsidiaries and held-to-maturity securities	56.093	53.996
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	56.093	53.996
Other	13.015	30.456
Total	2.489.621	1.994.254

(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.

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.746.075	1.615.438
Reserve for employee termination benefits	4.492	3.239
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	164.489	167.569
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	93.605	87.437
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	-	322
Depreciation expenses of assets held for resale	-	4.065
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.413.315	1.386.946
Operational lease expenses	228.762	229.793
Repair and maintenance expenses	82.206	69.416
Advertising expenses	109.383	83.182
Other expense	992.964	1.004.555
Loss on sales of assets	-	13
Other	513.072	502.595
Total	3.935.048	3.767.624

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

As of September 30, 2017, the Bank has TL 775.301 (September 30, 2016 – TL 637.360) tax expense from continued operations, from discontinued operations none and deferred tax income from continued operations TL 163.401 (September 30, 2016 – TL 74.144).

4.9. Information on net income/loss for the period:

4.9.1. 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.

4.9.2. Information on any change in the accounting estimates concerning the current period or future periods: None.

4.10. Other items in income statement:

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

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

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

5.1.1. Information on loans of the Bank's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Bank's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	35.428	168.459	367.000	1.158.561	2.317.430	2.502.492
Balance at the end of the period	206.537	253.826	230.893	1.396.783	2.389.670	2.685.837
Interest and commission income received	43.996	1.180	5.176	6.067	195.862	9.435

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Bank's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	36.629	270.763	6.593	954.585	1.654.575	2.393.852
Balance at the end of the period	35.428	168.459	367.000	1.158.561	2.317.430	2.502.492
Interest and commission income received ⁽³⁾	35.528	1.007	2.857	5.487	147.270	7.829

(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.

(3) The information in table above includes prior periods September 30, 2016 profit/loss.

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

Bank's risk group	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
Bank's risk group ⁽¹⁾⁽²⁾						
Deposit						
Beginning of the period	4.074.057	2.500.000	19.715.780	15.911.762	13.596.912	10.366.561
End of the period	2.509.300	4.074.057	22.992.502	19.715.780	13.017.231	13.596.912
Interest expense on deposits ⁽³⁾	146.027	146.377	955.231	755.621	541.650	383.962

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

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

(3) The information in table above includes prior periods September 30, 2016 profit/loss.

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

Bank's risk group	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
Bank's risk group ⁽¹⁾⁽²⁾						
Transactions at fair value through profit or loss ⁽²⁾						
Beginning of the period ⁽³⁾	3.305.854	4.510.236	8.532.884	1.455.484	802.512	146.778
End of the period ⁽³⁾	6.777.785	3.305.854	3.246.971	8.532.884	3.295.043	802.512
Total profit / (loss)	3.810	(15.537)	(62.544)	(61.482)	28.394	10.569
Transactions for hedging purposes ⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / (loss) ⁽⁴⁾	-	-	-	-	-	-

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

(2) The Bank's derivative instruments are classified as "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.

(4) The information in table above includes prior periods September 30, 2016 profit/loss.

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

Salaries and benefits paid to the Bank's top management amount to TL 38.085 as of September 30, 2017 (September 30, 2016 – TL 39.251).

6. Explanations and notes related to subsequent events:

It is resolved on October 25, 2017 by the Bank's Board of Directors to sell our Bank's 99.84% shares in Yapı Kredi Bank Moscow with Russian Rouble 477.520.000 nominal value to Expobank LLC in Russia for Russian Rouble 3.294.811.320,75 and accordingly, the Share Purchase Agreement with Expobank LLC on October 25, 2017 signed regarding this issue. The transfer of shares will be effected after the necessary legal approvals have been obtained.

Section Six - Explanations on independent audit report

1. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended September 30, 2017 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's report dated, October 27, 2017 is presented preceding the unconsolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

Section Seven⁽¹⁾

Information on interim activity report

1. Interim activity report which also contains the evaluation of the Chairman and the CEO of the Bank about the interim period activities

1.1. Message from Yapı Kredi's Board of Directors Chairman Y. Ali Koç:

In the third quarter of 2017, the operating environment remained stable, when the Central Bank of Turkey maintained the tight monetary conditions, by keeping the level of effective policy rate at high levels with the intention to keep the inflation under control. Gross Domestic Product growth reached to 5.1% levels in first half of 2017, thanks to the stimulus by the government. That being said, the sector remained resilient thanks to the stabilization in macroeconomic environment through active support of the regulatory authorities.

Total loans in the banking sector reached TL 1,921 billion indicating 14.8% year-to-date growth which was supported by the government's Credit Guarantee Fund facility. During the same period, total deposits reached TL 1,621 billion, indicating 11.3% year-to-date increase. Accordingly, the sector's loan to deposit ratio including TL bonds increased to 119% in first nine months of 2017 from 115% at year-end 2016. The banking sector's non-performing loan ratio declined 20 basis points year-to-date to 2.96% supported by the non-performing loan sales of TL 4,027 million, so far in the year.

In the nine months of 2017, Yapı Kredi's profitability continued to improve year-over-year while the Bank preserved its solid fundamentals. The Bank's healthy liquidity profile was further reinforced by a 7 year US\$ 500 million Eurobond and a 3 year TL 500 million Eurobond issuance in international debt capital markets. On the other hand, in October 2017, Yapı Kredi finalized US\$ 1,350 million worth of syndicated loan deal at a 113% roll-over ratio with participation of 37 banks from 17 countries. These facilities reaffirm the confidence of international markets in both Yapı Kredi and Turkey.

Yapı Kredi continued to be crowned with important awards in the third quarter of the year. As "Turkey's Digital Bank", that builds the banking world of the future, Yapı Kredi ("Yapı Kredi Mobile" and "yapikredi.com.tr") returned from the Stevie International Awards, regarded as one of the world's most prestigious events in digital banking, with 6 awards in banking and finance categories, 5 of which are gold and 1 of which is silver.

I would hereby like to extend my thanks to all our customers and shareholders for their continuous support and trust, and our employees for their devoted efforts.

Y. Ali Koç
Chairman of the Board

(1) Unless otherwise stated, all figures in the report are based on Banking Regulation and Supervision Agency unconsolidated financials

1.2. Message from Yapı Kredi's CEO Faik Açıkalın:

In the third quarter of the year, the limited volatility in Lira and continuation of strong growth resulted in stabilization of the operating environment. Given the high inflation levels, the Central Bank of Turkey maintained the tight monetary policy with the intention to keep the Consumer Price Index under control. Moreover, the actions by the government and the regulators; including the expansion of the Credit Guarantee Funding; continued to contribute positively to relatively favourable environment in third quarter of 2017, with the pickup in private consumption.

During this period, Yapı Kredi continued implementing its strategy at full force and recorded a successful performance. The Bank's total assets increased to TL 293.9 billion and net income was recorded at TL 2,735 million in the first nine months of the year indicating 27% year-over-year growth excluding the Visa sale gain in 2016.

In terms of lending, the Bank's cash and non-cash loans reached TL 260.0 billion. In terms of performing cash loans, Yapı Kredi recorded 8% growth year-to-date to TL 184.1 billion indicating 16.0% market share among private banks. As a result, loans share in total assets increased to 68%. Yapı Kredi's growth was driven by a balanced approach and the Bank actively continued to utilise the government's Credit Guarantee Fund facility to support companies and exporters. At the same time, Yapı Kredi maintained its leadership position in credit cards with 21.7% outstanding volume market share.

In terms of funding, the Bank recorded 5% deposit growth year-to-date up to TL 165.0 billion indicating 15.4% market share among private banks. As a result, in the first nine months of 2017, loans to deposits ratio including TL bonds increased slightly to 112%, which is within the Bank's targeted levels.

Digitalisation remained a strong focus area for the Bank in the third quarter of 2017. While the digitalization strategy continues full force, Yapı Kredi, as "The Digital Bank of Turkey", won awards in 5 categories at the Global Finance Awards 2017.

I would like to take this opportunity to thank our customers and shareholders for their trust and our employees for their continuous efforts.

H. Faik Açıkalın
CEO

1.3. Overview of Financial Performance:

On 27 October 2017, Yapı Kredi announced its unconsolidated results for the first nine months of 2017 based on Turkish Accounting Standards and Banking Regulation and Supervision Agency's guidelines. The Bank's cash and non-cash loans reached TL 260.0 billion, while total deposits materialised at TL 160.5 billion. The Bank's net income (adjusted for the Visa sale gains in the third quarter of 2016) increased by 27% year-over-year and reached TL 2,735 million indication return on average tangible equity of 14.0%. Quarterly net income was recorded at TL 841 million.

Capital ratios supported by the ongoing internal capital generation

The capitalization of the Bank continued to improve during the nine months of 2017 through internal capital generation on the back of profitability acceleration. Unconsolidated Capital Adequacy Ratio increased by 70 basis points year-to-date to 14.9% and Common Equity Tier-1 ratio increased by 69 basis points to 11.3%.

Balanced and Selective volume growth

Yapı Kredi achieved 8% year-to-date growth in performing loans to TL 190.6 billion. Loan growth was well diversified among segments with the commercial loan growth being supported by the effective utilization of Credit Guarantee Fund as well as the increase in retail loans. The Bank's deposits grew by 5% year-to-date and reached TL 165.0 billion. Accordingly, loan-to-deposits plus TL bonds ratio stood at 112%. Yapı Kredi's market share, among private banks, in loans and deposits was recorded at 16.0% and 15.4%, respectively.

In terms of funding, the Bank successfully renewed its syndicated loan in October 2017 with the participation of 37 banks from 17 countries and a roll over ratio of 113%. The facility has US\$311.3 million and €699.7 million tranches with one-year of maturity at a cost of Libor+1.35% and Euribor+1.25% per annum, and US\$100 million and €100 million tranches with two-year of maturity at a cost of Libor+2.20% and Euribor+2.10%

Strong profitability through core business activity and cost elimination efforts

In the first nine months of 2017, Yapı Kredi increased its total revenues (adjusted for Visa sale gain in 2016) by 9% year-over-year driven by double digit growth in both net interest income and fees. On the other hand, continued discipline in cost management was evident with cost growth contained at 4% compared to inflation of 11.2%. Accordingly, cost/income ratio was recorded at 40.3% levels. Even with the strengthening in the coverage ratio, the Bank's total provisions were at comfortable levels with a 1% year-over-year increase, leading to 28 basis points year-over-year improvement in cost of risk to 1.11%. Accordingly, net income (adjusted for Visa sale gain) increased by 27% over the first nine months of 2016 (Reported: +16% year-over-year) and the Bank achieved 14.0% return on average tangible equity.

Asset quality dynamics continued to improve

Non-performing loan ratio improved 50 basis points year-to-date to 4.36% in the first nine months of 2017 which was supported by the sales of non-performing loan portfolios with a total amount of TL 1.6 billion. During this period, specific coverage ratio increased to 78% from 76% in 2016.

1.4. Summary of Unconsolidated Financials

TL million	Current Period	Prior Period
Total Assets	272.366	252.820
Performing Loans	184.125	170.506
Total Deposits	160.451	154.275
Shareholder's Equity	28.973	26.119
Loans/ Assets	68%	67%
Deposits/Assets	59%	61%
NPL	4,4%	4,9%
CAR	14,9%	14,2%
TL million	Current Period	Prior Period
Net Profit	2.735	2.363
Return on Average Tangible Equity	14,0%	14,0%

1.5. Important Developments and Transactions Affecting the Bank's Financial Performance:

- On 22 September 2017, Yapı Kredi's Board of Directors resolved to sell non-performing loans amounting in aggregate to TL 307,013,963.41 as of 31.07.2017, to Hayat Varlık Yönetim A.Ş. and Emir Varlık Yönetim A.Ş. for a total amount of TL 17,650,000.00 .
- On 9 October 2017, Yapı Kredi successfully signed a US\$ 1 billion 350 million worth of syndicated loan agreement comprised of a 367 day and a 2 year 1 day tranche totalling US\$ 411.3 million and € 799.7 million. The Dual Currency Term Loan Facility was raised by a syndicate including 37 of Yapı Kredi's key relationship banks from 17 countries.

1.6. Current Trends and Expectations for the Upcoming Period:

All guidance have been maintained

2017 Yapı Kredi Expectations:

- Loan growth: Lending mainly driven by TL company and retail loans; moderate growth in foreign currency lending. Overall growth in line with the private banks.
- Funding: Strong focus on small ticket retail deposit generation with increasing share of demand in total.
- Revenues: Flattish net interest margin with effective loan pricing and proactive swap utilization. Fee growth supported by lending and customer acquisition.
- Costs: Increase to be 2-3 percentage points below the CPI-inflation.
- Asset Quality: Flattish Non-performing Loan ratio and stable specific Cost of Risk. Strong focus on collections with system enhancements and dedicated approach.