



Annual Report 2012



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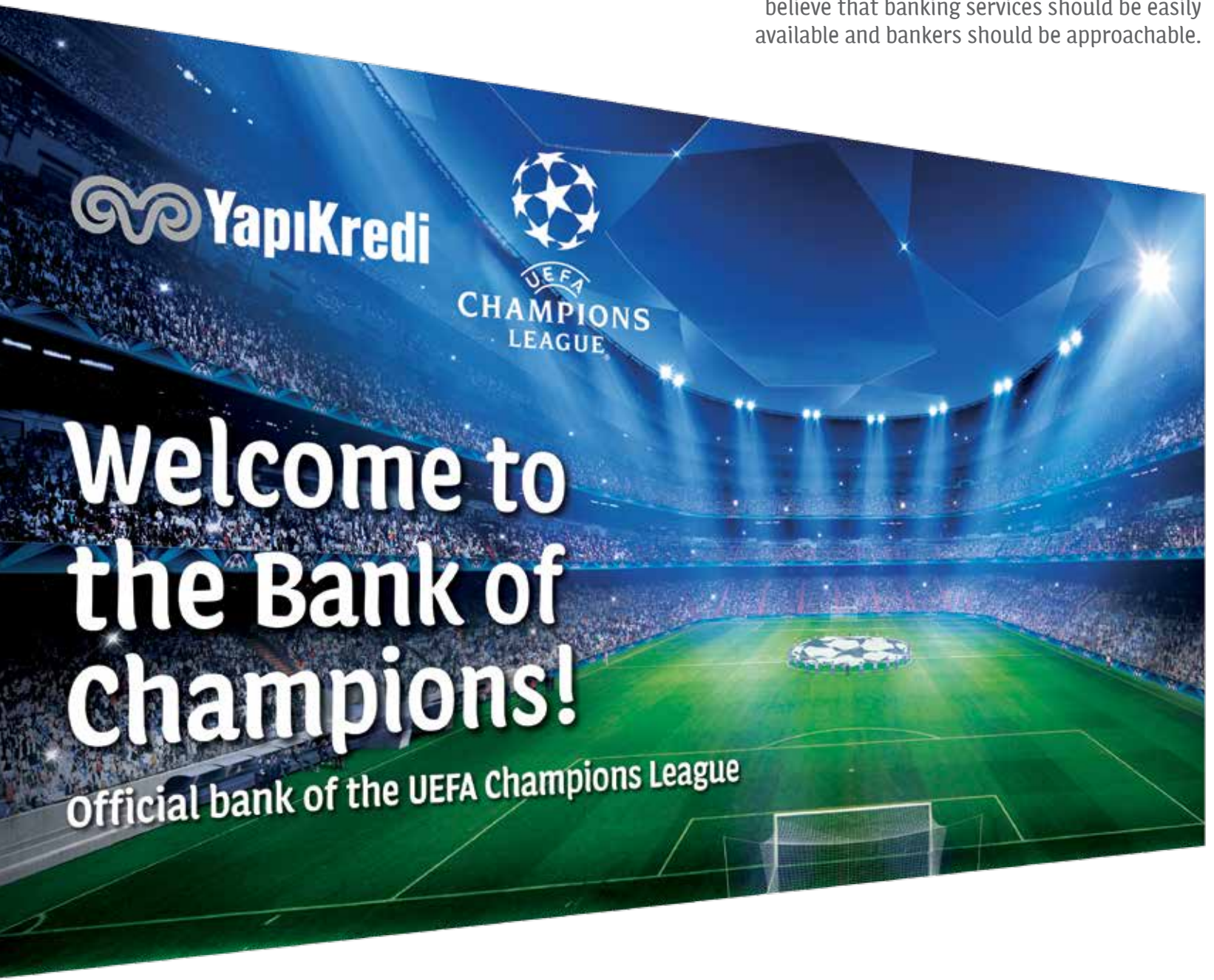
For the past 69 years, we have been dedicated to deliver

For us, the measure of limitless service is the unconditional happiness of our customers.

We know that sustainable value generation comes from growing and progressing together with our customers.

We never compromise from this basic principle. Our customers are the focal point of our business philosophy and we always strive to provide them better and faster service.

We are a bank that is easy to work with. We believe that banking services should be easily available and bankers should be approachable.



Competing in Champions League is challenging,
it requires professionalism.





Our job is to **make our customers' lives easier** by overcoming challenges.

For this reason,
we stand by our customers
and provide them services when and where they require it.



No matter how **competitive**
the operating environment is...





We love our jobs. We enjoy working and
being close to our customers,
listening to their expectations and
**finding appropriate
solutions**
to meet their needs.

You have to be
fast and dedicated in this game field.





We aim to provide our customers **the right product and service** at the **right price** through the **right channel**.

Our biggest award is the trust, appreciation and acknowledgement of our efforts by our customers.

Dedicated to deliver for the past 69 years, we continue to work with excitement and passion to increase our service quality and diversity.



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REPORT ON COMPLIANCE OF ANNUAL REPORT

To the General Assembly of Shareholders of Yapı ve Kredi Bankası A.Ş.:

We have audited the compliance and consistency of the financial information included in the annual report of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries as of December 31, 2012 with the audited financial statements and explanatory notes. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on compliance and consistency of the financial information included in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with principles and procedures set out by the regulations on preparation and issuance of annual report in the Banking Act No.5411 and independent auditing principles. Those regulations require that we plan and perform the audit to obtain reasonable assurance whether the financial information included in the annual report is consistent with the audited financial statements and explanatory notes and free from material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial information included in the accompanying annual report presents fairly, in all material respects, the information regarding the financial position of Yapı ve Kredi Bankası A.Ş. at December 31, 2012 in accordance with the principles and procedures set out by the regulations in conformity with article 40 of the Banking Act No.5411 and includes a summary of the Board of Directors' report and the convenience translations of independent auditor's reports originally issued by us in Turkish and is consistent with the convenience translations of audited financial statements and explanatory notes originally issued in Turkish.

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



Ayşe Zeynep Deldağ
Partner

March 7, 2013
İstanbul, Türkiye

Part I **Introduction**

Annual Shareholders' Meeting Agenda, Amendments to the Articles of Association, Dividend Distribution Policy for 2013 and Beyond

29 March 2013 Annual Shareholders' Meeting Agenda

1. Opening and the constitution of the Council for the Meeting,
2. Presentation of the Annual Activity Report of the Board of Directors, Report of the Statutory Auditors and Summary Report of External Auditors related to the activities of 2012 and consideration and approval of the Annual Report and Financial Statements for 2012,
3. Approval of Board Members elected by the Board of Directors according to Article 363 of the Turkish Commercial Code to fill in the vacancies,
4. Clearing of Members of the Board of Directors and the Statutory Auditors of liability related activities of the Bank during 2012,
5. Approval of transactions regarding liquidation by sale of some Bank receivables that are being followed up in non-performing loan accounts and to clear Board Members regarding these transactions,
6. Provided that the necessary approval is obtained from Banking Regulation and Supervision Agency, Capital Markets Board and Turkish Ministry of Customs and Commerce; approval with amendments or rejection of the proposal of the Board of Directors related to amending all articles of the Articles of Association of the Bank for compliance with Turkish Commercial Code No. 6102, Banking Law No. 5411, Capital Markets Law No. 6362 and other relevant regulations and in line with the other needs of the Bank,
7. Determining the number and the term of office of the Board Members, electing Members of the Board of Directors and Independent Members of the Board of Directors,
8. Submitting, according to the regulations of the Capital Markets Board, the Remuneration Policy for the Members of Board of Directors and senior managers, and the payments made within the scope of the policy to the shareholders' knowledge and approval of the same,
9. Determining the gross attendance fees for the Members of the Board of Directors,
10. Approval with amendments or rejection of the proposal of the Board of Directors regarding the dividend distribution for 2012,
11. Submitting, according to the regulations of the Capital Markets Board, the Dividend Distribution Policy of the Bank for 2013 and forthcoming years to the shareholders' knowledge,
12. Submitting, according to the Regulations of the Capital Markets Board, the Disclosure Policy of the Bank to the shareholders' knowledge,
13. Approval of the Independent Audit Institution selected by the Board of Directors for auditing the 2013 financial statements in line with the requirement of the Regulation issued by the Banking Regulation and Supervision Agency and the Turkish Commercial Code,
14. Approval or rejection of the General Assembly Internal Directive proposal of the Board of Directors, which contains rules on operation principles and procedures of the General Assembly,
15. Submitting, according to the regulations of the Capital Markets Board, the donations and charities made by the Bank in 2012 to foundations and associations with the aim of social relief to the shareholders' knowledge and determining a ceiling amount for the donations to be made in 2013 in line with the Banking Legislation and regulations of the Capital Markets Board,
16. Granting permission to the shareholders holding management control, the Members of the Board of Directors who are shareholders, senior managers and their spouses and blood relatives and relatives by virtue of marriage up to third degree in accordance with Articles 395 and 396 of the Turkish Commercial Code and the regulations of the Capital Markets Board, to carry out such transactions that may lead to conflict of interest, and to compete, with the Bank and its subsidiaries, to carry out transactions with the Bank on their own behalf or on behalf of others, to engage in such business that falls within the scope of activities of the Bank in person or on behalf of others, and to become, in the capacity of partner with unlimited liability, a partner of the Companies that engage in same kind of businesses, and to carry out other transactions, and submitting the transactions carried out in this context during the year 2012 to the shareholders' knowledge in line with the Corporate Governance Principles,
17. Wishes and comments.

Amendments to the Articles of Association

At the Ordinary Annual Shareholders' Meeting dated 22 March 2012, it was resolved that Article 8 of the Bank's Articles of Association captioned Capital be amended.

Dividend Distribution Policy for 2013 and Beyond

Principles regarding the Bank's dividend distribution are set out in detail in the Bank's Articles of Association. In this respect, shareholders, taking into consideration the Bank's growth targets as well as its financing requirements, are authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase, whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase. Shareholders are also authorised to fix the distribution dates as required by law and authorised by the Board.

At the Annual Shareholders' Meeting, in accordance with the Articles of Association, shareholders may make the decision to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves.

It is envisaged that the Dividend Distribution Policy of the Bank will be set out in a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors whenever necessary, taking into consideration the domestic and international economic conditions and the projects and funds on the agenda.

Note on 2012 Net Profit

It is resolved that of the TL 1,913,471,558.65 unconsolidated net profit for the accounting period, TL 95,673,577.93 be reserved as first legal reserve. Of the remaining TL 1,817,797,980.72 net distributable profit, TL 300,000,000 be distributed as gross cash dividend, of which TL 217,352,564.20 as first gross cash dividend and TL 82,647,435.80 as second gross cash dividend to shareholders, TL 8,264,743.58 be reserved as secondary legal reserve, TL 4,909,010.20 be set aside as special reserve (corresponding to 75% of the profit from the sale of real estate and share stocks on the basis of Article 5 clause 1/e of the Corporate Tax Law 5520), TL 1,504,624,226.94 be set aside as extraordinary reserves with a view to assure the completion of the Bank's long-term growth plans, giving due consideration to the domestic and international economic conditions and as given on page 11 in the 2012 dividend distribution table submitted at the Annual Shareholders' Meeting for approval.

2012 Dividend Distribution Table

Yapı ve Kredi Bankası A.Ş. 2012 Dividend Distribution Table (TL)

1. Paid-in Capital	4,347,051,284.00
2. Legal Reserves (per Legal Book)	359,847,287.85
Information on whether Articles of Association has any privilege regarding profit distribution	None
	Per legal book
3. Gross Profit	2,449,242,172.45
4. Reserve for Taxes (-)	535,770,613.80
5. Net Profit (=)	1,913,471,558.65
6. Prior Years' Losses (-)	0.00
7. 1 st Legal reserves (-)	95,673,577.93
8. NET DISTRIBUTABLE PROFIT (=)	1,817,797,980.72
9. Donations Made During the Year (+)	
10. Net distributable profit including donations to be used in the calculation of 1 st dividend	
11. 1 st Dividend to Shareholders	217,352,564.20
-Cash	217,352,564.20
-Bonus shares	0.00
-Total	217,352,564.20
12. Dividend to Shareholders which Possess Preferred Shares	0.00
13. Dividend to Members of Board of Directors and Employees etc.	0.00
14. Dividend to Shareholders which Possess Redeemed Shares	0.00
15. 2 nd Dividend to Shareholders	82,647,435.80
16. 2 nd Legal reserves	8,264,743.58
17. Statutory Reserves	0.00
18. Special Reserves	4,909,010.20
19. EXTRAORDINARY RESERVES	1,504,624,226.94
20. Other Sources which are Accepted as Distributable	-
-Retained Earning	
-Extraordinary Reserves	
-Other Distributable Reserves in Accordance with the Related Laws and Articles of Association	

INFORMATION RELATED WITH THE DISTRIBUTABLE PROFIT SHARE (privileged, non privileged, per share basis)

DIVIDEND INFORMATION PER SHARE

GROUP	TOTAL DIVIDEND AMOUNT (TL)	DIVIDEND TO 1 TL NOMINAL VALUE SHARE	
		AMOUNT (TL)	RATIO (%)
GROSS(*)	300,000,000.00	0.06901	6.90123
NET	255,000,000.00	0.05866	5.86605

THE RATIO OF DISTRIBUTED PROFIT SHARE TO NET DISTRIBUTABLE PERIOD PROFIT

PROFIT SHARE AMOUNT DISTRIBUTED TO SHAREHOLDERS	THE RATIO OF DISTRIBUTED PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PERIOD PROFIT (%)
300,000,000.00	16.50

(*)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

Chairman's Message

Yapı Kredi, Turkey's 4th largest private bank, sustained its customer-oriented banking approach and reached total consolidated assets of TL 131 billion in 2012

Dear Shareholders,

2012 was marked by positive differentiation of developing countries driving global economic growth of around 3%. Economic growth in developed countries, especially the United States and Europe, remained subdued due to impact of the debt crisis in Europe. Towards the end of the year, developments including agreement on the introduction of centralised audit in the European banking sector, renewal of the bond purchase program by the European Central Bank and increased resilience of the US economy led to improving sentiment on the future global outlook.

In this global economic backdrop, Turkey maintained its sound macroeconomic fundamentals supported by the proactive monetary policy of the Central Bank of Turkey. Soft-landing of the economy was achieved and economic growth reached 3% mainly driven by external demand. Current account deficit as a percentage of gross domestic product was realised at 60% compared to 10.0% in 2011. At the same time, inflation was on a continuous downward trend during the year to 6.2%. Sound fiscal discipline was maintained throughout the year. Sustainable macroeconomic environment and solid banking system led to Turkey's achievement of sovereign investment grade (BBB-) by Fitch in November 2012.

In 2012, the Turkish banking sector performed positively in terms of both volume growth and profitability. Total assets increased by 12% annually to TL 1,300 billion mainly driven by lending growth. Total loan volume increased by 15% annually to TL 751 billion. Total deposits increased by 11% annually to TL 768 billion. Meanwhile, following successful transition to Basel II capital standards in July 2012, the banking sector recorded a capital adequacy ratio of 17.3% as of the end of 2012. Return on average equity of the sector remained solid at 16%.

Yapı Kredi, Turkey's 4th largest private bank, sustained its customer-oriented banking approach and reached total consolidated assets of TL 131 billion in 2012. During the year, Yapı Kredi supported the economic activity in the country through lending. Total loan volume increased by 12% annually to TL 77.8 billion and total deposit volume increased by 7% annually to TL 71.1 billion. Accordingly, loan and deposit market shares were realised at 10.0% and 8.9%, respectively.

Yapı Kredi serves its 6.5 million customers through 988 branches at Group level (928 at Bank level) and nearly 18 thousand employees. The Bank's wide service network consists of more than 2,800 ATMs, innovative internet banking, 2 award winning call centers and leading mobile banking. The Bank realises 80% of total banking transactions through its non-branch channels.

Yapı Kredi reinforced its leading market position in value generating products and services while continuing to leverage on innovative banking technologies in 2012. In card payment systems, the Bank closed the year as leader with market shares between 17% to 19% in acquiring volume, number of credit cards and outstanding volume. In addition, Yapı Kredi maintained its sector leadership in leasing and factoring with 17.2% and 15.0% market shares, 2nd ranking in asset management and brokerage with 17.6% and 7.0% market shares respectively and 5th ranking in non-life insurance with 7.2% market share. In private pension funds and life insurance, ranking was improved by one notch to 3rd and 4th place with 17.1% and 7.7% market shares, respectively.

Yapı Kredi's solid performance continued to be recognised internationally in 2012 with more than 20 awards in various areas ranging from alternative delivery channels and products to training activities. Yapı Kredi was chosen as Best Bank in Turkey for the 3rd time by World Finance, Best Bank in Finance Services by Global Finance and One of the Three Most Admired Turkish Banks by Capital Magazine. The Bank also received the Top Employer in Europe award by the CRF Institute, which recognises best implementations in the field of human resources.

During 2012, Yapı Kredi positively differentiated in the banking sector driven by its successful performance. In the upcoming period, the Bank will focus on sustainable performance with the continuation of its customer-oriented banking approach. Hereby, I would like to thank our loyal customers, shareholders for their support and our devoted employees for their efforts.



Mustafa V. Koç

Mustafa V. Koç

Chairman of the Board of Directors

131

**billion TL
Total Assets**

6.5

**million
Customers**

988

Branches

CEO's Message

Yapı Kredi recorded TL 2.1 billion consolidated net income and 17.5% return on average tangible equity in 2012 as a result of successful execution of "Smart Growth" strategy

Dear Shareholders,

Global economic conditions improved throughout 2012 supported by continuous liquidity injection into financial markets and measures taken in Europe towards the end of the year. Turkey successfully achieved soft-landing in 2012 with some slowdown in economic growth compared to 2011. In this environment of macroeconomic stability, the banking sector recorded healthy growth and solid profitability despite ongoing impact of regulation and competition.

In 2012, Yapı Kredi recorded consolidated net income of TL 2.1 billion and return on average tangible equity of 17.5%. In this period, total assets increased by 12% annually to TL 131 billion. Throughout the year, Yapı Kredi continued to positively differentiate in the banking sector, leveraging on 3 key success factors which include customer-business focus, value generating growth and sustainable profitability.

In line with its customer-business focus, the 1st success factor, Yapı Kredi maintained a healthy balance sheet structure. The Bank's loans to assets ratio reached 59%, which is the highest level among its peer group.

In 2012, Yapı Kredi continued its strong emphasis on value generating growth, the 2nd success factor. The Bank recorded annual growth of 24% and 39%, respectively, in general purpose loans and credit cards. Both of these growth levels are 8 points above sector. In line with its customer-satisfaction orientation, Yapı Kredi continuously operates with the aim of becoming easier to work with. In this regard, the Bank emphasises the strategy of offering the "right product and service through the right channel at the right price to the right customer".

In addition to its innovative approach in product development and alternative delivery channels, Yapı Kredi focuses on system and process simplification to further accelerate customer response times. Accordingly, over the last 3 years the Bank has increased the number of SME customers by 161 thousand to 639 thousand and individual customers by 413 thousand to 5.8 million.

During the year, Yapı Kredi continued to strengthen its funding base and diversify its funding sources. The Bank recorded significantly above sector annual growth of 17% in local currency deposits thereby increasing deposit market share by 70 basis points to 8.6% while effectively managing deposit costs. At the same time, the Bank diversified its funding sources through US\$ 2.7 billion syndications, US\$ 500 million Eurobond, TL 1.2 billion local currency bonds and a TL 458 million SME backed covered bond. Yapı Kredi also successfully finalised a subordinated debt issuance of US\$ 1 billion towards the end of the year with strong interest from international investors, leading to 7 times subscription.

The transaction was closed with the lowest interest rate for this type of funding so far in the Turkish banking sector.

The 3rd success factor for Yapı Kredi is sustainable profitability and commercial effectiveness gains. Focusing on sustainable revenue sources to ensure continuous profitability, the Bank maintained its leading position as a fee generator in the sector. In commercial effectiveness, the Bank recorded above sector performance in core revenues per employee and loans per employee. In cost management, another important area for sustainable profitability, Yapı Kredi continued its position as the best benchmark in the sector.

Throughout the year, Yapı Kredi focused on effective capital management and took actions to strengthen its capital position in view of transition to Basel II standards. Accordingly, capital adequacy ratio under Basel II standards reached 16.3% as of the end of the year.

Yapı Kredi also strives to fulfill its obligation to furthering the sustainable development of its community. In this regard, the Bank carries out corporate social responsibility projects in the areas of education, environment, culture and arts. In 2012, the Bank received numerous awards in this area.

In 2013, Yapı Kredi will continue its customer-oriented banking approach and focus on value generating growth, aligned with its "Smart Growth" strategy. The Bank will further strengthen its alternative delivery channels with focused projects to enhance its internet banking, leading mobile banking, ATM network and call centers. In addition, Yapı Kredi will continue to open branches in line with its organic growth plans.

I would like to take this opportunity to thank our loyal customers, committed shareholders and dedicated employees for their contribution and support to Yapı Kredi, allowing us to achieve another successful year in 2012.



Faik Açıkalın

Faik Açıkalın
Chief Executive Officer

2.1
billion TL
Net Income

17.5%
Return on Average
Tangible Equity

59%
Loans/Assets

Vision, Mission, Strategy and Values

Yapı Kredi's vision is to be the undisputed leader in the finance sector. The Bank ensures sustainable performance through commitment to its core values

Vision

To be the undisputed leader in the finance sector

Mission

To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees

Strategy

Healthy and consistent growth

Focus on core banking activities, growth in value generating segments and products, continuous improvement in commercial effectiveness, expansion of market presence and funding diversification to sustain long-term performance

Strong and sustainable profitability

Address specific customer needs via segment-based service model, optimise cost to serve to improve competitiveness and maintain effective cost and risk management

Superior and long-lasting customer satisfaction

Enhance easy to work with approach through continuous investments in technology and delivery channels while maintaining focus on innovation, employee satisfaction and loyalty

Values

Freedom

Yapı Kredi employees express their opinions easily through appropriate and constructive methods; they act in accordance with the Bank's values and contribute to the future of the Bank.

Fairness

Yapı Kredi employees treat their customers, colleagues and the Bank's stakeholders in a consistent manner without seeking personal gain; they make objective decisions and act in accordance with their values while focusing on corporate and social responsibility.

Respect

Yapı Kredi employees listen to their customers and colleagues, irrespective of their identities, to understand their needs. They respect the opinion of others and know that their opinions and ideas also count.

Trust

Yapı Kredi employees build relationships based on trust with all relevant parties utilising their banking knowledge, skills and commitment to corporate values; they trust those that they grant responsibility and authority. Consistent with the Bank's corporate values, Yapı Kredi employees keep their promises in a timely and accurate manner. They take responsibility for their customers' problems, find rapid solutions and follow up on the results.

Transparency

Yapı Kredi employees share relevant corporate information with their customers, colleagues and other stakeholders in a transparent and timely manner while adhering to the Bank's confidentiality principles and ensuring accessibility; they express their opinions with the same degree of transparency.

History

As Turkey's first private bank with a nationwide presence, Yapı Kredi has been successfully executing its customer-centric strategy for 69 years

The Origins

Established in 1944 as Turkey's first retail focused private bank with a nationwide presence, Yapı Kredi has always played a pioneering role in the banking sector. Since its origins, Yapı Kredi has maintained a strong reputation in the banking sector leveraging on its customer-centric approach, dedication to innovation and contribution to the development of the financial sector in Turkey.

In 2006, Yapı Kredi successfully completed the largest merger in the Turkish banking sector. The merger between Koçbank (8th largest bank) and Yapı Kredi (7th largest bank) formed the new Yapı Kredi, which became the 4th largest private bank. Since the merger, Yapı Kredi has consistently delivered strong results.

2006 Merger and Integration

- Legal merger of Yapı Kredi and Koçbank
- Merger of the 2 banks' core subsidiaries operating in the same sectors (factoring, leasing, asset management and brokerage)
- Restructuring of the capital base
- Integration of information technology systems

2007 Restructuring

- Launch of branch expansion
- Completion of segment-based service model
- Streamlining governance by bringing subsidiaries under the Bank
- Efficiency initiatives in systems and processes

2008 Re-launch of Growth

- Acceleration of branch expansion
- Innovation in product, service and delivery channels
- Emphasis on decreasing cost to serve
- Strengthening of capital base via capital increase

2009 Global Crisis

- Temporary suspension of branch expansion
- Continuous support for customers
- Tight cost management and efficiency efforts
- Proactive credit risk management

2010 Back to Strong Growth

- Re-launch of branch expansion
- Innovation, new product development and customer acquisition
- Above sector growth and tight cost discipline
- Simplification of processes and improvement in efficiency

2011 "Smart Growth"

- Continuation of branch expansion
- Selective and continual growth in value generating segments and products
- Sustainable revenue generation and tight cost control
- Diversification of funding base

2012 Continuation of "Smart Growth"

- Continuation of branch expansion
- Growth in value generating segments and dynamic asset quality management
- Focus on core banking and disciplined cost control
- Funding diversification and effective capital management

Between 2007 and 2012⁽¹⁾

+13%
Revenues

+7%
Costs

+16%
Net Income

27%
Return on Average
Tangible Equity⁽²⁾

+37%
Number of
Branches⁽³⁾

+46%
Number of
ATMs⁽³⁾

+3%
Number of
Employees⁽³⁾

(1) Compounded annual growth rates used for revenues, costs and net income. Nominal growth rates for branch, ATM and employee figures indicate period between end of 2007 and 2012

(2) Net Income/Average Shareholders' Equity. Average Shareholders' Equity is calculated by subtracting TL 979 million of goodwill generated from the merger of Koçbank and Yapı Kredi in 2006

(3) Based on bank-only figures

Corporate Profile

Yapı Kredi is a leading financial services group in Turkey with strong market presence, loyal customer base, dynamic employee profile and wide service network

Positioning

		Rank	Market Share
Total Bank	Loans	4	10.0%
	Deposits	6	8.9%
	Number of Branches ⁽¹⁾	5	9.1%
Retail Banking	Credit Card Outstanding	1	19.4%
	Credit Card Acquiring	1	19.3%
	Number of Cards	1	17.2%
	General Purpose Loans	7	6.8%
	Mortgages	5	9.1%
	Auto Loans	3	15.2%
	Commercial Installment Loans	4	8.2%
Corporate and Commercial Banking	Corporate Loans ⁽²⁾	5	9.1%
	Non-Cash Loans	2	13.2%
	Leasing	1	17.2%
	Factoring	1	15.0%
	Cheque Clearing	1	11.8%
Private Banking and Wealth Management	Mutual Funds	2	17.6%
	ISE and TurkDEX Volume ⁽³⁾	1	19.6%
	Equity Transaction Volume	2	7.0%
Insurance and Private Pension	Health Insurance	1	22.7%
	Non-life Insurance	5	7.2%
	Life Insurance	4	7.7%
	Private Pension Funds	3	17.1%

Customer Base

6.5 million Customers

5.8 million Individual Customers

639 thousand SME Customers

32 thousand Corporate and Commercial Customers

Employee Profile

17,461 Employees

34 Average age

62% Share of branch employees in total employees

83% Share of university graduate employees in total employees

Service Network

988 Branches

Wide branch network covering all regions of Turkey⁽⁴⁾

80% Share of non-branch channels⁽⁵⁾ in total banking transactions

2,819 ATMs comprising Turkey's 6th largest ATM network (7.8% market share)

2.4 million customers utilising Yapı Kredi's internet banking (10.8% market share)

165 thousand customers utilising Yapı Kredi's leading mobile banking (12.0% market share)

40 million customer contacts realised per year via Yapı Kredi's 2 call centers located in Istanbul and Samsun

(1) Ranking and market share based on number of Bank branches (928)

(2) Cash loans excluding credit card outstanding and consumer loans

(3) Includes repo, reverse repo, treasury bills, government bond, equity and derivative transaction volumes. ISE indicates Istanbul Stock Exchange. TurkDEX indicates Turkish Derivatives Exchange

(4) Indicates total number of Group branches

(5) Non-branch channels include internet banking, call center, ATMs, post office and other centralised automated transaction channels

Key Financial Indicators

(TL million)	2007	2008	2009	2010	2011	2012	2011-2012 Change	2007-2012 CAGR ⁽⁴⁾
Assets	56,130	70,872	71,734	92,814	117,450	131,498	12%	19%
Loans	28,733	38,910	38,863	54,243	69,326	77,813	12%	22%
Deposits	33,706	44,023	43,375	55,207	66,187	71,143	7%	16%
Assets Under Management ⁽¹⁾	6,372	5,818	6,991	8,444	7,507	8,787	17%	7%
Total Revenues	3,963	4,802	6,071	6,649	6,648	7,401	11%	13%
Operating Expenses	2,338	2,560	2,510	2,693	2,911	3,278	13%	7%
Net Income	1,019	1,265	1,553	2,255	2,291	2,098	-8%	16%
Number of Group Branches	738	930	901	927	964	988	2%	34%
Number of Bank Branches	676	861	838	868	907	928	2%	37%
Number of Group Employees	16,779	17,385	16,749	16,821	17,350	17,461	1%	4%
Number of Bank Employees	14,249	14,795	14,333	14,411	14,859	14,733	-1%	3%
Return on Average Tangible Equity ⁽²⁾	3.9%	32.1%	26.2%	30.2%	23.9%	17.5%	-64 bp	-164 bp
Return on Assets	1.8%	1.8%	2.2%	2.4%	2.0%	1.6%	-4 bp	-2 bp
Cost/Income	59.0%	53.3%	41.3%	40.5%	43.8%	44.3%	5 bp	-147 bp
Group Capital Adequacy Ratio	12.8%	14.2%	16.5%	15.4%	14.9%	15.2%	3 bp	24 bp
Bank Capital Adequacy Ratio	13.7%	15.7%	17.8%	16.1%	14.7%	16.3%	16 bp	26 bp
Leverage ⁽³⁾	10.2	9.3	7.5	7.6	8.3	7.2	-	-
Non-Performing Loan Ratio	5.8%	4.3%	6.3%	3.4%	3.0%	3.2%	2 bp	-26 bp
Total Coverage Ratio	112%	94%	115%	117%	111%	111%	0 bp	-10 bp

Shareholding Structure

Koç Group, founded in 1926, is the largest conglomerate in Turkey in terms of turnover, exports and 84 thousand employees. The Group is ranked 222nd on the Fortune Global 500 list. Operating in the areas of energy, automotive, consumer durables and finance, the Group has 5 of 10 of the largest companies in Turkey who are leaders in their sectors. Koç Group's revenues comprise 7% of Turkey's total Gross Domestic Product (GDP) and its exports comprise 10% of Turkey's total exports. The Group is considered as one of the best proxies of the Turkish economy.

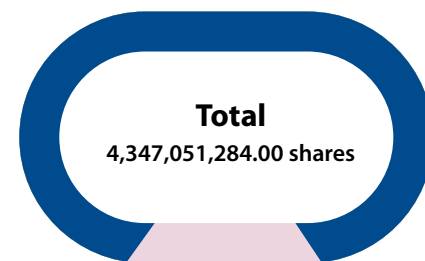
UniCredit Group, with roots dating back to 1473, is a systematically important European financial institution based in Italy. The Group has a widespread network of 9,500 branches and 157 thousand employees in 22 countries. In Central and Eastern Europe, the Group has the largest international network with close to 4 thousand branches. Following a EUR 7.5 billion rights issue in January 2012, UniCredit Group is considered among the best capitalised banks in Europe according to preliminary Basel III criteria.⁽⁵⁾

Koç Financial Services is Yapı Kredi's majority shareholder with 81.8% of the Bank's shares. The remaining 18.2% is publicly traded and held by other shareholders.⁽⁶⁾

Koç Financial Services

81.8%

3,555,712,396.07 shares



Total

4,347,051,284.00 shares

Other

18.2%

791,338,887.93 shares

Note: Key financial indicators based on BRSA consolidated financials. Loans indicate performing loans

(1) Mutual funds, private pension funds and discretionary portfolio management

(2) Net Income/Average Shareholders' Equity. Average Shareholders' Equity is calculated by subtracting TL 979 million of goodwill generated from the merger of Koçbank and Yapı Kredi in 2006

(3) (Total Assets-Shareholders' Equity) / Shareholders' Equity

(4) Compounded annual growth rates for balance sheet and income statement items. Nominal growth figures for other items

(5) 9.3% fully loaded as of September 2012

(6) The Bank's shares are listed on the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange

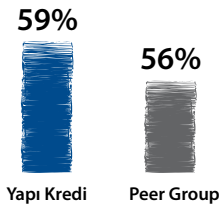
Yapı Kredi's Key Success Factors

Yapı Kredi differentiates in terms of customer-oriented banking, value generating growth, profitability and disciplined cost management

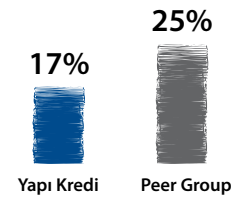
Customer-Oriented Banking

Yapı Kredi historically differentiates with unyielding focus on customer-oriented banking. Yapı Kredi has the highest loans/assets ratio and the lowest securities/assets ratio in its peer group

Loans/Assets



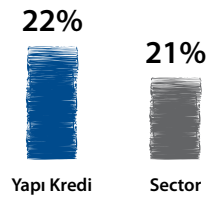
Securities/Assets



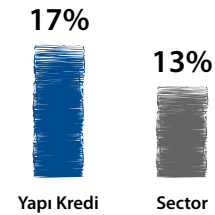
Value Generating Growth

Yapı Kredi is unique with its "Smart Growth" strategy focusing on value generating products and segments. Accordingly, the Bank demonstrates above sector growth in both local currency loans and local currency deposits

TL Loan Growth



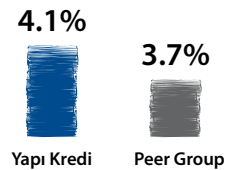
TL Deposit Growth



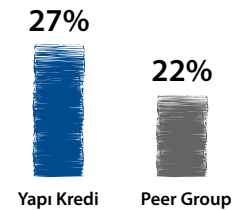
Sustainable Banking

Yapı Kredi stands out with a focused approach on core banking revenues and healthy revenue structure. As a result, the Bank is leader in both net interest margin and fee and commission generation

Net Interest Margin⁽¹⁾



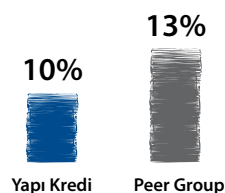
Fees and Commissions/Total Revenues⁽²⁾



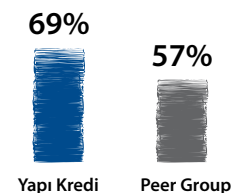
Disciplined Cost Management

Yapı Kredi is a benchmark in terms of cost discipline. The Bank is able to effectively manage costs via cost control and efficiency gains while continuing investments for growth

Core Cost Growth⁽³⁾



Fees and Commissions/Operating Expenses⁽²⁾



(1) Net Interest Income/Average Interest Earning Assets

(2) Excluding impact of change on loan related fee deferrals and decrease in regulatory cap of money market fund management fees

(3) Core costs indicate costs incurred through operating activities excluding pension fund charges

Customer-Oriented Organisational Structure

Yapı Kredi's banking activities are organised under retail banking, corporate and commercial banking as well as private banking and wealth management

Retail Banking

Card Payment Systems

Credit cards are offered to individual customers over the age of 18 with the required minimum income as well as corporate customers. POS products are offered to merchants who use credit cards for their business transactions.

- **9.3 million** credit cards
- **5.3 million** customers
- **446 thousand** POS terminals

Individual

Individual banking serves individuals with total personal financial assets up to TL 500 thousand, sub-segmented under mass (up to TL 50 thousand) and affluent (between TL 50-500 thousand).

- **5.8 million** customers
- **820** branches
- **1,756** relationship managers

SME

SME banking serves companies with an annual turnover of less than US\$ 5 million.

- **639 thousand** customers
- **820** branches
- **1,594** relationship managers

Corporate and Commercial Banking

Corporate and commercial banking serves companies with annual turnover of more than US\$ 5 million, sub-segmented under commercial (between US\$ 5-100 million) and corporate (over US\$ 100 million).

- **32 thousand** customers
- **80** branches
- **561** relationship managers

Product Factories



International Subsidiaries



Private Banking and Wealth Management

Private banking and wealth management serves customers with total personal financial assets above TL 500 thousand.

- **24 thousand** customers
- **22** private banking centers
- **155** relationship managers

Product Factories



Insurance Subsidiaries



Other Subsidiaries



Revenue, loan and deposit breakdown by business units

Revenues⁽¹⁾

- 50%** Retail Banking
- 26%** Corporate and Commercial Banking
- 2%** Private Banking

Loans

- 55%** Retail Banking
- 45%** Corporate and Commercial Banking
- 0.3%** Private Banking

Deposits

- 39%** Retail Banking
- 36%** Corporate and Commercial Banking
- 25%** Private Banking

(1) Total share of business unit revenues is 88%. The remaining 22% is attributable to the treasury and other operations

Retail Banking: Card Payment Systems

Continuous leadership for the past 24 years with innovative approach and wide merchant network

Profile Credit cards are offered to individual customers over the age of 18 with the required minimum income and corporate customers. POS products are offered to merchants who accept credit cards.

9.3 million credit cards
5.3 million customers
446 thousand POS terminals

	Rank	Market Share
Outstanding volume	1	19.4%
Acquiring volume	1	19.3%
Number of cards	1	17.2%

Sustained leadership for 24 years on the back of strong brand recognition

Yapı Kredi has been the leader in credit cards for the last 24 years with strong brand recognition and loyal customer base. The Bank's credit card program, World, is the 6th largest in Europe and 54th largest in the world according to the Nilson Report⁽¹⁾.

Yapı Kredi's card payment systems continued to gather recognition both domestically and internationally in 2012. The Bank's credit card platform, World, was chosen as Super Brand of Turkey by Superbrands and ranked number 1 in customer satisfaction for the 5th time by The Turkish Quality Association.

The credit card business in Turkey recorded strong performance in 2012. During this period, Yapı Kredi effectively managed growth and profitability. The Bank emphasised customer acquisition and retention activities while maintaining a disciplined approach to installments and loyalty points.

In 2012, Yapı Kredi's card payment system revenues increased by 6% annually to TL 868 million⁽²⁾ driven by above sector growth in credit card outstanding volume and merchant business. In the same period, credit card outstanding volume increased by 39% annually to TL 14.4 billion compared to sector growth of 31%. Cumulative issuing volume increased by 19% annually to TL 63.5 billion and cumulative acquiring volume increased by 18% annually to TL 70.3 billion as of the end of 2012.

Yapı Kredi continuously focuses on enhancing its card payment systems. In 2012, the Bank:

- Further widened its sales channels to increase card sales
- Expanded merchant network acquisition and enhancement activities via use of different channels
- Re-launched its debit card under the name TLcard
- Improved systems to increase marketing activities and customer satisfaction

Benefitting from close synergies with other retail business units, the Bank converted 425 thousand credit card-only customers into retail banking customers in 2012.

During the year, Yapı Kredi focused on special campaign offers to commercial credit card customers to enhance cash flow management and synergies with SME banking. In 2012, Yapı Kredi became the leader in commercial credit card turnover volume with 17.1% market share compared to 3rd place with 13.4% market share in 2011.

To further enhance customer experience, the Bank analysed credit card and debit card delivery processes in 2012. In addition, Yapı Kredi carried out special research and development projects to better meet credit card customers' financial and non-financial needs.

Further expansion of World Turkey's leading credit card program

One of the main developments in card payment systems in 2012 was the introduction of Yapı Kredi's credit card program, World, in Azerbaijan. This card offers customers installments in addition to a wide range of other advantages. The Best Marketing Campaign award by Mastercard was presented to the Bank recognising Yapı Kredi's success in the World credit card campaign in Azerbaijan. Following launch in September 2012, the number of World credit cards in Azerbaijan exceeded 26 thousand.

In 2012, Yapı Kredi continued licensing partnerships with Anadolubank, TEB, Vakıfbank and AlBaraka Türk. Accordingly, World continued to be Turkey's leading credit card program with over 13 million credit cards.

Wide POS and dynamic merchant network

Yapı Kredi has a wide POS network in Turkey with 446 thousand POS terminals as of the end of 2012. The Bank has a dynamic merchant campaign mechanism providing customers with reward points, additional installments, discounts and other privileges. In 2012, the Bank offered more than 100 tailored campaigns per month contributing to customer loyalty and satisfaction.

One of the Bank's focus areas in 2012 was to increase the network of the POS terminals shared with other banks.

In 2012, POS terminals shared with other banks increased by 9% annually to 171 thousand, making up 38% of the Bank's total 446 thousand POS terminals.

Customer Experience

1,700 TL	Yapı Kredi customers' average outstanding credit card balance
446 thousand	Number of POS terminals offering extra advantages to customers using Yapı Kredi's credit cards
425 thousand	Number of Yapı Kredi credit card-only customers who were introduced to other banking products in 2012

Looking Ahead

- Maintaining leadership with sustainable value generation
- Further enhancing customer experience via system improvements
- Achieving sector leadership in credit cards in Azerbaijan

Product Key

Worldcard, World Gold, World Platinum, Opet Worldcard, Play, adios, adios Premium, taksitçi, Crystal, Fenerbahçe Worldcard, KoçAilem Worldcard, World Business, Debit Cards (TLcard, Play TLcard, Business TLcard), World Gift Card, World Loyalty Program

(1) Nilson Report dated December 2012

(2) Includes POS revenues booked under other business units' revenues

Retail Banking: Individual Banking

Strong growth in value generating segments through focus on steadily improving customer experience

Profile Individual banking serves customers with total personal financial assets up to TL 500 thousand, sub-segmented under mass (up to TL 50 thousand) and affluent (between TL 50-500 thousand)

5.8 million customers
820 branches
1,756 relationship managers

	Rank	Market Share
General purpose loans	7	6.8%
Mortgages	5	9.1%
Auto loans	3	15.2%

In 2012, moderation in economic growth due to soft-landing led to deceleration of customer demand. In the 2nd half of the year, there was slight pick-up in consumer demand on the back of declining interest rates.

Yapı Kredi's individual banking revenues remained stable at TL 824 million mainly impacted by regulatory change on loan related fees and commissions offset by value generating growth and disciplined pricing. In the same period, individual banking loans increased by 17% annually to TL 13.3 billion. Individual banking deposit base increased by 17% annually to TL 19.2 billion driven by dedicated initiatives.

Mass Segment

During the year, Yapı Kredi focused on creating a seamless customer experience through a dedicated multi-channel strategy in addition to 21 new branch openings. The multi-channel strategy consists of a tailored customer offer management system, integrated marketing approach, new delivery channels as well as automation and simplification of processes. Throughout the year, Yapı Kredi further enhanced its strong customer-oriented approach by better analysing customer needs and providing the most suitable products.

In 2012, Yapı Kredi's individual banking loan growth was mainly driven by general purpose loans. The Bank recorded strong annual growth of 24% in general purpose loans reaching TL 6.9 billion volume in 2012 compared to sector growth of 16%. Individual flexible account volume increased by 64% annually to TL 287 million. Incorporation of specialised campaigns into alternative delivery channels via customer relationship management functionalities supported this successful performance. The Bank's fast loan application system, Kredi Şimdi, also served as a strong sales support channel throughout the year. Kredi Şimdi platform allows loan applications to be finalised in 3 minutes on average.

Mortgage loan volume increased by 10% annually to TL 7.2 billion and the number of mortgage customers increased by 32 thousand to 128 thousand in 2012. In terms of product innovation, the Bank launched two new products named Upgrader Mortgage and Mortgage for Residents Abroad. Upgrader Mortgage allows customers to finance a new mortgage by using their existing home as collateral while Mortgage for Residents Abroad extends mortgage origination to a broader customer base. In 2012, the Bank increased the number of mortgage consultants by 150 to 1,098. In addition, a dedicated sales force was formed to strengthen relations with construction companies and real estate agencies. As a result, the Bank collaborated on 75 residential and 5 working premise projects and increased the number of contracted real estate agencies from 748 to 2,248 in 2012.

Auto loan volume decreased by 8% annually to TL 1.2 billion in 2012 mainly impacted by high base effect due to strong growth in 2011 and asset quality. Meanwhile, Yapı Kredi continued its cooperation agreement signed in 2008 with Ford Otosan, under the FordFinans program, which gives the Bank exclusivity in granting auto loans for Ford branded cars.

Affluent Segment

Yapı Kredi offers its affluent customers tailored banking products and investment services via 554 dedicated relationship managers in 422 branches. In addition, the Bank also arranges various seminars and organisations in order to increase customer loyalty and satisfaction.

In 2012, one of the key focus areas was strengthening the deposit base while maintaining cost of funding under control. In this regard, Yapı Kredi launched a unique one-to-one deposit pricing tool in February allowing the Bank to determine deposit rates based on customer price elasticity and behaviour. As a result, the Bank recorded above sector annual growth of 17% in local currency deposits while managing cost of deposits effectively.

Local currency bonds issued by Yapı Kredi were among the most preferred products by affluent customers and reached TL 2,573 million in 2012. Other preferred products were time deposits and private pension funds.

Bancassurance

Yapı Kredi coordinates all insurance activities via dedicated bancassurance unit formed in 2009. In 2012, a devoted sales force was created to further strengthen sales initiatives, leveraging on the Bank's strong customer base. In addition, a focused project was initiated to improve product offerings, re-engineer processes and strengthen collaboration with Yapı Kredi Insurance and Yapı Kredi Pension.

Customer Experience

1 day

Yapı Kredi's response time to customers who apply for a general purpose loan

45%

Share of general purpose loans granted to Yapı Kredi customers through the Bank's fast loan application system

330
thousand

Average number of general purpose loans evaluated by Yapı Kredi on a monthly basis

Looking Ahead

- Maintaining healthy growth and increasing market share in value generating areas
- Improving customer loyalty leveraging on tailored customer offer management system and simplification of processes
- Offering new deposit products to better meet customers' various needs and expectations

Product Key

Mortgages, Working Premise Loans, Home Equity Lines of Credit, Home Improvement Loans, General Purpose Loans, Auto Loans, FordFinans, Individual Flexible Accounts, Product Bundles, Bill Payments, Regular Payments, Rent Payments, University Payments, Safety Deposit Box, Deposits, Working Accounts, Private Pension Products, Health Insurance, Life Insurance, Property and Casualty Insurance

Retail Banking: SME Banking

Dedicated service model and wide product offerings supporting solid performance

Profile SME banking serves companies with annual turnover of less than US\$ 5 million

639 thousand customers

820 branches

1,594 relationship managers

Rank Market Share

Commercial installment loans **4** **8.2%**
Flexible commercial accounts **1** **18.5%**

In line with the soft-landing of the Turkish economy, SMEs (Small and Medium Sized Enterprises) continued to perform favourably in 2012 despite moderation in pace of SME loan growth compared to the previous year.

In 2012, Yapı Kredi's SME banking revenues increased by 24% annually to TL 1,637 million driven by focus on value generating products such as flexible commercial accounts. In the same period, SME banking loans increased by 12% annually to TL 11.5 billion supported by exclusive campaigns. SME banking deposits increased by 3% annually to TL 6.4 billion supported by growth in foreign currency deposits.

Flexible commercial accounts, which customers prefer for their short-term cash requirements, increased by 57% annually to TL 826 million in 2012. The Bank improved its ranking in flexible commercial accounts by one notch and became sector leader with 18.5% market share as of the end of 2012. Commercial installment loans also continued to be preferred by customers. In this area, the Bank grew by 5% annually up to TL 7.3 billion.

In parallel with Yapı Kredi's aim to become the main bank of SMEs, cash management products continued to be provided to customers. In 2012, usage of these products increased by 28% annually to 184 thousand SME customers.

Throughout 2012, Yapı Kredi continued to act as an intermediary in channelling overseas funds created by European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Council of European Development Bank (CEB) and International Finance Corporation (IFC) to SME customers. In addition, Yapı Kredi signed a loan agreement for EUR 15 million for financing of eligible SME sub-projects under CEB's SME loan facility through UniCredit S.p.A in March 2012. In 2012, Yapı Kredi provided a total of TL 110 million funding with longer maturity and flexible pricing to over 1,600 SME customers. The Bank also provided consultancy services for SMEs on national grant and support programs and offered related loan products.

Deep-rooted customer relations supported by wide POS customer base

In line with its "Smart Growth" strategy, Yapı Kredi continued to focus on gaining leadership in the SME segment. The Bank grew its SME customer base by 30% over the last 3 years and reached 639 thousand customers. Growth was also supported by the wide POS customer base. Through a dedicated service model, customers are segmented based on their size and diverse financial needs. In addition, tailored product offerings are provided to customers through a wider range of delivery channels in line with the Bank's multi-channel approach.

Customer acquisition activities were further strengthened in 2012 through formation of dedicated teams with the sole purpose of acquiring new customers. These teams acted as a key customer acquisition engine for the Bank in 2012, especially focusing on unique product bundles. Accordingly, 89 thousand new customers were acquired and 57 thousand product bundles were sold in 2012.

As part of Yapı Kredi's strong focus on SME banking, each retail branch has at least one devoted SME relationship manager. In 2013, remote relationship managers located in 9 different regions of Turkey will begin to serve a large number of customers with basic banking needs through the phone. This will further increase efficiency as branch-based relationship managers will be able to rapidly address more complex customer needs.

Focused approach in agricultural banking

In 2011, Yapı Kredi formed dedicated agricultural banking units in the head office and regional branches to provide tailored products. Through more than 250 branches located in agricultural areas, the Bank supported the sector financially. Yapı Kredi offers products and services to cover all stages of the agricultural value chain. Evaluation of loans is undertaken via a standardised approach and system incorporating agricultural productivity, quality and profitability analysis. As a result, agricultural lending volume increased by 51% annually to TL 650 million in 2012.

Customer Experience

4 days

Yapı Kredi's response time to customers who apply for an SME loan

47 thousand

Number of SME loans evaluated by Yapı Kredi on a monthly basis

250 thousand

New SME customers who started to work with Yapı Kredi in the last 3 years

Looking Ahead

- Continuing support for SMEs via innovative products and collaborations
- Increasing efficiency and product penetration leveraging on diverse and advanced channels
- Increasing market share and product usage in agricultural banking

Product Key

Commercial Installment Loans, Revolving Loans, Flexible Commercial Accounts, Commercial Purchasing Cards, Product Bundles, POS and Merchant Services, Agriculture Loans, Cash Management Products, Commercial Credit Cards, Investment Products

Corporate and Commercial Banking

Leading positions in trade finance, project finance, correspondent banking, cash management and e-banking

Profile Corporate and commercial banking serves companies with turnover of more than US\$ 5 million, sub-segmented under commercial (between US\$ 5-100 million) and corporate (over US\$ 100 million)

1,405 corporate customers
30,112 commercial customers
80 branches
561 relationship managers

	Rank	Market Share
Cheque clearing	1	11.8%
Leasing volume	1	17.2%
Factoring volume	1	15.0%

During 2012, Yapi Kredi recorded healthy growth in corporate and commercial banking despite slowdown in economic activity parallel to soft-landing and increasing competition.

In 2012, Yapi Kredi's corporate and commercial banking revenues increased by 19% annually to TL 1,565 million mainly driven by selective growth and disciplined pricing. In the same period, corporate and commercial banking loans increased by 3% annually to TL 31.2 billion driven by lending to mid-commercial customers.

In commercial banking, Yapi Kredi utilises a sub-segmented service model which divides customers into two segments, mid-commercial and large-commercial, according to product usage and turnover criteria. As a result, the Bank demonstrates improvement in both productivity and customer satisfaction by offering tailored products and services. Throughout the year, Yapi Kredi focused on customer acquisition, product penetration and process simplification. Accordingly, 1,251 new commercial customers and 38 thousand payroll customers were acquired, 2,383 customers were reactivated and product usage of 2,226 customers was increased.

Focused approach in project finance

Soft-landing of the economy in 2012 led to a stable trend in project finance lending in the sector. At Yapi Kredi, project finance loans are granted to corporate customers as well as SMEs whose investments meet specific criteria. In 2012, the Bank participated in the financing of 14 new projects primarily in renewable energy and commercial real estate sectors. Accordingly, the Bank has a total underwriting amount of US\$ 5.9 billion in project finance via 174 projects as of the end of 2012. One of the Bank's key strengths in project finance is renewable energy projects, where total underwriting amount is US\$ 3 billion as of the end of 2012 with a total installed capacity of 5,134 MW.

Strong presence in trade finance

Yapi Kredi is one of the leading banks in trade finance. As of the end of 2012, Yapi Kredi has over 19 thousand customers utilising a range of basic products such as letters of credit as well as complex solutions such as e-trade platform-automation for import payments. In 2012, trade finance volume in Turkey increased by 4% annually supported by continuous diversification of export markets towards the Middle East and North Africa. During the same period, Yapi Kredi's total trade finance volume increased by 8% annually to US\$ 69 billion.

Tailored product offerings and advanced infrastructure in cash management and e-banking

Yapi Kredi holds leading positions in direct debit turnover and cheque operations within the Central Bank's clearing system. The Bank also has high transaction penetration in BANKO™-OHES e-banking (automated remittance and electronic fund transfer processing). Yapi Kredi provides high-quality products within the scope of global e-banking, automation and reconciliation services. The Bank launched a new digital signature technology for multinational customers in 2012. In addition, the Bank recorded 28% annual increase in SME cash management turnover and 11%

annual increase in the number of customers supported by formation of an exclusive sales force.

Specialised services for international and multinational companies

Yapi Kredi provides specialised services to international and multinational companies through an expert team. Products offered include cash management, trade finance, project finance, treasury products and investment banking services. The opening of a dedicated branch in the beginning of 2012 contributed to an increase in number of customers to 594 in 2012 from 461 in 2011.

Active role in correspondent banking and wholesale funding

In correspondent banking, Yapi Kredi provides its customers trade finance services through a wide network of 2,500 international banks leveraging on its historically strong and long-standing relations.

In wholesale funding, the Bank sustained access to international capital markets leading to a more diversified funding base despite tight liquidity conditions. In international debt capital markets, Yapi Kredi issued a US\$ 500 million Eurobond with 5 years maturity and 6.75% coupon rate in February 2012 and a US\$ 1 billion subordinated debt with 10 years maturity and 5.5% coupon rate in December 2012. In syndications, Yapi Kredi fully rolled over US\$ 2.7 billion syndicated loan facilities which matured in April and September 2012. Proceeds are used to finance pre-export and export credit facilities of customers.

In February 2012, the Bank also obtained a US\$ 585 million subordinated debt from UniCredit Bank Austria AG with 10 years maturity (callable after 5 years). In November 2012, the Bank signed 2 loan agreements with Japan Bank for International Cooperation (JBIC) for US\$ 500 million, the highest credit line with JBIC by a Turkish bank at the time of the transaction. Also in November 2012, Yapi Kredi concluded a TL 458 million SME-backed covered bond with 3 to 5 years maturity.

Customer Experience

52%

Share of environmental friendly renewable energy financing in Yapi Kredi's US\$ 5.9 billion total project finance volume

2,500

Number of correspondent banks working with Yapi Kredi to better serve corporate customer needs

69 billion
US\$

Total amount of trade finance provided by Yapi Kredi to support customers

Looking Ahead

- Implementing a new customer relationship management system to further improve service quality and customer satisfaction
- Simplifying credit underwriting processes to enhance customer experience
- Focusing on money transfer activities by leveraging on strong presence in cash management and trade finance

Product Key

Loan Guarantees, Money Transfers, Working Capital, Long-Term Loans, Trade Finance, Payments for Enterprises, Project Finance, Direct Debit, BANKO™-OHES, Payment Products, Collection Products, Government Payments, Import and Export Financing Products

Product Factories

According to Yapı Kredi's organisational structure, leasing and factoring product factories and international subsidiaries are under the coordination of corporate and commercial banking.

Yapı Kredi Leasing

Established in 1987, Yapı Kredi Leasing celebrated its 25th year anniversary in 2012. The company has maintained leadership for the past 4 years in terms of leasing volume. Yapı Kredi Leasing provides high quality products and services through 132 employees with leading positions in key segments including production machinery and construction equipment. Yapı Kredi Leasing, through unique third party partnership agreements, continuously develops new products for niche sectors such as yachting and project finance.

In 2012, leasing sector was positively impacted by the tax decrease in construction and machinery equipment which was put into effect as of December 2011. In this environment, Yapı Kredi Leasing displayed a solid performance with transaction volume of TL 1.6 billion indicating 17.2% market share. Number of contracts generated through the retail and vendor channels increased by 17% annually. Throughout the year, share of contracts generated from SME customers reached 44% as a result of continuous focus on strengthening its position in SME business.

In 2013, Yapı Kredi Leasing aims to increase penetration of leasing products through focus on customer relationships and new customer acquisition.

Yapı Kredi Factoring

Established in 1999 and 99.94% owned by Yapı Kredi, Yapı Kredi Factoring has been leader in the factoring sector for the last 12 years.

In 2012, Yapı Kredi Factoring maintained its leadership with 15.0% market share in terms of factoring turnover. The company offers a wide range of factoring products and services including monitoring and collection of receivables through 89 employees. Since 2002, Yapı Kredi Factoring has been ranked among the Best Export Factoring Companies by Factors Chain International (FCI).

In 2012, Yapı Kredi Factoring realised a total transaction volume of US\$ 6.1 billion, of which 67% is derived from domestic transactions and 33% from international transactions. During the year, the company focused on new customer acquisition and increasing product usage. Additionally, Yapı Kredi Factoring further strengthened regional sales activities by leveraging on Yapı Kredi's wide service network.

In 2013, the main objective of Yapı Kredi Factoring is to maintain its leadership position in the factoring sector through steady growth and value creation.

Yapı Kredi Bank Nederland

Yapı Kredi Bank Nederland offers a wide range of products and services in retail, corporate and private banking. The Bank is fully owned by Yapı Kredi and operates through its head office in Amsterdam with 46 employees. The bank continued to perform favourably in 2012 despite regulatory pressure and slowdown in economic activity. In 2012, the bank's asset size increased by 2% annually to EUR 1.8 billion.

Yapı Kredi Bank Nederland's main objective is to provide support to Yapı Kredi customers based abroad. In terms of retail banking, the bank offers savings and deposit products to more than 15 thousand customers.

As a part of its corporate banking activities, the bank provides structured commodity finance and trade finance solutions also leveraging on synergies with Yapı Kredi and the UniCredit Group. Over the past few years, trade finance in Commonwealth of Independent States (CIS) and cooperation with European international commodities traders have also become an important part of the bank's business. In addition, the bank offers Islamic compliant products to its corporate customers.

In 2013, the bank aims to focus on risk management, capitalisation and liquidity as well as further increasing customer satisfaction.

Yapı Kredi Bank Moscow

Established in 1988, Yapı Kredi Bank Moscow is 99.84% owned by Yapı Kredi and is the first Turkish bank to start providing banking operations in Russia. The bank supports Turkish companies active in Russia thereby strengthening commercial ties between Turkey and Russia. In this regard, Yapı Kredi Bank Moscow provides banking services including corporate finance, project finance and trade finance to a select group of Yapı Kredi corporate customers mostly in the construction, commitment, trade and tourism sectors. The bank serves around 1,500 customers through its head office located near the Kremlin with 66 employees. In 2012, the bank's asset size increased by 12% to US\$ 212 million.

During 2012, economic growth continued in Russia leading to a competitive environment in the banking sector. Yapı Kredi Bank Moscow maintained to focus on corporate and commercial banking. At the same time, the bank focused on further penetrating existing customer base and acquiring new customers to sustain profitability. The bank prioritises customer satisfaction via building long-lasting customer relationships.

In 2013, the bank aims to accelerate growth in corporate and commercial banking supported by customer acquisition activities.

Yapı Kredi Bank Azerbaijan

Yapı Kredi Bank Azerbaijan is 99.8% owned by Yapı Kredi. The bank provides a wide range of products and services to 78 thousand individual, 1,862 SME and 2,264 corporate customers through a network of 12 branches with the addition of 3 new branches which opened in 2012 and 384 employees. As of the end of 2012, the bank has an asset size of US\$ 295 million.

In 2012, the Azerbaijani economy and banking sector strengthened further which contributed to realisation of the bank's strategic priorities. In September 2012, Yapı Kredi Bank Azerbaijan started to offer World credit card, Turkey's leading credit card platform for the past 24 years and established a 24/7 operating call center. The number of World credit cards exceeded 26 thousand in 3 months. Accordingly, Yapı Kredi Bank Azerbaijan received the Best Marketing Campaign of 2012 award from MasterCard. In addition, Yapı Kredi Banking Academy which was established in Azerbaijan in 2011, continued to provide valuable workforce to the Azerbaijani banking sector.

In 2013, Yapı Kredi Bank Azerbaijan will continue to strengthen its position by further enhancing products and services as well as deployment of ATMs, new internet banking and branch openings. The bank also aims to become sector leader in credit cards.

Private Banking and Wealth Management

Sustained leadership with TL 25 billion customer assets and 22 private banking centers

Profile Private banking and wealth management serves customers with total personal financial assets above TL 500 thousand	24 thousand customers	Rank	Market Share
	22 private banking centers	Mutual Funds	2 17.6%
	155 relationship managers	ISE and TurkDEX volume ⁽¹⁾	1 19.6%
		Equity transaction volume	2 7.0%

Yapı Kredi maintained its leadership in private banking and wealth management with TL 25 billion customer assets, 22 private banking centers and a wide customer base by continuously focusing on improving customer experience. In addition to a wide variety of products and services, Yapı Kredi also offers non-financial services to private banking customers. The Bank places great importance on training and development activities of private banking relationship managers in line with its strong focus on customer satisfaction.

During 2012, private banking customers' risk appetite was impacted by continuing uncertainty in global financial markets despite sound domestic macroeconomic conditions. In this environment, customer preference shifted towards fixed income instruments.

In 2012, Yapı Kredi's private banking revenues decreased by 6% annually to TL 124 million mainly impacted by regulatory changes including decrease in money market fund management fees. In the same period, private banking deposits increased by 1% annually to TL 16.7 billion driven by growth in local currency deposits. Assets under management increased by 35% annually to TL 2.8 billion supported by solid performance in mutual and pension funds.

Continuous innovation in products and services

Yapı Kredi utilises synergies with asset management and brokerage subsidiaries to further enrich product offerings in line with evolving customer expectations.

In 2012, 14 new mutual funds were launched including 3 equity, 5 fixed income and 6 capital guaranteed funds. Accordingly, total number of funds reached 40. Including pension funds, total number of funds offered to customers reached 56 by the end of 2012. On the other hand, fund alternatives were increased with niche products such as corporate sector bonds/bills and dividend income indexed funds. The Bank also began offering a fund basket enabling customers to rebalance their fund allocation according to changing market conditions. The option of purchasing funds through credit cards started to be offered to customers in 2012.

During 2012, 8 Yapı Kredi bonds and bills totalling TL 2,573 million with different maturity and interest rate options as well as structured deposit products were also among the preferred products by customers.

Increasing efficiency in service network and customer relationship management

Following a detailed analysis of branch utilisation at the beginning of 2012, 9 private banking centers were closed and customer portfolios of these centers were transferred to other private banking centers in key strategic locations, leading to significant efficiency gains and increased customer satisfaction.

Customer activation and acquisition activities continued in 2012. As a result, 1,650 customers were activated in 2012 via data mining activities and effective customer relationship management. In addition, cross-segment activities led to an increase in customer acquisition as well as collaboration between business units and branches. During the year, Seyir Defteri, a unique tool offering customers products based on their behavioural analysis, was launched supported by Koç University and sponsored by The Scientific and Technological Research Council of Turkey (TUBITAK).

Exclusive seminars receiving strong customer interest

In addition to offering its private banking customers a wide range of financial services, Yapı Kredi provides consultancy in art, tax, real-estate and inheritance consultancy services. In this area, the Bank benefits from the expertise of its subsidiaries and business partners. Yapı Kredi Culture, Art and Publishing, with its deep-rooted expertise and high reputation, is the Bank's most important business partner in art consultancy. Privart, an e-magazine specialised in art, is sent to customers every two months.

In 2012, in addition to the existing consultancy services, Yapı Kredi launched philanthropy consultancy as a first in the Turkish banking sector. Philanthropy consultancy provides strategic support to customers in effective donation planning. Customers are also informed with the end result of their donation contributions. In addition, the Bank organises other unique and exclusive events such as hosting expert speakers from the fields of history, economy, finance and art.

Customer Experience

56

Number of funds offered to customers by Yapı Kredi to meet their diverse investment needs

67%

Share of Yapı Kredi private banking customers who work only with Yapı Kredi

50

Number of prestigious seminars offered to Yapı Kredi private banking customers over the last 3 years

Looking Ahead

- Increasing product diversification in mutual funds to grow customer base and volumes
- Continuing customer activation and acquisition activities leveraging on enhanced infrastructure
- Further promoting usage of unique advisory services to improve customer experience

Product Key

Mutual Funds, Fixed Income Products, Capital Guaranteed Funds, Capital Market Transactions, TurkDEX Transactions, Structured Products, Derivatives, Indexed Deposits, Art Loans, Yacht Loans, Art, Inheritance, Real-Estate, Tax and Philanthropy Consultancy Services

(1) Includes repo, reverse repo, treasury bill, government bond, equity and derivative transaction volumes. ISE indicates Istanbul Stock Exchange, TurkDEX indicates Turkish Derivatives Exchange

Product Factories

According to Yapı Kredi's organisational structure, Yapı Kredi Asset Management, Yapı Kredi Invest and Yapı Kredi B Type Investment Trust are under the coordination of private banking and wealth management.

Yapı Kredi Asset Management

Established in 2002 and 99.97% owned by Yapı Kredi, Yapı Kredi Asset Management is one of the leading asset management companies in Turkey. Yapı Kredi Asset Management offers a wide range of products in different asset classes through 58 employees. The company manages 40 mutual funds and 16 pension funds and ranks 2nd in mutual funds with 17.6% market share as of the end of 2012.

In the low interest rate environment, customer preference shifted to alternative investments, especially fixed income products. In this environment, Yapı Kredi Asset Management further diversified its product portfolio by establishing 6 new capital guaranteed funds, 8 new mutual funds and Turkey's first actively managed fund account. In 2012, total assets under management volume increased by 18% annually to TL 9.6 billion.

Yapı Kredi Asset Management is rated M2+(Tur) by Fitch Ratings, the highest rating level in its sector in Turkey.

In 2013, Yapı Kredi Asset Management aims to become an indispensable business partner for its customers leveraging on high expertise in investment management and efficient customer relationship management capabilities.

Yapı Kredi Invest

Established in 1989 and 99.98% owned by Yapı Kredi, Yapı Kredi Invest is the leading brokerage house in Turkey. The company effectively utilises Yapı Kredi's wide branch network in reaching out to its more than 140 thousand customers. Yapı Kredi Invest has 148 employees handling a wide range of transactions such as trading of commodities, domestic and international equities, sophisticated derivative products and advisory services.

The soft-landing of the Turkish economy in 2012 had a positive impact on capital markets. However, regulatory changes and competition pressured profitability in the sector. In this environment, Yapı Kredi Invest maintained its leading position in terms of profitability since 2008 driven by its customer-centric approach.

In 2012, the company continued its sector leadership with total transaction volume of TL 689 billion, indicating an annual increase of 13%. During the year, Yapı Kredi Invest continued its innovative approach and placed special attention to alternative delivery channels offering simple and rapid solutions tailored to better meet customer needs. Meanwhile, the company supported its customers' decision making process through in-depth and strong research services.

In 2013, the company intends to focus on equity and portfolio management products in a low interest rate environment.

Yapı Kredi B Type Investment Trust⁽¹⁾

Established in 1995, Yapı Kredi B Type Investment Trust is Turkey's 2nd largest investment trust. 56% of the company's shares are directly and indirectly owned by Yapı Kredi. The company is publicly traded and has TL 80 million market capitalisation as of the end of 2012.

Treasury

In 2012, Yapı Kredi continued its active position in capital markets and provided customers with a wide array of products and financial advisory services. In the soft-landing environment characterised by slowdown in economic growth as well as evolving monetary policy, the Bank was able to effectively manage its liquidity and funding base, also by utilising on its strong expertise in interest rate and currency risk management.

Yapı Kredi continues its customer-oriented approach with limited investment in securities. In 2012, share of securities in total assets was realised at 17%. In the last quarter of the year, as part of capital strengthening actions, the Bank reclassified a US\$ 2.9 billion portfolio from held to maturity to available for sale. The Bank also realised a US\$ 380 million held to maturity Eurobond security portfolio sale. As of the end of 2012, 26% of Yapı Kredi's total securities portfolio is classified under held to maturity and 70% under available for sale compared to 38% in 2011. In terms of repo funding, the Bank continued its strategy of utilising this type of funding as a short-term liquidity management tool. As of the end of 2012, share of repo funding in total liabilities was realised at 4%.

In 2012, the Bank executed US\$ 366 billion worth of foreign exchange transactions, of which US\$ 157 billion generated from domestic customers. As a result, the Bank's market share in customer foreign exchange transactions was recorded at 15.8% compared to 15.4% in 2011. Market share in customer derivative product transactions in 2012 was realised at 14.0%. Furthermore, Yapı Kredi remained a preferred choice for customers in local currency and foreign currency bonds under custody recording an average transaction volume of TL 13 billion.

In 2013, Yapı Kredi will continue its disciplined approach towards liquidity and sustaining its funding position. The Bank will continue funding diversification via bond issuances.

(1) Based on the decision of the Board of Directors dated 28 September 2012, a share transfer agreement was signed between Yapı Kredi and Yapı Kredi B Type Investment Trust, Göker Mineral and Onur Takmak for the sale of Yapı Kredi's 56% stake in Yapı Kredi B Type Investment Trust

Alternative Delivery Channels

Innovative non-branch channels carrying out 80% of total banking transactions and enhancing customer experience

Profile Yapi Kredi's alternative delivery channels (ADCs), referred to as Limitless Banking, comprise Turkey's 6th largest ATM network, award winning internet banking, leading mobile banking and 2 call centers.

2,819 ATMs

2.4 million internet banking customers

40 million call center customer contacts

	Market Share
Number of ATMs	7.8%
Internet banking	10.8%
Mobile banking	12.0%

Yapi Kredi's goal in alternative delivery channels (ADCs) is to enhance customer experience, increase branch efficiency and lower cost to serve. Through sustained focus on ADCs, the Bank has increased the share of non-branch channels⁽¹⁾ in total banking transactions to 80% in 2012 from 56% in 2007.

Internet and Mobile Banking

Internet banking is one of the most important channels for Yapi Kredi in providing a simple, fast and seamless banking experience to customers. In 2012, 56 million transactions were performed via internet banking corresponding to 21% of total banking transactions. Number of internet banking customers increased by 14% annually to 2.4 million in 2012 while product sales increased by 3% annually to 377 thousand.

During the year, Yapi Kredi developed a new Credit Card Login system allowing credit card customers to access internet banking by entering only their credit card number and password. Through this system, customers can perform credit card related transactions without need for internet banking membership. Another new function, Cash to Mobile, was launched where internet banking customers can transfer money to a mobile phone number allowing cash withdrawal from ATMs without the need of a bank card.

Following launch of an advanced mobile banking application in 2011, Yapi Kredi became the first bank in Turkey to provide mobile banking services for all types of mobile phones. Number of customers using this channel increased to 165 thousand in 2012 from 68 thousand in 2011 and mobile banking market share reached 12.0%. The Bank continuously adds new functionalities to its existing mobile banking applications including an innovative money transfer tool, Bump to Send, where customers can transfer money to other Yapi Kredi mobile banking users by just bumping their mobile devices together.

Smart Assistant, an alarm and reminder service via SMS and e-mail covering a wide range of banking transactions, was utilised by over 2 million Yapi Kredi customers in 2012, indicating an annual increase of 61%. This initiative contributes to increased efficiency in branches and call centers through lower workload and inquiry calls.

Yapi Kredi also uses social media effectively as a medium for communication, customer service and feedback. The Bank has 329 thousand Facebook and 22 thousand Twitter followers.

ATM Network and Limitless Banking Corners

Yapi Kredi has the 6th largest ATM network in Turkey. The Bank continues to deploy ATMs in both new locations to increase penetration as well as near existing branches to lessen branch workload. In 2012, 3.6 million customers utilised Yapi Kredi's ATMs per month undertaking a total of 315 million banking transactions.

In 2012, new functionalities were added to ATMs such as flexible account application and Cash to Mobile services. In addition, a new proactive service was implemented allowing customers to be instantly informed via

SMS in case of money jam problems. This initiative led to 50% reduction in call center inquiries related to this problem.

Yapi Kredi increased the number of ATMs with keyboards to 412 in 2012 from 182 in 2011 leading to further improvement in branch efficiency. In 2012, product sales via ATMs increased by 27% annually. Furthermore, the Card First, Money After application was installed into ATMs leading to 40% reduction in transaction time and increase in customer satisfaction.

As part of the Bank's Enabled Banking program, the number of Yapi Kredi ATMs specially designed for disabled customers reached 353 in 2012. Limitless Banking Corners in branches, which include internet banking and telephone banking units, continued to be an area of focus during the year. In 2012, Limitless Banking Corners reached 853 compared to 753 in 2011.

Call Center

Yapi Kredi Call Center provides award winning customer service through 928 employees in 2 different locations, Samsun and Istanbul. The call center has a segment-based approach and carries out lead generation, sales and after sales services as well as customer retention and win-back activities.

Yapi Kredi Call Center operates as a multi-channel contact center handling 40 million customer contacts per year. 98% of all incoming customer inquiries are resolved during the first call. Yapi Kredi Call Center also acts as a sales hub handling 5.9 million outbound calls. In 2012, the call center sustained its pioneer role in innovation and customer experience with introduction of smart and personalised interactive voice recognition, Recognise Me, enabling immediate recognition of customers via their phone numbers. In 2012, Recognise Me users reached 1.7 million.

Customer Experience

98%

Share of incoming inquiries to Yapi Kredi Call Center successfully resolved during the first contact

165 thousand

Number of customers benefitting from Yapi Kredi's renewed mobile banking application in 2012

3.6 million

Number customers using Yapi Kredi ATMs per month

Looking Ahead

- Further enhancing customer experience via continuous diversification into new channels
- Introducing an exclusive mobile banking application for corporate and commercial banking
- Continuous investments in limitless banking corners to further improve branch efficiency

(1) Non-branch channels include internet banking, call center, ATMs, post office and other centralised automated transaction channels

Information Technologies and Operations

Continuous infrastructure developments to enhance service quality and operational efficiency

Profil Information Technologies (IT) and operations support Yapi Kredi's business units while also operating as a customer service point and contributing to the Bank's sales activities

In information technologies (IT) and operations, Yapi Kredi focuses on service quality improvements, operational efficiency enhancements, innovation and sustainability. In line with the Bank's customer-centric approach, transactions are carried out in a fast, accurate and efficient manner through IT and operations.

Information Technologies

In 2012, on the IT side, the Bank continued its focus on dedicated projects aimed at simplification of transactions to increase both the quality and speed of services provided through branches. A number of core transaction modules used in branches and central operations were migrated to a process-based platform with a standardised design. Following the renewal of teller line transactions in 2011, products and systems such as a new workflow system, cheques, time deposits, money transfers and bill payments were transferred to the new platform with new front-end screens.

Supported by the new platform, average number of sales through the teller line increased to 8,300 in 2012 from 6,400 in 2011. In addition, the customer database program was also restructured on the new platform to gather and update customer information and documentation through a single process.

Another major initiative was the modernisation of some banking applications to increase efficiency and product diversity. In this regard, the Bank renewed both the modules and infrastructure of credit card payment systems and simplified processes in deposit and lending systems. At the same time, important IT infrastructure improvements were also undertaken. A number of infrastructure components were upgraded to the latest technologies in order to increase the efficiency of the server park and provide faster customer service.

The connection networks of the branches were renewed with fiber optic connections and internet protocol telephony (IPT) installations allowing faster branch connections and telephone calls to be carried out over internet protocol (IP).

In an effort to better support new business ideas and increase the Bank's product and service development capacity, the work capacity of information technologies was expanded in 2012.

Operations

In 2012, Yapi Kredi further strengthened its position as a customer service point in operations through focused initiatives. In this respect, the Bank continued to focus on training activities and process enhancements.

Efficiency and service quality was increased during the year through formation of new certified process guidelines as well as training programs for central operations teams in cooperation with Bilgi and Boğaziçi Universities. In 2012, 39 employees received the title of Certified Documentary Credit Specialist from International Chamber of Commerce. During the year, over 5 thousand hours of on-site training was provided to branch operations employees to support further synergies among

branches and the central operations team. Furthermore, a network optimisation project was initiated in 2012 with an aim to calculate the headcount necessary for each type of transaction in order to increase commercial effectiveness and decrease time to serve.

Throughout the year, the Bank focused on improving service quality in branches, tellerline sales and risk minimisations. In order to provide products through the right channel, the Bank began to track branch and central operations service quality received by customers on a segmented base. In this regard, the Bank's activities were shaped with an aim to offer products based on customer needs at every point of customer touch. Accordingly, time spent with customers by operations for product sales increased by over 25%. Many other process improvements were undertaken throughout the year in line with the Bank's customer-oriented banking strategy. In order to minimise risk factors, effective awareness programs were offered to branch employees against risks that may be encountered at Bank and customer levels.

In 2012, 3 projects carried out by the Bank under IT and operations were recognised by TUBITAK. The 1st project, Intelligent Management System (IMS), aims to minimize customer waiting period at branch tellerlines and maximise personnel capacity in the most efficient way with appropriate task assignments. The 2nd project, Adaptive Architecture Framework (UMAP), is designed to improve the software development infrastructure. The project targets to eliminate the learning period for each new software development process and minimise the implementation and revision cost of the new software services. The 3rd project, Intelligent Content Analyser (ICAN), aims to automatically classify daily customer orders by transaction types based on the content, gaining higher operational efficiency and lower transaction time.

Customer Experience

80%

Capacity usage rate at Yapi Kredi branches allowing rapid and effective customer service

5,000

Training hours provided to branch operations employees in 2012 to enhance customer experience

8,300

Number of banking products offered to customers on a daily basis at Yapi Kredi tellers, the most accessible service point

Looking Ahead

- Monitoring of process indicators to balance efficiency and cost management
- Differentiating service models to increase efficient and effective utilisation of operations employees
- Improving operational risk management infrastructure in line with the Bank's control stages

Human Resources

Human resources vision focused on continuous development of the Bank's young, dynamic and highly qualified employee base

Profile Through its human resources activities, Yapı Kredi provides its employees a favourable working environment with an aim to achieve sustainable performance.

17,461 Group employees

14,733 Bank employees

Employee Gender Composition

62% female



38% male

Yapı Kredi attaches strong importance to its employees in line with its sustainability approach. In this regard, the Bank has a dynamic and structured human resources policy in place to manage recruitment, engagement, development and training. In 2012, driven by its high expertise in human resources, Yapı Kredi was ranked 100th in the Leadership 500 listing of Leadership Excellence Magazine, which acknowledges leadership development and employee motivation implementations.

Yapı Kredi's (Bank and subsidiaries) employees reached 17,461 in 2012 compared to 17,350 in 2011. At Yapı Kredi, 62% of employees are female, 83% are university graduates and 30% are fluent in at least one foreign language. 70% of employees benefit from Yapı Kredi's group pension plan. In addition, all employees and their immediate families benefit from group health insurance. 63% of the Bank's employees are union members. A collective labour agreement is signed between the Bank and BASISEN (Bank and Insurance Employees Union) every two years. Latest labour agreement covers the period between 1 April 2011 and 31 March 2013.

Employee Satisfaction and Engagement

Yapı Kredi acknowledges employee satisfaction as a key prerequisite for sustainability. In this regard, the Bank conducts annual employee satisfaction surveys and designs action plans accordingly. Yapı Kredi also conducts regular interviews with its employees to ensure that the Bank's development actions are aligned with employee expectations. In 2012, 971 Head Office and 530 branch employees were interviewed.

In 2010, Yapı Kredi launched an exclusive 24/7 help line to assist employees with both personal and professional inquiries. Throughout 2012, 5,534 inbound calls were received by the help line.

Career Development

Yapı Kredi provides attractive development opportunities for employees through continuous cooperation with academic institutions and its shareholders. Employees with high performance are enrolled in dedicated schemes in collaboration with UniCredit Group. For managerial positions, the Bank provides specially designed development programs together with Europe's leading business schools while for young talents, there are other various development programs in place.

During 2012, 5,969 employees were appointed or promoted to new positions corresponding to 65% of the branch network. Furthermore, 51 new branch managers were appointed through an internal branch manager candidate identification process and 110 employees were transferred from back-office to sales positions. The total share of branch employees in total employees was at 62% as of the end of 2012.

Training Programs

Established in 2009, Yapı Kredi Banking Academy is one of the most comprehensive corporate universities in Turkey providing training to employees, their families, customers, university students and volunteers. The Academy is also present in the Bank's international banking subsidiary in Azerbaijan and has trained 178 employees in finance, banking, personal development and management since 2011. In 2012, having been chosen as a center of excellence within the UniCredit Group, Yapı Kredi Banking

Academy began to share its experience with other UniCredit subsidiaries in Central and Eastern European countries.

The Bank also provides specially designed certificate programs via cooperation with local and international universities as well as reputable institutions such as The Banks Association of Turkey. The Bank also has partnership agreements with Bahçeşehir University and Bilgi University since 2009 to provide employees with master programs with a special discount.

During the year, Yapı Kredi formed a dedicated 2 year program (Heroes Club) for 3rd year university students. This program received 753 applications and following rigorous case study and interview processes, 59 students were selected from 22 different universities in Turkey. Through the program, students are included in training, projects, seminars and various corporate social responsibility initiatives as well as receiving internship and part-time work opportunities within the Bank. As part of the program, students have a human resources representative in the first 2 years of training and receive career mentorship from senior managers during their 2nd year. At the end of the process, based on performance and the Bank's needs, selected students receive job offers.

Another innovative program initiated in 2012 was Career Stage where 2 actors visited 19 universities and 6 thousand students throughout Turkey. The aim of the program was to make Yapı Kredi a first choice employer by educating students about banking sector and Yapı Kredi through different theatrical sketches.

In 2012, supported by focused initiatives, CRF Institute, which awards best practices in human resources, selected Yapı Kredi as a Top Employer in Europe.

Customer Experience

49

Average hours of training per employee per year provided by Yapı Kredi

82%

Share of Yapı Kredi employees who have participated in feedback interviews over the last 3 years

5,969

Number of Yapı Kredi employees who attained new positions or who were promoted in 2012

Looking Ahead

- Developing specialised human resources solutions for the branch network
- Simplifying and accelerating the employee hiring process
- Focusing on strengthening career development and promotion opportunities

Insurance and Other Subsidiaries

Insurance Subsidiaries

Yapı Kredi Insurance

Established in 1943, Yapı Kredi Insurance is a deep-rooted insurance company in Turkey with a leading position in the sector. The company offers insurance products and services in health, fire, marine, engineering, agriculture and accident business lines through 961 employees, Yapı Kredi branches and 1,222 agents. 93.94% of the company's shares are directly and indirectly owned by Yapı Kredi while the remaining shares are publicly traded. Yapı Kredi Insurance has a market capitalisation of TL 1.7 billion as of the end of 2012.

Despite moderation of economic growth in 2012, the insurance sector recorded strong premium production. In 2012, Yapı Kredi Insurance increased its premium in the non-life business line by 26% annually and reached TL 1,277 million, corresponding to 7.2% market share and 5th ranking in the sector. In addition, the company recorded 23% annual growth, 11 points above sector, in the health business line and sustained its leadership in this area with 22.7% market share. During the year, the company focused on profitable business lines and improved its ranking in the non-motor business line by one notch to 2nd place in 2012 with 10.6% market share. In bancassurance, which generated 23% of total premia, the company's market share increased to 11.5% compared to 10.8% in 2011.

Yapı Kredi Insurance continues its operations with focus on innovation, customer acquisition and customer satisfaction. In this regard, an exclusive sales department was formed in 2012 within Yapı Kredi to support product sales activities. In 2012, the company introduced the Premium Payment Protection Benefit which pays the customer's health insurance premium in case of unemployment. In addition, housing and fire insurance products were grouped under new insurance policy packages.

In 2013, Yapı Kredi Insurance will develop new product screens to be integrated with the Bank's systems with an aim to increase sales through Yapı Kredi's wide distribution network.

Yapı Kredi Pension

Established in 1991, Yapı Kredi Pension is almost fully owned by Yapı Kredi Insurance and holds a leading position in Turkey's private pension and life insurance in Turkey.

Leveraging on Yapı Kredi's extensive branch network, Yapı Kredi Pension provides private pension funds, life insurance, unemployment and personal accident insurance products through 8 regional offices, 9 branches, 186 agents and 839 employees.

In terms of private pension funds, the company recorded 51% annual volume increase reaching TL 3.5 billion in 2012 leading to improvement in sector ranking by one notch to 3rd place with 17.1% market share. Number of pension fund contracts increased by 16% annually and Yapı Kredi Pension maintained its 4th position with a 11.4% market share. In addition, the company increased life insurance premiums by 21% annually to TL 208 million and improved its sector ranking by one notch to 4th place with 7.7% market share.

In effect as of 1 January 2013, Turkish government started to provide significant financial incentives to promote personal savings via the private pension system by shifting from an incentive approach based on income

tax to an approach based on government contribution. Accordingly, Turkish government will contribute an additional 25% of the monthly private pension contribution paid by the participant. The new regulation is expected to increase long-term savings and new entries as well as decreasing departures and discontinued payments in the pension fund system.

In 2013, Yapı Kredi Pension will further develop its customer relationship management infrastructure with an aim to enhance customer value generation. The company will also focus on improving remote sales processes.

Other Subsidiaries

Yapı Kredi Koray Real Estate Investment Trust

Established in 1996 and 30.45% owned by Yapı Kredi, Yapı Kredi Koray Real Estate Investment Trust has a solid position in its sector in terms of both residential and commercial real estate development. The company is publicly traded on the Istanbul Stock Exchange with a market capitalisation of TL 52 million as of the end of 2012.

Yapı Kredi Koray Real Estate Investment Trust mainly undertakes prestigious residential and shopping mall projects in major cities such as Istanbul and Ankara. In 2013, the company plans to benefit from the urban transformation project known as 2B under article 6292.

Banque de Commerce et de Placements

Established in 1963 and 31% owned by Yapı Kredi, Banque de Commerce et de Placements (BCP) is a Swiss bank headquartered in Geneva with 2 branches in Luxembourg and Dubai. Celebrating its 50th anniversary in 2013, BCP operates in the areas of trade finance, wealth management, treasury services and correspondent banking. BCP is rated as investment grade by Fitch Ratings.

Yapı Kredi Cultural Activities, Arts and Publishing

Established in 1984 and fully owned by Yapı Kredi, Yapı Kredi Cultural Activities, Arts and Publishing is one of the most reputable companies in culture and arts in Turkey. The company strives to provide the community with important publications, cultural events and exhibitions through the Yapı Kredi Cultural Center as well as Yapı Kredi Publications.

Yapı Kredi Cultural Center organised 11 exhibitions and almost 120 art events in 2012 with around 35 thousand attendees. One of the most important exhibitions in 2012 was "106 Years in Hattusha", which displayed photographs describing the story of the excavations in the Hittite times. Another important exhibition was "Red Kit in Istanbul", an engaging show that brought the comic book hero known as Red Kit to the stage and included children's workshops and panels. In addition, "The Red Passage", a solo show that addressed political, psychological and existential dimensions of an individual, was exhibited with paintings and video works by Ali Cabbar.

As part of the activities of Yapı Kredi Publications, a total of 1.9 million books were printed in 2012 under almost 800 titles. In addition, school and library presentations facilitated during the year brought together over 30 thousand students, teachers and librarians with authors and editors of books published by Yapı Kredi.

Research and Development Activities

Yapı Kredi continued its research and development activities in 2012 with an aim to analyse customer satisfaction and improve customer experience. In this regard, around 150 thousand customers were contacted via branches, telephone and internet to better understand customer expectations.

During 2012, Yapı Kredi started to monitor credit card customers' banking behaviour and habits in order to meet their financial and non-financial needs. Furthermore, the Bank also started to analyse customer experience during account openings, complaint handling and credit/debit card delivery processes in order to enhance the customers' overall experience with the Bank.

Within the scope of customer experience measurement activities, Yapı Kredi reached around 23 thousand additional customers in 2012. In March 2012, Yapı Kredi launched a new innovation and idea development platform called Evreka allowing Yapı Kredi employees to openly share their ideas. With this platform, employees contribute to product developments, process improvements and service quality enhancements. During 2012, over 8 thousand ideas were submitted by Yapı Kredi employees and 165 ideas were selected and awarded by the Evreka Committee.

In 2013, chosen ideas from the Evreka platform will be implemented as new products and improvements to further increase the Banks' revenues, efficiency and customer satisfaction.

Corporate Social Responsibility

Yapı Kredi consistently endeavours to fulfil its obligations in fostering development of the Turkish society. In this regard, the Bank carries out corporate social responsibility projects in areas related to education, environment, culture and arts. Yapı Kredi specially selects projects which have long-lasting positive effects on society.

Education Projects	I read, I play	Conducted in cooperation with the Educational Volunteers Foundation of Turkey (TEGV), the project aims to improve reading skills of children through the support of 11 educational parks and 55 volunteers. 100 thousand children have been reached since 2006 through this project.
	Vocational Education, a Crucial Matter for the Nation	Initiated in 2006 under the guidance of Koç Holding, Yapı Kredi provides support via 50 volunteer employees. The project began with scholarships for 1,490 students and continued in 2012 with 370 final-year students.
Environmental Projects	Recycling Project	Since 2008, Yapı Kredi has planted 351 thousand trees and saved 15 thousand trees from being cut down via a recycling project. As a part of the same project 35 ton of greenhouse gases, 47 million liters of water, petroleum and electricity was saved from being wasted.
	Bottle Cap Campaign	5 battery wheelchairs were donated to disabled citizens in exchange for bottle caps collected by Yapı Kredi employees.
Culture and Art Projects	Yapı Kredi Cultural Activities, Arts and Publishing Activities	During 2012, Yapı Kredi Cultural Center organised 120 panels about archaeology, literature, history and photography as well as special educational activities for children. In addition, Yapı Kredi Publications published its 3,759 th title, a great success in the history of Turkish publishing.
	The Afife Theatre Awards	Held each year since 1997 with the continuous support of Yapı Kredi and under mentorship of well-known stage actor Haldun Dormen, the Afife Theatre Awards was organised for the 16 th time in 2012.
	Çatalhöyük Excavation	The Çatalhöyük Excavations have been continuing under the main sponsorship of Yapı Kredi since 1997. In June 2012, Çatalhöyük was accepted onto the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage List.
Other Projects	I Know No Barriers for My Country	Yapı Kredi has played an active role in this project which was started under the leadership of Koç Group in 2012. Accordingly, Yapı Kredi strives to make its products and services as well as its service points more accessible for disabled customers. At the same time, the Bank organises training programs for employees to increase awareness.
	Enabled Banking	Initiated in 2008 as a first in Turkey, the project aims to provide disabled customers with convenient access to banking services. Since 2008, 353 enabled ATMs have been introduced in 45 different cities throughout Turkey. Furthermore, 200 employees have been trained to communicate with hearing-impaired customers. Yapı Kredi Publishing has also launched a new initiative to provide titles for the visually-impaired citizens via audio books by phone available on a 24/7 basis.
	Gift Matching Program	This program, covering all UniCredit employees and sponsored by the UniCredit Foundation, is based on matching donations made by Yapı Kredi employees to non-profit organisations in Turkey such as the Foundation for Children with Leukaemia, the Spinal Cord Paralytics Association of Turkey and the Educational Volunteers Foundation of Turkey (TEGV).
	Eurasia Marathon	32 Yapı Kredi employees participated in the marathon and supported the Spinal Cord Paralytics Association of Turkey through donations.
Yapı Kredi Volunteers Platform		Yapı Kredi's Volunteers Platform was established in 2009 with the support of Yapı Kredi employees. In this regard, many voluntary projects are carried out by various Yapı Kredi departments. During 2012, campaigns were organised to raise funds to support schools in less developed regions, nursing homes were visited, book reading sessions for the visually impaired were organised and forestation activities were undertaken.

Awards in 2012

Banking

Best Bank in Turkey	World Finance	2009, 2010, 2011, 2012
Super Brand of Turkey	Superbrands	2010, 2012
Best Bank in Commercial Finance Services	Global Finance	2012
Turkey's 9th Most Valuable Brand	Brand Finance	2012
One of the 3 Most Admired Banks in Turkey	Capital Magazine	2010, 2012
Top Employer in Europe	CRF Institute	2012
Best Trade Finance in Europe	Global Finance	2012
Best Customer Relationship Management	Gartner	2012

Banking Products

Leader in Visa Credit Card Transaction Volume	Visa Europe	2010, 2012
Super Brand of Turkey, Worldcard	Superbrands	2010, 2012
Silver Award in Digital Games Category (Mortgagemania)	Digital Age and Mixx Awards	2012
Best Marketing Campaign (Yapı Kredi Bank Azerbaijan Worldcard)	Mastercard	2012

Alternative Delivery Channels

Employment of Disabled Personnel and Enabled Banking Programme	Presidency of the Republic of Turkey	2012
Firsts in Turkey for the Deaf (Speaking is in our Hands)	Federation of the Deaf	2012
Best Corporate Internet Branch in Europe The Best of Europe in the Field of Commercial Financial Services	Global Finance	2012
Best Bill Payment and Presentment	Global Finance	2010, 2011, 2012

Yapı Kredi Banking Academy

Excellence in Practice of Workplace Learning and Performance	American Society of Training and Development (ASTD)	2012
100th Ranking in Leadership List	Leadership Excellence	2012

Investor Relations

Best Investor Relations in Turkey	IR Magazine	2012
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Part II

Bank Management and Corporate Governance Practices

Board of Directors

Mustafa V. KOÇ Chairman of the Board of Directors

After graduating with a BA degree in Business Administration from George Washington University in 1984, Mustafa V. Koç joined Koç Group in Tofaş. In 1992, he moved to Koç Holding and served as Vice President and President of various business groups. He became a Member of the Board of Directors in 2001 and Vice Chairman in 2002. He was appointed as Chairman of Koç Holding Board of Directors in April 2003. He is a Member of Vehbi Koç Foundation Board of Directors, Board of Trustees of Turkish Volunteers for Education Foundation, Rolls-Royce Advisory Board and JP Morgan International Council. He also serves as the Honorary Consul General of Finland for Istanbul. Since August 2011, Mustafa V. Koç has been serving as Chairman of the Board of Directors at Yapi Kredi and Koç Financial Services.

Gianni F. G. PAPA Vice-Chairman of the Board of Directors

After receiving his degree in Law from Università Cattolica del Sacro Cuore, in Italy, Gianni Franco Giacomo Papa served in numerous positions at the international division of Credito Italiano Milano, starting from 1979. Papa, who served at the same bank as Manager between 1986 and 1987, worked at the Hong Kong office of Credito Italiano as Assistant General Manager in charge of establishing the branch and then Assistant General Manager in charge of Corporate Finance, Capital Markets and Treasury from 1988 to 1993. Papa, who served at Segrate branch of Credito Italiano as the Deputy General Manager between 1993 and 1997 and the Assistant General Manager in charge of Corporate Investors and Private Banks under the Financial Division of the Group thereafter, was appointed as the Deputy General Manager of UniCredit's Singapore Branch in 1998 and served until 1999. He served as the General Manager of the same branch and the Director of UniCredit Asia (except China) until 2002. Papa worked as General Manager of the New York Branch of UniCredit and Director in charge of UniCredit's USA operations between 2003 and 2005. He then served as General Manager and Chief Operating Officer (COO) of UniCredit Slovakia between 2005 and 2007. Papa, who served as the Vice Chairman of the Board of Directors and the General Manager of UniCredit Slovakia until 2008, then worked at the office of the Chairman of the Supervisory Board of UniCredit Leasing until the beginning of 2009. Papa, who was appointed to serve as the First Deputy Chairman of the Board and the General Manager at PJSC Ukrosotsbank between 2008 and 2010, worked as the Executive Vice President and the Head of Central and Eastern European Corporate and Investment Banking at UniCredit Bank Austria AG between November 2010 and December 2010. Papa is currently Senior Executive Vice President at UniCredit Group in charge of Central and Eastern Europe Division and also Deputy Chairman of the Management Board of UniCredit Bank Austria AG. Papa was also appointed as the Vice Chairman of the Board of Directors of Yapi Kredi in April 2011 and is Vice Chairman of the Board of Directors of Koç Financial Services.

H. Faik AÇIKALIN Chief Executive Officer (CEO)

After earning a BS degree in Business Administration from Middle East Technical University, Faik Açıkalın began his banking career in 1987 as a Management Trainee at Interbank. He subsequently worked in various positions including Internal Auditor, Relationship Manager, Branch Manager and Marketing Manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank. In May 1998, he joined Dışbank as Executive Vice President. Later that year, he was appointed as Chief Operating Officer (COO) responsible for the coordination and communication between the Board of Directors and business units. He also assumed a position as a Member of the Credit Committee. In June 1999, Açıkalın was appointed Deputy CEO and Member of the Board of Directors. In December 2000, he became CEO of Dışbank. Following the acquisition of the majority shares of Dışbank by Fortis, he continued to serve as CEO of the bank when it was renamed Fortisbank and was appointed member of the Fortis Global Management Committee. In October 2007, he resigned from his duties at Fortisbank and became CEO at Turkey's largest newsprint media holding company, Doğan Gazetecilik. In April 2009, Açıkalın was appointed as Executive Director of Yapi Kredi's Board of Directors and was also appointed as Chairman of the Executive Committee. In addition to serving as Yapi Kredi's CEO since May 2009, Açıkalın was appointed as CEO of Koç Financial Services in 2010. As of August 2011, Açıkalın also became the President of Koç Holding's Banking and Insurance Group. At the same time Açıkalın serves as Chairman of Yapi Kredi Asset Management, Yapi Kredi Invest, Yapi Kredi Leasing, Yapi Kredi Factoring, Yapi Kredi Insurance, Yapi Kredi Pension Fund, Yapi Kredi Bank Nederland, Yapi Kredi Bank Azerbaijan, Yapi Kredi Bank Moscow, Yapi Kredi Koray Real Estate Investment Trust, Koç Consumer Finance, as Vice Chairman of Banque de Commerce et de Placements S.A. and as Director of the Banks Association of Turkey.

Carlo VIVALDI Executive Director and Deputy CEO

After graduating from the University of Ca' Foscari, Venice, Department of Business Administration, Carlo Vivaldi started his career in 1991 at Cassamarca, one of the four banks which merged into UniCredit in 1998. At that time he moved to Group's Planning and Control Department and after a brief experience in contributing to the development of Group's internet strategy, in 2000, he moved under the newly established New Europe Division as responsible for Planning and Control, contributing to the expansion of UniCredit in the region. At the end of 2002, he moved to Turkey and became Chief Financial Officer and Executive Vice President at KFS and then at Yapi Kredi in addition to being a member of the Board of Directors at some Group subsidiaries until September 2007. During that time he actively contributed to the largest merger in the Turkish banking history between Koçbank and the newly acquired Yapi Kredi. In October 2007, Vivaldi was appointed as Member of the Management Board and Chief Financial Officer at UniCredit Bank Austria AG (covering Austria and the

CEE countries of UniCredit) and started to serve in several other Supervisory Boards in CEE subsidiaries of UniCredit Group (UniCredit Bank Czech Republic A.S. as Chairman, Zagrebacka Banka D.D., UniCredit Tiriak Bank S.A., JSC ATF Bank Kazakhstan, and UGIS). Since May 2009, Vivaldi has been a Member of the Board of Directors at Yapi Kredi. As of January 2011, he has been appointed as UniCredit representative for Turkey in the position of Executive Director and Deputy CEO of Yapi Kredi. Vivaldi also serves as Executive Director and Deputy CEO of Koç Financial Services and Vice Chairman in all Yapi Kredi subsidiaries (Yapi Kredi Asset Management, Yapi Kredi Invest, Yapi Kredi Leasing, Yapi Kredi Factoring, Yapi Kredi Insurance, Yapi Kredi Pension Fund, Yapi Kredi Bank Nederland, Yapi Kredi Bank Azerbaijan, Yapi Kredi Bank Moscow and Yapi Kredi Cultural Activities, Arts and Publishing). He is also a member of Board of Directors of Yapi Kredi Koray Real Estate Investment Trust.

F. Füsün AKKAL BOZOK Member of the Board of Directors

F. Füsün Akkal Bozok completed her academic studies with an MBA from Boğaziçi University in Faculty of Administrative Sciences and a Ph.D. from Istanbul University in Faculty of Administration. She began her career at Arthur Andersen Audit Company in 1980. Akkal joined Koç Group in 1983 as an Associate and Coordinator Assistant in the Audit and Financial Group Division. In 1992, she was appointed as the Audit and Financial Group Coordinator, a position which she held for 11 years. Between 2003 and 2006, she worked as the Finance Group Director. In September 2005, she became a Member of the Board of Directors of Yapi Kredi and in February 2011, a Member of the Board of Directors responsible for Internal Systems. In addition to being a Member of the Board of Directors of Koç Financial Services and Yapi Kredi B Type Investment Trust, Akkal is also an Assistant Professor at Sabancı University.

Ahmet F. ASHABOĞLU Member of the Board of Directors

After graduating from Alman Lisesi (German High School) in Istanbul and Tufts University, Department of Mechanical Engineering, Ahmet F. Ashaboğlu received an MS from Massachusetts Institute of Technology (MIT) Department of Mechanical Engineering and began his career as a Research Assistant at MIT in Cambridge in 1994. Between 1998 and 1999, Ashaboğlu worked as Associate Director of US Treasury Bond Trading at UBS Warburg in New York and then as Head Trader of FX Options at UBS Warburg in Philadelphia. Between 1999 and 2003, he worked as a consultant at McKinsey&Company in New York. Joining Koç Holding as the Finance Group Coordinator after his return to Turkey in 2003, Ashaboğlu has been the Chief Financial Officer (CFO) of Koç Holding since January 2006. Ashaboğlu has been a Member of the Board of Directors of Yapi Kredi since September 2005. Ashaboğlu is also a Member of Board of Directors of Koç Financial Services, Yapi Kredi Insurance, Yapi Kredi Pension and Yapi Kredi Koray Real Estate Investment Trust.

Note: Mustafa V. Koç, Ahmet F. Ashaboğlu and O. Turgay Durak, who are members of the Board of Directors, are also members of Board of Directors at other Koç Group companies due to their positions in Koç Holding. Furthermore, Gianni F. G. Papa, Massimiliano Fossati, Laura Stefania Penna and Francesco Giordano are also members of the Board of Directors in other UniCredit companies due to their positions in UniCredit Group. In addition, Ali Tarık Uzun and Abdullah Geçer have other duties in other Koç Holding companies under Koç Group

Statutory Auditors

O. Turgay DURAK

Member of the Board of Directors

After receiving BSc and MSc degrees from Northwestern University, Department of Mechanical Engineering, O. Turgay Durak began his career at Otosan in 1976 as a Manufacturing Engineer and was appointed as Product Development Engineer in the same year. In 1979, he became Project Manager in İnönü Engine Factory where he was later appointed as Project Coordination Manager and Head of Project Coordination Division in 1982 and 1984, respectively. In 1986, he became Assistant General Manager responsible for Marketing and worked as Assistant General Manager responsible for Purchasing between 1987 and 1999. After the restructuring of the company as Ford Otosan, he was appointed as Assistant General Manager in 2000 and became Chief Executive Officer (CEO) and Board Member of Ford Otosan in 2002. In May 2007, he was promoted as President of the Automotive Group at Koç Holding and in April 2009, he was also appointed as Deputy CEO of Koç Holding. Durak, who served as a Chairman of the Turkish Automotive Manufacturers Association from 2004 to 2010, assumed the position of CEO of Koç Holding in April 2010. Since April 2009, he has been a Member of the Board of Directors of Yapı Kredi. Durak is also a Member of Board of Directors of Koç Financial Services.

Massimiliano FOSSATI

Member of the Board of Directors

After graduating from L. Bocconi University and earning a post-graduate degree in Bank Management, Massimiliano Fossati started his career as a Financial Analyst at the Credits Department of Centrobanca S.p.A. (Banca Popolare di Bergamo Group) where he served from 1995 to 1998. Fossati later became a Relationship Manager before serving as a Senior Analyst at the same bank until 2000. Fossati served as Senior Analyst at the Credits Department of Locat S.p.A. (leasing company within UniCredit Group) from 2000 to 2001. He then worked as a Functional Analyst at the Organisation Department of the company until 2002. He joined UniCredit in 2002 and worked in the Foreign Banks Credit Unit of the Credits Department until 2004. Fossati also worked as the Credit Management Director and until 2005 served as an Asset-Liability Committee Board and Executive Committee member at Živnostenská Banka Prague, a UniCredit Group company. He continued his duties at the same bank as Member of the Board of Directors responsible for Credit Risk Management, as Member of the Board of Directors responsible for Organisation and as IT Integration Process Project Manager from 2005 to 2006. Fossati was Global Banking Services Division Manager and Member of the Board of Directors responsible for Global Banking Services Department at Prague UniCredit Bank CZ (UniCredit Group) from 2007 until September 2008. In October 2008, he started working at Yapı Kredi as Executive Vice President responsible for Corporate and Commercial Credits and was appointed as Executive Vice President responsible for Risk Management in January 2009. In June 2010, he assumed the position of Member of the Management Board of UniCredit Bank Austria AG and Chief Risk Officer of UniCredit Bank

Austria AG. In November 2012, Fossati was appointed as Chief Risk Officer of UniCredit S.p.A. in Italy. Since July 2010, he has been a Member of the Board of Directors of Yapı Kredi. Fossati is also a Member of Board of Directors of Koç Financial Services.

Francesco GIORDANO

Member of the Board of Directors

Francesco Giordano, who received his Bachelor's degree and Master's in Economics from the University of Genova and Warwick (UK), served as European Economist at Standard & Poor's and London Branch of San Paolo Bank until 1997. He became the Senior European Economist at Credit Suisse First Boston in 1997. Giordano was appointed as the Chief Economist/ Research Officer at UniCredit Banca Mobiliare in 2000. Subsequently Giordano served as the Head of Planning, Strategy and Research Department of the Group between 2005 and 2009. In 2009, he was appointed Head of Planning, Strategy and Research Department at the Corporate and Investment Banking Division of UniCredit. In 2011, he was appointed as a Member of the Management Board and the CFO of UniCredit Bank Austria. Since April 2011, he has been a Member of the Board of Directors of Yapı Kredi. Giordano is also a Member of Board of Directors of Koç Financial Services.

Laura Stefania PENNA

Member of the Board of Directors

After graduating from Università Commerciale L. Bocconi (Milan) in 1989 with an Economics degree, Laura Stefania Penna joined Accenture (Milan) as Senior Engagement Manager in Financial Strategic Services. In 1999, Penna began to work at Rolo Banca (current UniCredit) as the Head of Planning and Control. In 2001, she became the Head of Planning and Control at Group Level. In 2005, Penna served as the Head of Financial Control during the integration of UniCredit and HVB, where she was in charge of managing integration synergies, benefit and cost planning through the creation of new processes and tools. In September 2006, she became the Head of Strategic Business Development in Leasing. Penna has been an Executive Vice President and Head of Management Consultancy at UniCredit since April 2007. She is also a Member of the Board of Directors of UBIS (UniCredit Business Integrated Solutions) since December 2011. In March 2012, Penna became a Member of the Board of Directors of Yapı Kredi and Koç Financial Services. Since April 2012, she has also been a Member of the Board of Directors of Fineco Bank and since June 2012, a Member of the Supervisory Board and Member of the Audit Committee of Bank Pekao.

Ali Tarık UZUN

Ali Tarık Uzun graduated from Ankara University, Faculty of Political Science with a B.A. in Economics and earned his EMBA degree from Koç University. He started his career in 1985 as an Assistant Tax Inspector at Ministry of Finance. Uzun joined Koç Holding in 1992 as Assistant Coordinator of Financial Affairs in the Audit and Finance Group. Uzun served as Coordinator between 1996 and 2003 and has been serving as the President of Audit Group at Koç Holding since 2004. Uzun has been serving as a Statutory Auditor at Yapı Kredi since March 2012.

Abdullah GEÇER

Abdullah Geçer graduated from Middle East Technical University, Department of Economics in 1996 and received his MBA from the University of Nottingham in 2006. After working as an Assistant Sworn Bank Auditor at the Undersecretariat of Treasury between 1996 and 2000, Geçer served as a Sworn Bank Auditor at the Banking Regulation and Supervision Agency between 2000 and 2007. Promoted to Senior Sworn Bank Auditor in 2007, he joined Koç Holding as the Audit Group Coordinator in the same year. Geçer has been serving as a Statutory Auditor at Yapı Kredi since 2008.

Note: The members of the Board of Directors and statutory auditors each have a one-year term of duty. The appointment of members and auditors are set out annually at the Annual Shareholders' Meeting.

Senior Management Resumes

H. Faik AÇIKALIN Chief Executive Officer (CEO)

Please refer to page 34

Carlo VIVALDI Executive Director and Deputy CEO

Please refer to page 34

Mehmet Güray ALPKAYA Assistant General Manager-Corporate Sales

Assistant General Manager-Corporate Sales
Mehmet Güray Alpkaya has an MBA degree from Koç University and an MS degree in Finance from Istanbul University. He started his banking career in 1989 at the Import and Export Bank of Turkey in the Istanbul Main Branch Corporate Credit and Marketing Department. Between 1991 and 1999, Alpkaya worked at the Istanbul branch of Chase Manhattan Bank N.A. in various corporate banking positions including the Head of Corporate Client Management Group. In 1999, Alpkaya joined Koçbank where he established and developed the Project and Structured Finance function of the bank, served as the Head of Project and Structured Finance until 2003 and then became the Head of Credit Underwriting. In February 2006, Alpkaya was appointed as the Assistant General Manager of Yapı Kredi responsible for Credit Management. In August 2008, he was appointed Chief Risk Officer and in February 2009, he was appointed as Assistant General Manager responsible for Corporate and Commercial Banking Sales. Alpkaya has been Assistant General Manager in charge of Corporate Banking Sales at Yapı Kredi since January 2011. Alpkaya is also a Board Member at Yapı Kredi Invest.

Marco CRAVARIO Executive Vice President (CFO)

Following his graduation from the Economics Department at the University of Turin in 1991, Marco Cravario attended top-level financial education programs at the London School of Economics and INSEAD. He started his career as an Auditor at Ernst&Young first in Turin and then in Prague. In 1996, he moved to Ernst&Young Corporate Finance in Milan, serving as a Director. In 2001, Cravario joined the UniCredit Group to head the New Europe Division Merger & Acquisition. Subsequently, he held a number of Managerial positions in the Group, including Planning and Control, Organisation, Business Development, also gaining commercial experience in the individual banking network. In 2006, Cravario assumed the position of CFO and Executive Board Member at UniCredit Tiriac Bank in Romania. He has been an Executive Vice President and CFO at Yapı Kredi since January 2008 and was also appointed as Member of the Executive Committee at Yapı Kredi Bank in February 2009. In addition, he is Member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Insurance, Yapı Kredi Pension Fund and Yapı Kredi Bank Azerbaijan. Since 1998, Cravario has also been serving as lecturer in Corporate Finance and M&A in Master programs organised by the University of Turin, Italy.

Yakup DOĞAN Assistant General Manager-Alternative Delivery Channels

After graduating from the Faculty of Business Administration at Çukurova University, Yakup Doğan started his career at İşbank as an Assistant Specialist in 1992. Between 1996 and 2001, he worked at Ottoman Bank in senior management positions responsible for the development of retail banking, credit cards and alternative delivery channels. In 2001, Doğan joined Koçbank as Alternative Delivery Channels Supervisor. Doğan has been Assistant General Manager in charge of Alternative Delivery Channels at Yapı Kredi since May 2009.

Cahit ERDOĞAN Chief Information Officer (CIO)

After graduating from Istanbul Technical University Faculty of Mechanical Engineering, Cahit Erdoğan earned his MBA degree from Rochester Institute of Technology. He started his professional career at Xerox Corporation (Rochester, NY) as a Business Analyst. In 2000, Erdoğan joined Accenture Turkey office as a Consultant and was later promoted to Manager and Senior Manager. In February 2008, he was appointed as Turkey Country Lead for the Management Consulting Growth Platform of Accenture. Erdoğan has been the CIO of Yapı Kredi since December 2009.

Mehmet Murat ERMERT Assistant General Manager-Corporate Communications

Having graduated from Marmara University's Business Administration department, Murat Ermert began his career at Leo Burnett Advertising Agency in 1987. He joined Yapı Kredi in 1989 and worked until 1993 as Advertising Unit Manager. Between 1993 and 1996, he worked for Doğan Media Group as Media Marketing Manager and later joined Demirbank as Advertising and Public Relations Coordinator. In 2000, Ermert was appointed as Assistant General Manager in charge of Corporate Communications at Dışbank (later Fortis) and also worked at the Global Marketing and Communications Management (Brussels) of Fortis until 2008. During this period, he was also a faculty member at both Anadolu University and Bahçeşehir University. He is currently Vice Chairman of the Corporate Communications Directors Association and Member of European Association of Communications Directors. Ermert has been Assistant General Manager in charge of Corporate Communications at Yapı Kredi since July 2008.

Mert GÜVENEN⁽¹⁾ Assistant General Manager-Corporate and Commercial Banking

Following his graduation from Marmara University, Department of Economics in 1990, Mert Güvenen began his career at Yapı Kredi in Corporate Banking. After earning an MBA degree from the University of West Georgia between 1993 and 1994, Güvenen became the Branch Manager of Yapı Kredi Esentepe Corporate Branch in 1999. Subsequently, Güvenen worked as Central Branch Manager of Körfezbank

between 1999 and 2001, Corporate Marketing Director at Koçbank in 2001 and General Manager at Koç Factoring in 2003. Güvenen has been Assistant General Manager in charge of Commercial Banking at Yapı Kredi since March 2006. As of February 2009, he became Assistant General Manager in charge of Corporate and Commercial Banking as well as responsible for Commercial Coordination of Yapı Kredi Leasing, Yapı Kredi Factoring and the Bank's International Subsidiaries. Additionally, Güvenen has been a Member of the Executive Committee since February 2009. Güvenen is also a Member of the Board of Directors of Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland, Yapı Kredi Bank Azerbaijan and Yapı Kredi Bank Moscow.

Süleyman Cihangir KAVUNCU Assistant General Manager -Human Resources and Organisation

After receiving his MBA from the University of Bridgeport, Süleyman Cihangir Kavuncu began his career at Arthur Andersen in 1983 as an Auditor. Between 1985 and 1989, he was the Foreign Funds Manager at the Treasury Division of Interbank. Kavuncu subsequently worked as the Financing Director and Human Resources Director at Coca-Cola, Administrative Affairs Coordinator at Çukurova Holding and Human Resources Director at Colgate Palmolive. Following his appointment in August 2004 as Assistant General Manager at Koç Financial Services, he has been Assistant General Manager in charge of Human Resources and Organisation at Yapı Kredi since February 2006. Kavuncu is also a Member of the Executive Committee since February 2009.

Mert ÖNCÜ Assistant General Manager-Treasury

After graduating from Istanbul Technical University, Electronics and Telecommunication Engineering Department in 1992, Mert Öncü completed his MBA degree at DePaul University in 1994 where he was also a graduate assistant between 1993-1994. Öncü earned his doctoral degree from Marmara University in 2001. After a brief experience as Assistant at the Chicago Mercantile Exchange in 1994, Öncü joined Koçbank the same year and worked at the Treasury department respectively as Senior Dealer, Section Head and Treasury TL/FX Manager. Between 2003 and 2006, he served as the Money and FX Markets Manager. In 2006, he became the Head of Money and FX Markets at Yapı Kredi. Öncü has been Assistant General Manager in charge of Treasury and a Member of the Executive Committee since May 2011.

Mehmet Erkan ÖZDEMİR Assistant General Manager-Compliance Officer

After graduating from Middle East Technical University, Department of Economics in 1989, Mehmet Erkan Özdemir worked as a Sworn-in Bank Auditor on the Sworn-in Bank Audit Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Holding in August 2001 as Audit Coordinator in the Koçbank Audit Group, responsible for the financial companies of the Group. He started serving as Statutory Auditor

(1) As of February 4, 2013, Feza Tan formerly Assistant General Manager of Corporate and Commercial Credits has been appointed as Assistant General Manager of Corporate and Commercial Banking to replace Mert Güvenen following his resignation

at Koçbank in August 2002 and later at Yapı Kredi in September 2005. Özdemir has been Compliance Officer and Assistant General Manager in charge of the Compliance Office at Yapı Kredi since April 2008.

Stefano PERAZZINI **Assistant General Manager-Internal Audit**

After graduating from the University of Turin in Economics, Stefano Perazzini began his career at San Paolo IMI Bank in 1987. Between 1989 and 1992, he worked at Honeywell Bull in the Planning and Control Department. Perazzini then became an Information Technology Auditor at Banca CRT Head Office followed by Internal Auditor at London and Paris branches of the bank. In September 1999, he was appointed as Internal Auditor at UniCredit and later became the Deputy Manager of the Internal Audit Department at Bank Pekao, a UniCredit Group company. In March 2003, he took on the responsibility of Assistant General Manager for Internal Audit at Koç Financial Services. Perazzini has been Assistant General Manager in charge of Internal Audit at Yapı Kredi since February 2006.

Yüksel RİZELİ **Assistant General Manager-Information Technologies and Operations**

Yüksel Rizeli started her career in 1971 following her graduation from Sakarya High School. Rizeli has 41 years of experience in banking operations including 10 years as the Head of Operations at Garanti Bank. She was the Head of Project Implementation Management at Garanti Bank and played a major role in the business process reengineering project. She managed many important project implementations at Garanti Bank in addition to network business process design including central operations units. Rizeli was then appointed as Member of the Executive Management Team at Ottoman Bank. She served as Head of Operations, Head of Business Process Design, Head of System Analysis and Organisation at Ottoman Bank until 2002. During the last 2 quarters of 2001, she first managed the merger between Ottoman Bank and Körfezbank and then the merger between Garanti Bank and Ottoman Bank. Prior to joining Yapı Kredi, she served as the Head of Operations at Koçbank responsible for system analysis, organisation, strategic planning and operations. In October 2006, Rizeli became Assistant General Manager of Operations and in March 2009, she was appointed as an Assistant General Manager in charge of Information Technologies and Operations at Yapı Kredi. Rizeli has also been a Member of the Executive Committee since November 2009.

Cemal Aybars SANAL **Assistant General Manager-Legal**

After graduating from Istanbul University Faculty of Law, Cemal Aybars Sanal began his career in 1986 at Sanal&Sanal Law Firm as Partner. Between 1992 and 1995, he worked at Shell Company of Turkey Limited as an Attorney, between 1995 and 1998 at White&Case Law Firm as an Attorney, between 1998 and 1999 at Shell Company of Turkey Limited as Chief Legal Counsel and a Member of the Board

of Directors, between 1999 and 2006 at Boyner Holding as Chief Legal Counsel and Vice President. After working as a freelance attorney between 2006 and 2007, Sanal worked at ELIG Law Firm as Senior Consultant from 2007 to 2008. Sanal has been Assistant General Manager in charge of Legal Affairs at Yapı Kredi since July 2008.

Wolfgang SCHILK **Assistant General Manager-Risk Management (CRO)**

In 1992, following his graduation from University of Wien Law School, Wolfgang Schilk completed a postgraduate internship program at Creditanstalt-Bankverein (CA-BV). Between 1994 and 1996, he was Restructuring Manager responsible for Corporate Banking at CA-BV. Between 1996 and 2004, Schilk worked as Head of the Credit Unit at Bank Austria Creditanstalt. Later in 2004, he became the Head of the Regional Office responsible for Corporate Banking. In 2006, he took a position as the Head of the Regional Office responsible for Private and SME Banking. Between 2007 and 2010, Schilk worked as the Head of Risk Management responsible for Private and SME Clients as well as Private Banking. During his career, he was also a Member of the Supervisory Board of Leasfinanz Bank (a subsidiary of UniCredit Leasing) and BAF (a subsidiary of Bank Austria for Mobile Sales Channel) as well as Member of the Advisory Council of IRG Immobilien Rating GMBH (a subsidiary of Bank Austria for Real Estate Appraisal). Schilk has been Assistant General Manager in charge of Risk Management and a Member of the Executive Committee at Yapı Kredi since September 2010. Schilk is also a Member of Board of Directors of Yapı Kredi Leasing, Yapı Kredi Bank Nederland and Yapı Kredi Bank Moscow. He has also been a Member of Board of Directors of Yapı Kredi Bank Azerbaijan since August 2011.

Zeynep Nazan SOMER ÖZELGİN **Assistant General Manager-Retail Banking**

After graduating from the Faculty of Business Administration at Boğaziçi University, Zeynep Nazan Somer joined Arthur Andersen in 1988 and worked as Partner in charge of the finance sector between 1999 and 2000. She joined Yapı Kredi in September 2000 as Assistant General Manager in charge of Individual Banking. Between 2003 and 2009, she served as Assistant General Manager in charge of Credit Cards and Consumer Lending. Somer has been Assistant General Manager in charge of Retail Banking at Yapı Kredi and a Member of the Executive Committee since February 2009. In addition, she has been a Member of the Board of Directors of Yapı Kredi Bank Azerbaijan since September 2012.

Feza TAN⁽¹⁾ **Assistant General Manager-Corporate and Commercial Credits**

After graduating from the Department of Economics at Boğaziçi University in 1993, Feza Tan began her professional career at Yapı Kredi as a Management Trainee in Corporate and Commercial Credits and served in various positions in the same department between 1993 and 2006. In 2006, she was promoted

as Head of Corporate and Commercial Credits Underwriting. Tan has been Assistant General Manager in charge of Corporate and Commercial Credits at Yapı Kredi since February 2009. Tan is also a Member of the Board of Directors of Yapı Kredi Factoring.

Mehmet Gökmen UÇAR⁽²⁾ **Assistant General Manager-Retail Credits**

Mehmet Gökmen Uçar graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Economics Department in 1998. Between 1998 and 2002, he worked in Başaran Nas Bağımsız Denetim ve S.M.M.M. A.Ş. (PwC) as an Independent Auditor and obtained the Certified Public Accountant qualification. He joined Koçbank in 2002 and worked at Budget Control and Planning as Budget Planning and MIS Supervisor until 2005. Between 2005 and 2007, he took several management responsibilities over strategy, budgeting and planning areas under UniCredit Group in Italy, Germany and Austria. He returned to Yapı Kredi in 2008 and worked as Capital Management, Cost Control and Allocation Supervisor, Head of Financial Reporting and Vice President in charge of Financial Reporting and Accounting, respectively. In 2011, he was appointed as Financial Reporting and Accounting Executive Vice President. He has been Assistant General Manager responsible for Retail Credits since August 2012.

Mert YAZICIOĞLU **Assistant General Manager-Private Banking and Wealth Management**

After receiving his MA from Istanbul Technical University, Department of Business Administration, Mert Yazıcıoğlu began his career at S. Bolton and Sons in 1987 as an International Relations Officer. In 1989, Yazıcıoğlu joined Koçbank first as a Customer Relations Officer, then became a Junior Dealer in November 1990, Dealer in 1991, Senior Dealer in 1992, Section Head in 1994, Unit Head of Treasury in 1996 and Assistant General Manager in charge of Treasury in 1999. Between February 2006 and April 2011, he served as Assistant General Manager responsible for Treasury at Yapı Kredi. He has been Assistant General Manager in charge of Private Banking and Wealth Management since April 2011 and a Member of the Executive Committee since February 2011.

Managers of Internal Systems

Mutlu ATAKİŞİ **Vice President-Internal Control**

Following his graduation from Boğaziçi University, Faculty of Business Administration in 1986, Atakışi started his career as an Assistant Auditor at İşbank. In 1989, he joined Koçbank as Auditor and was appointed first as Operations Manager and later as Branch Manager. Between 1997 and 2001, he worked at Finansbank as Branch Manager. He returned to Koçbank in 2001 as Deputy Manager on the Board of Auditors and continued his career at Yapı Kredi as Vice President of Strategic Planning and Coordination in the Internal Audit Department. Atakışi has been Internal Control Vice President at Yapı Kredi since 2008.

(1) As of February 4, 2013, Feza Tan formerly Assistant General Manager of Corporate and Commercial Credits has been appointed as Assistant General Manager of Corporate and Commercial Banking to replace Mert Güvenen following his resignation. Nurgün Eyyüboğlu, formerly Chief Executive Officer of Yapı Kredi Leasing, has been appointed as Assistant General Manager of Corporate and Commercial Credits

(2) Based on the decision of the Board of Directors dated 26 July 2012, Mehmet Gökmen Uçar, formerly Executive Vice President in charge of Financial Reporting and Accounting, has been appointed as Assistant General Manager in charge of Retail Credits following the appointment of Selim Hakkı Tezel to UniCredit CEE region projects as of 01 August 2012

Board of Directors and Committees

Board of Directors

The Board of Directors convenes upon the request of the Chairman when necessitated by the Bank's business. The Board of Directors reviews and decides on the corporate agenda as authorised by the Articles of Association of the Bank, laws and regulations. In 2012, the Board of Directors convened 11 times with the required majority and quorum satisfied.

Executive Committee

The Executive Committee is the decision making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular biweekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously. In 2012, the Executive Committee convened 24 times with the required majority and the quorum satisfied.

The Committee's responsibilities include:

- defining Group strategies and the Bank's structural risk management
- managing asset-liability guidelines including pricing and interest rates
- existing product evaluation and new product approval
- credit, operational, market, exchange rate and liquidity risk assessment
- ensuring coherence of the Bank's commercial policies and principles with budget objectives
- further improving customer satisfaction
- marketing activities
- internal and external communication plans
- approval of the Bank's annual project plan and major organisational changes
- optimisation of market risk profile strategies within the guidelines set by the Board of Directors

Executive Committee Members

Chairman	H. Faik Açıkalın	Executive Director and Chief Executive Officer (CEO)
Vice Chairman	Carlo Vivaldi	Executive Director and Deputy CEO
Member	Wolfgang Schilk	Assistant General Manager - Risk Management (CRO)
Member	Marco Cravario	Assistant General Manager - Financial Planning and Administration (CFO)
Member	Mert Güvenen ⁽¹⁾	Assistant General Manager - Corporate and Commercial Banking
Member	Z. Nazan Somer Özelgin	Assistant General Manager - Retail Banking
Member	Mert Yazıcıoğlu	Assistant General Manager - Private Banking and Wealth Management
Member	S. Cihangir Kavuncu	Assistant General Manager - Human Resources and Organization
Member	Yüksel Rizeli	Assistant General Manager - Information Technologies and Operations
Member	Mert Öncü	Assistant General Manager - Treasury

Note: Other responsible heads may attend the meetings by invitation and are not permanent.

Credit Committee

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the Bank's lending activity in coherence with credit policy, economic objectives and the Bank's overall risk profile. All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority. In 2012, the Credit Committee convened 50 times with the required majority and the quorum satisfied.

The Committee reviews loan applications and restructuring requests within its authorised delegated limit or advises the Board of Directors for those that are not. Credit Committee also outlines parameters for credit scoring, lending and monitoring systems.

Credit Committee Principal Members

Chairman	H. Faik Açıkalın	Executive Director and Chief Executive Officer (CEO)
Vice Chairman	Carlo Vivaldi	Executive Director and Deputy CEO
Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	F. Füsün Akkal Bozok	Member of the Board of Directors
Member	Massimiliano Fossati	Member of the Board of Directors

Credit Committee Alternate Members

Alternate Member	Laura Stefania Penna	Member of the Board of Directors
Alternate Member	Francesco Giordano	Member of the Board of Directors

(1) As of February 4, 2013, Feza Tan, formerly Assistant General Manager of Corporate and Commercial Credits, has been appointed as Assistant General Manager of Corporate and Commercial Banking to replace Mert Güvenen following his resignation. Nurgün Eyyüboğlu, formerly Chief Executive Officer of Yapı Kredi Leasing, has been appointed as Assistant General Manager of Corporate and Commercial Credits

Audit Committee

The Audit Committee administers the Bank in terms of compliance with local laws and internal regulations. The Committee convenes quarterly or more, according to the needs of the Bank. In 2012, the Audit Committee convened 4 times with the required majority and the quorum satisfied. The Committee reports at least once every six months to the Board of Directors.

The Committee's responsibilities include:

- monitoring the performance of Internal Audit, Internal Control and Risk Management departments
- fulfilling the relevant tasks as determined by Banking and Capital Market legislations
- approving and monitoring the Annual Audit Plan and the charter of the internal audit function
- verifying adequacy of internal control systems
- monitoring audit projects and evaluating significant findings
- appointing, compensating and overseeing external auditor, rating, valuation and support service institutions
- monitoring the financial reporting process
- reviewing procurement policies and practices

Audit Committee Members

Chairman	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	F. Füsün Akkal Bozok	Member of the Board of Directors
Member	Francesco Giordano	Member of the Board of Directors

Corporate Governance Committee

The Corporate Governance Committee is an advisory body that assists the Board of Directors on compliance to Corporate Governance Principles, investor relations activities and public disclosures. The Committee is responsible for identifying and providing guidance for any conflicts of interest that may arise. The Committee confirms that proper flow of information is ensured among Koç Financial Services, Subsidiaries and Shareholder Relations Unit, shareholders and investors.

All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority. In 2012, the Corporate Governance Committee convened 2 times with the required majority and the quorum satisfied.

Corporate Governance Committee Members

Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	O. Turgay Durak	Member of the Board of Directors

Remuneration Committee

The Remuneration Committee monitors and audits compliance of the Bank's compensation principles and remuneration practices with its strategies, long-term targets and risk structure on behalf of the Board of Directors. In 2012, Remuneration Committee convened 2 times with the required majority and the quorum satisfied.

Remuneration Committee Members

Member	Gianni F. G. Papa	Vice Chairman of the Board of Directors
Member	O. Turgay Durak	Member of the Board of Directors

Summary Board of Directors Report

Dear Shareholders,

Welcome to the Annual General Meeting where we will present Yapi Kredi's activities and financial results for the year 2012. On behalf of myself and the Board of Directors, I would like to thank you for your participation.

First, I would like to start by making an overall assessment of the global and Turkish economy. In 2012, the global economy grew by around 3% owing to the positive performance of developing countries. Turkey successfully achieved soft-landing with some slowdown in economic growth to around 3%, parallel to global economic growth. Significant improvement was achieved in terms of inflation and current account deficit in 2012. On the back of the positive economic developments and Turkey's sound banking system, the credit rating agency Fitch upgraded Turkey's sovereign rating to investment grade (BBB-) after 19 years.

The Turkish banking sector maintained its healthy performance despite competition and increasing regulation. In 2012, total loan volume increased by 15% annually reaching TL 751 billion and total deposit volume increased by 11% annually reaching TL 768 billion. Another important development was the continuing diversification of funding sources in the sector. On the other hand, the banking sector successfully transitioned to Basel II in July 2012 while maintaining its strong capital base. During this period, solid profitability was maintained with 16% return on average equity.

Dear Shareholders,

In 2012, Yapi Kredi sustained its successful performance and achieved consolidated net profit of TL 2.1 billion. It gives us great pleasure to see that during this period our Bank's return on average tangible equity reached 17.5%, exceeding the sector average.

As in the past few years, we continued our "Smart Growth" strategy in 2012. First of all, we focused on value generating growth. Accordingly, our TL loans increased by 22% annually compared to 2011, above sector average. Total loan volume increased by 12% annually reaching TL 77.8 billion. Our loans to assets ratio was realised at 59%, a key indicator of our customer-oriented banking approach.

In deposits, we continued our focus on TL deposit growth. We grew our TL deposits by 17% annually, well above sector average, with the support of our one-to-one deposit pricing tool. Our total deposit volume increased by 7% annually reaching TL 71.1 billion.

In line with our continued efforts to diversify funding sources, the Bank issued a US\$ 500 million Eurobond in international debt capital market and obtained syndicated loans of US\$ 2.7 billion. We also issued local currency bonds of TL 1.2 billion in the domestic market while also successfully issuing a covered bond of TL 458 million. Another development which gave us great pride was issuance of a US\$ 1 billion subordinated debt towards the end of the year. We received 7 times subscription for this transaction from international markets. Accordingly, I am proud to announce that Yapi Kredi achieved the lowest interest rate ever in the Turkish banking sector.

In terms of revenue performance, we recorded 11% annual increase to TL 7,401 million. This positive performance was achieved through strong core revenue growth of 18%. Fees and commissions in total revenues was realised at 27%, the highest level among our peer group.

During the year, we added 21 new branches to our network and maintained our cost to income ratio at 44% thanks to our disciplined cost control. On the other hand, we also continued to focus and invest in our alternative delivery channels. In this regard, we successfully increased the share of non-branch channels⁽¹⁾ in total banking transactions to 80% from 56% in 2007.

As of the end of 2012, we have a total of 988 branches (Bank: 928 branches) and over 2,800 ATMs with close to 18,000 employees and 6.5 million customers. We continued to be accessible anywhere and anytime with our innovative internet banking, 2 award winning call centres and leading mobile banking application.

Our year-round sound performance, superior service quality and innovative products earned us more than 20 prestigious awards, including the Best Bank in Turkey by World Finance.

Dear Shareholders,

Our goal for 2013 is to sustain this successful performance which I summarised. As Yapi Kredi, we aim to continue with our customer-oriented approach and "Smart Growth" strategy and achieve sustainable growth and profitability in 2013.

I would now like to present our 2012 annual report and financial statements for your review and approval, on behalf of the Board of Directors and thank you, our valuable shareholders, for your unyielding trust and faith in Yapi Kredi.

On behalf of the Board of Directors,



President
Mustafa V. Koç

(1) Non-branch channels include internet banking, call center, ATMs, post office and other centralised automated transaction channels

Human Resources Implementations

Candidate searches: Following determination of needs in human resources, candidate searches are initiated through existing candidate pools, internal announcements and news releases as well as head hunters. In addition, a special candidate pool composed of existing employees is also prepared for the position. Applications are assessed on the basis of criteria such as education, foreign language skills and work experience, as indicated in the scope of the position. All applicants with the required characteristics are invited to join the recruitment process.

In addition, Yapı Kredi actively undertakes employer branding activities in cooperation with university clubs to introduce the Bank to university students and learn about their expectations. The Bank started 2 new projects in 2012:

Heroes Club: Established in order to hire qualified and loyal young talents and enhance Yapı Kredi's brand image among university students. Chosen students start a 2 year journey with Yapı Kredi which includes various training opportunities, social responsibility projects, internships, part-time work and bank projects. At the end of the 2 years, selected students are offered a position within the Bank.

Career Stage: An initiative to introduce Yapı Kredi and the banking sector to interested students using theatrical sketches with the ultimate aim of making Yapı Kredi a first choice employer. Accordingly, various sketches were held at universities throughout Turkey and over 6 thousand students were reached as of the end of 2012.

Recruitment process: This stage consists of an examination, interview and job offer. At the examination stage, through tests based on job function, it is determined whether the candidate possesses the necessary abilities required for the position. These abilities include learning capabilities, performing rapid numerical calculations, adaptability, problem solving, identifying details in words and figures, visual, numeric and verbal memory assessments. For some positions, a personality inventory is also applied. The interview stage is aimed at determining whether candidates possess certain abilities (establishing communication, teamwork etc.) required by the position to which they will be assigned. Candidates are also asked ability-based and behaviour-focused questions during the interview process to assess whether the qualities required by the job match their expectations.

At the end of the process, the suitable candidate is offered the position and if the offer is accepted, the candidate receives the required document list and an offer letter via e-mail. During the job offer, candidates are informed of employee rights at Yapı Kredi, the articles of the contract they will sign and other relevant subjects. In addition, all of their questions are addressed. Contracts are signed with candidates who accept the job offer and start working at Yapı Kredi.

For newly formed positions or positions that require expertise and technical know-how, candidates with sufficient work experience in the relevant field are preferred. The interview stage of hiring experienced staff is carried out by the human resources career and workforce planning team in cooperation with the relevant department. Yapı Kredi continues its human resources activities with an aim to choose suitable candidates compatible with the Bank's vision, mission and strategic objectives. For experienced candidates that live in other cities, the Bank has an online interview process allowing candidate evaluation.

Senior management and employees receive fixed and performance based income in accordance with the Bank's Remuneration Policy. In this regard, more detailed information is provided in article 20 of the 2012 Corporate Governance Principles Compliance Report.

Support Services

Yapı Kredi receives support services for printing account statements, transportation of cash and valuables, first-line and second-line maintenance for On-site and Off-site ATMs and security-related activities

- Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. provides printing services for credit card and customer account statements
- Electronic distribution of account statements is undertaken by the Bank
- Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. and NCR Bilişim Sistemleri Ltd. Şti. provide second-line maintenance services for On-site and Off-site ATMs
- G4S Güvenlik Hizmetleri A.Ş. (G4S) provides cash transportation, On-site and Off-site ATM first-line maintenance services. G4S is integrated into the Yapı Kredi organisation through 32 G4S offices with around 338 employees and 145 armoured vehicles
- Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (BANTAŞ) provides cash transportation, On-site and Off-site ATM first-line maintenance services. BANTAŞ is integrated into the Yapı Kredi organisation through 5 BANTAŞ offices with around 20 employees and 10 armoured vehicles
- All physical armed and unarmed security services are provided by G4S

Corporate Governance Principles Compliance Report

1. Declaration of Compliance with Corporate Governance Principles

Yapı Kredi strives to comply with the Capital Market Board's (CMB) Corporate Governance Principles to a significant degree and focuses on continuous development in this area while carrying out its operations. Yapı Kredi joined the Istanbul Stock Exchange (ISE) Corporate Governance Index in 2008 and has since increased its corporate governance rating from 8.02 to 8.81 (out of 10) in 2012. The Bank's corporate governance ratings, which are determined by SAHA Corporate Governance and Credit Rating Services Inc., are presented in the table below:

Main Sections	Weight	2008	2012
Shareholders	0.25	8.29	8.72
Public Disclosure and Transparency	0.35	8.11	9.26
Stakeholders	0.15	9.50	9.54
Board of Directors	0.25	6.74	7.83
Total	1.00	8.02	8.81

2. Shareholder Relations Units

Yapı Kredi conducts its relations with shareholders through the Koç Financial Services (KFS), Subsidiaries and Shareholder Relations Unit and the Strategic Performance Management and Investor Relations Unit. During the year, all telephone and e-mail inquiries to both departments were answered within relevant guidelines. In addition, the Strategic Performance Management and Investor Relations Unit attended a total of 20 roadshows and conferences domestically and internationally in 2012 and met close to 1,000 existing and potential investors. On top of this, quarterly financial results were presented and shared 4 times a year via quarterly teleconferences and questions by investors and analysts were answered by senior management.

Principal activities and responsibilities of the KFS, Subsidiaries and Shareholders Unit include:

- Assisting in the exercise of shareholders' rights, ensuring that records are updated, maintaining communication between the Board of Directors and shareholders,
- Ensuring that the Annual Shareholders' Meeting conforms with the legislation in force and the Articles of Association,
- Conforming to and monitoring all issues related to public disclosure, including legislation and the Bank's Disclosure Policy,
- Carrying out capital increase operations,
- Ensuring the Bank's Corporate Governance Principles are administered.

Principal activities and responsibilities of the Strategic Performance Management and Investor Relations Unit regarding relations with the investment community include:

- Providing equity and fixed income investors, analysts and rating agencies with transparent and consistent financial information in order to support the fair evaluation and long-term increase in the value of Yapı Kredi,
- Interacting with the investment community to achieve an effective two-way flow of information through conferences, roadshows and investor meetings domestically and internationally,
- Contributing to reducing the Bank's cost of funding through improving understanding of Yapı Kredi's risk/return profile by fixed income investors.

KFS, Subsidiaries and Shareholder Relations Unit

Name, Surname	E-mail address	Phone Number
Erdoğan TETİK	erdinc.tetik@yapikredi.com.tr	+90 212 339 64 31
Hasan SADI	hasan.sadi@yapikredi.com.tr	+90 212 339 73 80
Damla ACAR	damla.acar@yapikredi.com.tr	+90 212 339 63 40
Ercan YILMAZ	ercan.yilmaz@yapikredi.com.tr	+90 212 339 73 17

Investor Relations and Strategic Performance Management Unit

Name, Surname	E-mail address	Phone Number
Hale TUNABOYLU	hale.tunaboynu@yapikredi.com.tr	+90 212 339 76 47
Gülşevin T. YILMAZ	gulsevin.yilmaz2@yapikredi.com.tr	+90 212 339 73 23
Pınar CERİTOĞLU	pınar.ceritoglu@yapikredi.com.tr	+90 212 339 76 66
Feride TELCİ	feride.telci@yapikredi.com.tr	+90 212 339 76 88
Aylin Ceyda KURRA	aylin.kurra@yapikredi.com.tr	+90 212 339 70 23

3. Exercise of Shareholders' Right to Obtain Information

Yapı Kredi continuously communicates with shareholders through telephone, e-mail, internet, press releases as well as one-on-one and group meetings.

The Bank has regularly updated websites in Turkish (www.yapikredi.com.tr) and English (www.yapikredi.com.tr/en-us).

The appointment of a special auditor has not been stipulated as an individual right in the Bank's Articles of Association. However, shareholders can exercise this right pursuant to the Turkish Commercial Code and the Capital Markets Law. In 2012, no requests were made for the appointment of a special auditor. Yapı Kredi, according to the Banking Law, is subject to supervision and audit from Banking Regulation and Supervision Agency (BRSA) as well as CMB regulations.

4. Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on 22 March 2012. Shareholders attended this meeting with an 88.13% majority, while no stakeholder or media representative attended. In accordance with the applicable law and the Bank's Articles of Association, meeting invitation was announced via the Turkish Trade Registry Gazette, Public Disclosure Platform and national newspapers.

The annual report, containing the date and the agenda of the meeting, balance sheet, income statement and auditor reports were made available for the examination of shareholders at the Bank's Head Office, İzmir and Ankara Kızılay branches as well as on its website 15 days prior to the Annual Shareholders' Meeting. In addition, the disclosure document related to the agenda was placed on the Bank's website.

At the Annual Shareholders' Meeting, regular articles were discussed and approved. Additionally, the Dividend Distribution Policy for 2012 and beyond as well as the Bank's Disclosure Policy were presented. Shareholders were also informed that possible changes could be made to the Bank's Disclosure Policy by the Board of Directors in order to comply with Capital Market regulations. Shareholders were informed of the donations and charities made in 2012. At the Shareholders' Meeting, an opportunity was presented to the shareholders to speak and ask questions regarding all agenda items. No questions were brought forward which required written answer.

Minutes of the Annual Shareholders' Meeting can be accessed via the Public Disclosure Platform and Yapı Kredi's website.

5. Voting and Minority Rights

Yapı Kredi has no privileged shares. Minority shares are not represented in management. There is no cross-shareholding between the Bank and its subsidiaries and thus no such votes were cast at the most recent Annual Shareholders' Meeting. The Bank's Articles of Association does not provide for cumulative voting.

6. Dividend Distribution Policy

Principles regarding Yapı Kredi's Dividend Distribution Policies are set out in the Bank's Articles of Association.

As the Bank has no privileged shares, no privilege exists in dividend distribution. Shareholders are informed of the Bank's Dividend Policy at the Annual Shareholders' Meeting. The Bank's Dividend Policy is also available on the Public Disclosure Platform, the Bank's website and annual report. The Dividend Distribution Policy, formed in line with the Bank's long-term growth targets, economic conditions, projects on the agenda and available funds, is reviewed by the Board of Directors and presented at the Annual Shareholders' Meeting.

Taking into consideration the domestic and global economic conditions and the Bank's long-term growth targets, no dividends were distributed in 2012 and net profit was kept in extraordinary reserves.

7. Transfer of Shares

There are no provisions in Yapı Kredi's Articles of Association that restrict transfer of shares.

8. Company Disclosure Policy

Yapı Kredi's Disclosure Policy, which is available on the Bank's website and presented at the Annual Shareholders' Meeting, is prepared with the objective of pursuing effective communication in accordance with relevant regulations.

Yapı Kredi provides all public disclosure and information to shareholders under the supervision of its Compliance Office. The Compliance Officer and the Head of the KFS, Subsidiaries and Shareholder Relations Unit are identified as authorised signatories and responsible for public disclosures via the authorisation of the Board of Directors. In addition, the Strategic Performance Management and Investor Relations Unit is responsible for providing detailed information regarding the Bank and the sector, in a transparent, complete and timely manner.

9. Company Website and Its Contents

In accordance with the Bank's Corporate Governance Principles, the Bank has regularly updated websites in Turkish (www.yapikredi.com.tr) and English (www.yapikredi.com.tr/en-us). Both websites provide detailed information about Yapı Kredi under the Investor Relations section.

The Investor Relations section in Turkish (www.yapikredi.com.tr/tr-TR/yatirimci_iliskileri) provides information regarding the Bank's history, vision and values, shareholding structure, share price, periodic financial tables, annual reports, credit ratings given by rating agencies, corporate governance reports, board of directors and statutory auditors, senior management, articles of association, trade registry, disclosure policy, code of ethics, Annual Shareholders' Meetings details, including minutes,

agenda, list of attendees, disclosures and all other relevant information. The Annual Shareholders' Meeting disclosure document containing discussion topics related to the agenda and relevant documents (annual report, financial statements, dividend distribution table, Dividend Distribution Policy and other documents regarding the agenda) are available on the website and presented at the Annual Shareholders' Meeting.

The Investor Relations section in English (www.yapikredi.com.tr/en-us/investorrelations), in addition to containing most of the information on the Turkish website, also has investor presentations, releases, list of analysts, investor conference calendar and other relevant information.

10. Annual Report

The Bank's annual report is prepared according to BRSA Regulations regarding the Principles and Procedures Concerning the Preparation of the Annual Report by Banks. At the same time, maximum compliance is ensured to CMB and Corporate Governance Principles.

11. Informing Stakeholders

Yapı Kredi employees are informed about the Bank's activities via internal communication systems by the CEO and relevant senior management when necessary. In addition, Head Office and branch managers are also regularly informed about various developments via management meetings, announcements and other various communication channels.

The Bank's code of ethics compliance to this code is reported to the Corporate Governance Committee on a regular basis.

Outside of Yapı Kredi's employees, stakeholders are notified regarding information pertaining to themselves and when deemed necessary via e-mail, telephone and other communication channels.

12. Attendance of Stakeholders in Management

Yapı Kredi is a joint stock company and is managed by internal executive functions. The decision making responsibilities of these functions are initially evaluated by the relevant management and then submitted for the approval of the related decision making bodies.

13. Human Resources Policy

The Bank's human resources practices are based on its Employee Guidelines. These guidelines inform employees about human resource practices and set conditions pertaining to administrative services. Through the Employee Guidelines, the Bank aims to inform and provide consultancy to employees regarding matters such as employee selection, placement and development which is based on the employee knowledge, skills and talent, insurance of fair and proper compensation, training offerings to increase performance, insurance of appropriate work environment to maximise employee efficiency, rules, practices, vacations, insurance benefits, administration etc. The Bank's human resources and organisation management carries out its operations in all matters without discrimination of race, gender, nationality, age, religion, political view, and physical disability with moral principle of respect towards privacy and civil rights.

Moreover, all Bank employees are able to share any discomfort and complaints in regards to these matters, verbally or written, in person or to the Code of Conduct e-mail address within the Compliance Office.

Job description as well as performance and bonus guidelines are announced to all employees of the Bank. In addition, the Bank has a human resources portal available to all employees with published detailed policies under main headings of Career, New Career Development, Salary and Benefits, as well as Performance.

On the other hand, under the law on Trade Unions and Collective Labour Agreements (Law nr.6356), a Collective Bargaining Agreement is in place between the Bank and Union of Bank and Insurance Workers. The purpose of this agreement is to identify the benefits and responsibilities of both parties, to ensure they are implemented correctly and to demonstrate the ways of resolutions in the event of possible conflicts over contents of members' labour contracts, their terminations and other issues. Through this agreement, both parties mutually guarantee to be on good terms, labour peace, wellbeing and labour safety.

As a part of the Collective Bargaining Agreement, Workplace Union Representatives are designated by BASİSEN on behalf of the members of the union. These representatives are commissioned for hearing the members, resolving their complaints, assuring cooperation, labour peace and harmonisation between the workers and the employer, monitoring the rights and interests of the workers and assisting the exercise of the working conditions subject to the labour laws and collective bargaining agreements.

14. Code of Ethics and Social Responsibility

Ethics are moral principles governing behaviour and they constitute the basis for individual and social relationships. Yapı Kredi's code of ethics are a part of the Bank's employee policies, principles and regulations and have been accepted by all employees. Information on the Bank's code of ethics is available on the Bank's website.

Yapı Kredi focuses on giving back to the society, providing sustainable benefits and becoming an exemplary corporate citizen. The Bank provides financial support and gathers volunteers for social responsibility projects in the areas of education, environment, culture and arts and strives to fulfill its obligations to further sustain the development target of its community. Yapı Kredi's corporate social responsibility activities are outlined in the Bank's annual report.

In 2012, Yapı Kredi channeled TL 3,410 thousand towards culture and art events as well as corporate social responsibility activities. The Bank also made aid and donations totalling TL 4,700 thousand.

15. Board of Directors Structure and Formation

The Bank is governed and represented by the Board of Directors. According to the Bank's Articles of Association, the Board of Directors is composed of a minimum of 7 and a maximum of 10 individuals. Members are elected at the Annual Shareholders' Meeting for a term of maximum 3 years and serve until the election of their successor. A member whose term of office has expired may be re-elected.

Presently, H. Faik Açıkalın (Chairman of the Executive Committee and CEO) and Carlo Vivaldi (Member of the Executive Committee and Deputy CEO) are executive directors. Detailed resumes of the Board of Directors are available in the Yapı Kredi annual report. The Board of Directors do not have any independent members. In 2013, in accordance with CMB communique, the necessary number of independent members will be appointed to the Board of Directors.

16. Operating Principles of the Board of Directors

The Board of Directors convenes upon the invitation of the Chairman as the operations of the Bank necessitate and at least 10 times a year. In 2012,

the Board of Directors convened 11 times. The Board of Directors meeting and decisions are subject quorum of at least one more than half the total number of members. Members of the Board of Directors are not granted weighted voting rights.

Meeting invitations are sent to all Members and Statutory Auditors on behalf of the Chairman. Matters to be discussed and related documentation are collected and upon the Chairman's approval, the meeting agenda is sent to all Members and Statutory Auditors. During the signing of the minutes by the attendees, Members who vote against an adopted resolution are required to state and undersign the reasons for their opposition thereof. Requests and views expressed at the Board of Directors' meetings are reflected in the minutes.

17. Number, Structure and Independence of Committees Formed by the Board of Directors

The aim of the committees is to provide support during the decision-making process, evaluate proposals to be submitted for approval to the Bank's related functions and make decisions in their own areas of responsibility in accordance with the authorities delegated by the Board of Directors. The committees are responsible for acting in compliance with the Banking Law and related regulations while carrying out their functions within the framework of the Corporate Governance Principles. Detailed information about the committees can be found in the Board of Directors and Committees section of the Bank's annual report.

According to the Banking Law, members of committees excluding the Executive Committee must be members of the Board of Directors. The Board of Directors consists of 10 members. The Board of Directors and other committee members are allocated in accordance to the Bank's joint venture shareholding structure. As a result, there are Members of the Board of Directors who are part of more than 1 committee.

18. Risk Management and Internal Control Mechanism

Effective Internal Control Systems were established to monitor and control risks at branches and all related subsidiaries to ensure Bank's compliance to local laws and internal regulations. The Internal Control System, under the Audit Committee organisational structure, consists of Internal Audit, Internal Control and Risk Management departments. Through the Manager of Internal Systems and Audit Committee, these departments report to the Board of Directors every 3 months.

19. Strategic Goals of the Company

Strategic objectives of the Bank are annually reviewed by the Board of Directors. The Bank's annual Budget is approved by the Board of Directors. At each Board of Directors' meeting within the year, the Bank's overall performance is reviewed and compared with the monthly targets. On a quarterly basis, key performance indicators and growth of the Bank compared to the sector are analysed in detail by the Board of Directors.

20. Financial Benefits

In 2012, salaries and benefits provided to senior management totalled TL 27,892 thousand (Group: TL 34,709 thousand). Senior management and other employees receive salaries and performance-based payments according to the Bank's Remuneration Policy, which will be submitted for approval at the Annual Shareholders' Meeting. Performance-based payments are subject to achievement of the Bank's quantitative and qualitative targets. In accordance with Article 50 of the Banking Law, Members of the Board of Directors and senior management are allowed to utilise loans from the Bank.

Transactions Carried out with the Risk Group

Transactions with the risk group are carried out at arms-length and under market conditions in compliance with the Banking Law. In 2012, all related party transactions were undertaken within regulatory limits.

Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section 5 Note VIII of the publicly announced Consolidated Financial Report as of 31 December 2012.

Affiliated Company Report

According to Article 199 of the Turkish Commercial Code no.6102, which came into effect on 1 July 2012, Yapı Kredi's Board of Directors shall be liable to prepare a report regarding relations with the controlling company and its affiliated companies, within the first three months of its relevant operating year and to indicate the conclusion part of mentioned report in its annual report. Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section 5 Note VIII of the publicly announced Consolidated Financial Report as of 31 December 2012.

In the report prepared by Yapı Kredi's Board of Directors on 7 March 2013, it states; "It is concluded that in all transactions made by Yapı Kredi with the controlling company and the companies affiliated to the controlling company in 2012, according to situations and conditions known to us and prevailing at the time the related transaction was made or related measure were taken or refrained from being taken, an appropriate consideration for each transaction has been provided and there is no measure taken or refrained from being taken, which may cause the company to suffer losses and that in this context, there is no transaction or measure which may require balancing."

Part III

Financial Information and Risk Management

Statutory Auditors' Report

To the Council of the Yapı Kredi Annual Shareholders' Meeting,

We hereby submit for your esteemed information and opinion the results of the audit performed for the fiscal year between the dates 01.01.2012 - 31.12.2012 on the accounts and transactions of Yapı ve Kredi Bankası A.Ş. in accordance with the Turkish Commercial Code, the Banking Law, Capital Markets Law, the Articles of Association of the Bank and the other relevant legislation.

It is thus observed that;

The books and records to be kept mandatorily pursuant to the Turkish Commercial Code, the Banking Law and the other legislation were kept duly and regularly, and the documents authenticating and verifying the records were maintained orderly,

The resolutions regarding the management of the Bank were recorded in the book of resolutions, which was kept duly,

The information and the related notes in the Board of Directors' Report and the balance sheet dated 31.12.2012, and the Annual Income Statement for 2012 attached to the Board of Directors' Report were in compliance with the accounting records.

The attached balance sheet issued as of 31.12.2012, which the audit was based upon, demonstrates the actual financial status of the Bank on the mentioned date, and the income statement for the fiscal year between the dates 01.01.2012-31.12.2012 indicates the actual operating results of the Bank on the mentioned period in an accurate and realistic fashion.

The dividend distribution proposal by the Board of Directors was found to be appropriate in accordance with the related laws and the Articles of Association of the Bank.

Therefore, we kindly submit for the opinion of the General Shareholders' Meeting; approval of the information about the Bank's activities in the Board of Directors' Report, attached financial tables prepared in accordance with the related regulations and the dividend distribution proposal by the Board of Directors and request the Board of Directors to be acquitted. İstanbul, 07/03/2012



Ali Tarık Uzun
Auditor



Abdullah Geçer
Auditor

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

Internal Audit

Yapi Kredi's Internal Audit activities are carried out by 140 experienced auditors to ensure the Group's compliance with internal regulations and procedures, legislations and international standards. In addition, the effectiveness and adequacy of management procedures and business processes are evaluated from a risk oriented perspective. Yapi Kredi's internal audit approach includes regular, process, investigation and follow-up audits. The risks detected during audits are submitted to senior management via audit reports.

In 2007 and 2012, the Bank received the highest vote on the international rating scale by Deloitte Quality Assessment Review with regards to internal audit activities. Moreover, the Annual Audit Certification Program, launched in 2010, continued in collaboration with Boğaziçi University and the Turkish Institute of Internal Auditors (TIDE) in order to train auditors. The Program received the Internal Auditing Awareness award in 2012 by TIDE for its contribution to the audit profession.

Regular and process audits are scheduled based on an Annual Audit Plan which is submitted to the Board of Directors and shareholders for approval via the Audit Committee. The Annual Audit Plan is prepared following meetings with senior management to assess each unit's risk priorities and follow-up corrective actions on previously identified risks. In addition, internal audit reports are submitted to the Board of Directors at least 4 times a year via the Audit Committee.

In 2012, parallel to the annual target, 630 regular/spot, 54 follow-up branch audits, 38 regular/process/follow-up Head Office audits, 110 regular/process/follow-up/agency/branch subsidiary audits, 88 Bank and 4 subsidiary investigations/inquiries were completed.

During 2012, several improvements were undertaken in internal audit:

- Establishment of an Internal Audit Monitoring Unit in order to centralise internal and external audit findings, increase effectiveness of follow-up activities and speed-up remedial actions of critical audit findings,
- Establishment of a central audit function for subsidiaries in order to perform subsidiary audits,
- Establishment of new function called Branch Intelligence Audit under the Branch Audit Unit to monitor operational and credit risks in branches via Key Risk Indicators (KRI),
- Launch of New Audit Reloaded (NAR) project to continuously monitor main process risks and controls on the branch network, prepare a more risk oriented and flexible audit plan and increase effectiveness of branch audits

In 2012, the execution of the Management Assertion study requested by the Banking Regulation and Supervision Agency (BRSA) continued. In this context, banking processes and general IT controls were completed by Internal Audit in addition to 41 support services companies' on-site audits within the Management Assertion framework. The test results were reviewed by the Audit Committee and presented to the Board of Directors.

Internal Control

Internal Control activities are carried out by 67 employees under the governance of the Audit Committee. Daily, weekly, monthly and periodic on-site/remote controls are performed in identified areas pursuant to BRSA regulation. Findings are rapidly reported to related management and employees to ensure necessary improvements.

In 2012, following a risk evaluation, 448 branches were chosen and on-site audits and remote controls were performed. Furthermore, 10 different units were monitored to ensure compliance with all relevant laws and regulations as well as internal policies. Internal Control activities were also

performed in 2012 at consolidated subsidiaries. Banque de Commerce et de Placements and Yapi Kredi Koray Real Estate Investment Trust were included under the Bank's internal control coordination in 2012.

During the year, the Fraud Prevention Unit also continued to perform periodic controls. Accordingly, suspicious cases in internet banking, fraudulent transactions in ATMs and call center as well as credit card losses were detected and prevented.

Risk Management

Yapı Kredi's risk management activities are carried out by 52 employees under the Audit Committee's governance with an objective to measure, monitor, report and mitigate risks which the Bank may be exposed to. Risk management is divided into 3 departments as credit, operational and market risk.

Credit risk

In 2012, the Credit Policy Directive, which reflects the Bank's strategy in regards to asset quality, effective risk management and compliance with legal practices, was updated. A scoring system, developed through internal resources for consumer loans and credit cards, was implemented. Furthermore, the Commercial Risk Monitoring System utilised for monitoring monthly performance of commercial customers and undertaking risk reduction actions was enhanced, the behavioural scoring model was updated and an anomaly structure was integrated into the system. In addition, a separate rating model was formed solely for construction companies.

Operational risk

Yapı Kredi's main objective in operational risk is to identify, measure and mitigate operational and information technologies risks at Bank and subsidiary level. Policies are reviewed on a yearly basis, updated if necessary and submitted to the Board of Directors for approval.

Operational risk coordinates the Bank's compliance to the Basel-II advanced measurement approach. In this regard, the Bank's operational risk losses and key risk indicators are monitored. Furthermore, risk, scenario analysis and risk-based insurance management activities are performed. On a yearly basis, risk assessment of support services and new products risk assessment is carried out and a risk map of information technologies is prepared. Activities in operational risk and business continuity are submitted to senior management on a monthly basis and to the Board of Directors at least 4 times a year via the Audit Committee.

Market risk

Market risk management activities at Yapı Kredi focus on measuring the effect risks arising from volatility in price, interest rates and currency realised in financial markets on the Bank's balance sheet and liquidity. Market risk activities also comprise preparation of market risk reports for regulatory authorities and implementation of advanced measurement techniques under Basel-II framework. Risk measurements by utilising advanced techniques and daily limit-risk controls are performed and various scenario analysis and stress tests are applied within this scope. Results of all calculations and analyses are presented on a daily and monthly basis to senior management and to the Board of Directors via the Audit Committee.

Risk Management Policies

Yapi Kredi's risk management policies entail the full commitment of all employees. In accordance with the relevant directive, responsibilities/functions of the Board of Directors, senior management, the Audit

Committee and the Executive Committee has been re-identified. In coherence with this directive, any breach of limit or policy is reported to management and the Executive Committee in a timely manner.

Credit Risk

The Credit Policy Directive, which reflects the Bank's risk appetite, is updated annually and becomes operational following approval by the Board of Directors. The Credit Policy Directive in effect is based on preserving/improving asset quality, supporting effective risk management and complying with legal practices. In addition, it includes lending activities to be managed according to the Bank's common standards, limitations and principles.

The Bank's main objective in credit risk is to identify, measure and mitigate credit risk, react in a timely manner and take necessary actions with the help of efficient and well-functioning rating/scoring models, strategies and processes. The main strategies include:

- Effective implementation of the Credit Policy Directive to reinforce the common risk management approach,
- Diversification of the loan portfolio toward less risky sectors,
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits,
- Focus on customers with better credit ratings,

- Avoidance of transactions bearing high credit and reputational risk,
- Preventative actions against new defaults in individual and SME loans,
- Timely updates to senior management to ensure effective credit risk management,
- Redesign of limit management strategies in retail loans,
- Enhancement of underwriting and risk management policies and processes for agricultural loans,
- Ensuring sustainability in collections,

Concepts which were introduced with Basel-II, including Loss Given Default (LGD), Exposure at Default (EAD) and Expected Loss (EL) are also included in the processes.

Operational Risk

Since 2006, a framework has been in effect including a set of policies and procedures to control, measure and mitigate the Group's operational risk. Every year, these policies are reviewed and updated as necessary.

Policies cover nationwide principles and standards regarding responsibilities of the operational risk unit and management; strategy, policy and investments for control and management of operational and information technologies risk; frequency, content and recipients of operational and information risk reports.

Business continuity management policy is formed to minimise risks that might endanger the continuity of the Bank's activities and ensure recovery of critical services/products in the desired time span in case of disruption. This policy is regularly updated and approved by the Board of Directors.

Market Risk

Yapi Kredi market risk team monitors the limits defined by risk management policies, measures the effect of fluctuations in interest rates, foreign exchange rates and equity prices on the Bank's trading portfolio and reports the results to senior management. Expectations, limits and risks exposed are defined in detail appropriate with market risk policies in

the budget process every year. Market risk policies include the risk limits set according to the budget and the measurement methods utilised. In addition, functions and authorisation of related units and committees take place in the policies. The Executive Committee plays an active role in market risk management process.

2012 Financial Review

Based on Banking Regulation and Supervision Agency (BRSA) consolidated financial results dated 31 December 2012, Yapı Kredi reported TL 2.1 billion net income and 17.5%⁽¹⁾ return on average tangible equity. The Bank's total assets reached TL 131 billion with an annual increase of 12%.

Yapı Kredi posted TL 7,401 million revenues in 2012 indicating an annual increase of 11% driven by solid core revenue growth of 18%. Meanwhile, the Bank maintained cost to income ratio at 44% on the back of ongoing cost discipline.

Yapı Kredi continued its customer-oriented banking approach and loans to assets was realised at 59%. Total loans increased by 12% annually to TL 77.8 billion. In total loans, the Bank ranks 4th with market share of 10.0% as of the end of 2012. Loan growth in 2012 was driven by above sector growth in value generating local currency retail lending. The Bank recorded 24% annual growth in general purpose loans compared to 16% sector growth and 39% annual growth in credit cards compared to 31% sector growth.

Deposits, the main source of funding for Yapı Kredi, constituted 54% of total liabilities as of the end of 2012. Total deposits increased by 7% annually reaching TL 71.1 billion. In total deposits, the Bank ranks 6th with market share of 8.9% as of the end of 2012. Yapı Kredi rolled-out a new initiative allowing one-to-one customer based pricing which led to increase in local currency deposit market share with better than sector evolution of deposit costs in 2012. In local currency deposits, the Bank recorded 17% annual growth compared to 13% sector growth.

In 2012, Yapı Kredi maintained its focus on funding diversification as a key strategic priority. The Bank secured US\$ 500 million Eurobond, US\$ 1.6 billion subordinated debt (US\$585 million in Feb'12 and US\$ 1 billion in Dec'12), TL 458 million covered bond and TL 1.2 billion local currency bonds.

Throughout the year, Yapı Kredi focused on actions to strengthen its capital position in view of transition to Basel II capital management standards. As a result, the Bank's capital adequacy ratio reached 16.3% at Bank level and 15.2% at Group level.

Asset quality evolved in line with soft-landing of the economy. Non-performing loan (NPL) ratio was realised at 3.2% in 2012 with positive impact of TL 626 million NPL portfolio sale in November 2012 (2011: 3.0%). Total coverage (specific and general) was maintained at 111%.

In 2012, total administrative fines enforced on the Bank in accordance with the Banking Law number 5411 were TL 369 thousand. In addition, the Competition Board investigation which started in November 2011 of 12 banks for price fixing (in accordance with the 4th clause of The Act on the Protection of Competition-law number 4054) among which Yapı Kredi is included, has not been finalised.

As of the end of 2012, Yapı Kredi has 988 branches incorporating 21 new branches opened in 2012 (Bank: 928). In 2012, The Bank continued to invest in its alternative delivery channels to improve customer satisfaction and efficiency. Yapı Kredi's alternative delivery channels include 2,819 advanced ATMs, 2 award winning call centers, leading mobile banking application and innovative internet banking. Share of alternative delivery channels in Yapı Kredi's total banking transactions reached 80% compared to 78% in 2011.

(1) Net Income/Average Shareholders' Equity. Average Shareholders' Equity is calculated by subtracting TL 979 million of goodwill generated from the merger of Koçbank and Yapı Kredi in 2006

Five Year Summary Financial Highlights

(TL million)	2008	2009	2010	2011	2012
Total Assets	70,872	71,734	92,814	117,450	131,498
Loans	38,910	38,863	54,243	69,326	77,813
Deposits	44,023	43,375	55,207	66,187	71,143
Shareholders' Equity	6,864	8,486	10,746	12,635	16,040
Net Income/(Loss)	1,265	1,553	2,255	2,291	2,098
Number of Group Branches	930	901	927	964	988
Number of Group Employees	17,385	16,749	16,821	17,350	17,461

Note: Based on consolidated BRSA financials

Credit Ratings

Yapi Kredi's credit ratings by Fitch, Standard & Poor's and Moody's are provided below. In November 2012, Fitch upgraded Turkey's sovereign rating to investment grade (BBB-). In accordance, credit ratings of the Turkish banking sector were reviewed and Fitch upgraded Yapi Kredi's existing investment grade Long Term Foreign Currency and Long Term Local Currency ratings by one notch to BBB. Additionally, Moody's ratings for Yapi Kredi's Long Term Local Currency Deposit (Baa2) and Short Term Local Currency Deposit (Prime-3) are at investment grade.

Fitch

BBB	BBB	
(Outlook: Stable) Long Term Foreign Currency	(Outlook: Stable) Long Term Local Currency	
Short Term Foreign Currency	Rating F3	Outlook
Short Term Local Currency	F3	
Viability Rating	bbb	
Support Rating	2	
National Long Term	AAA(tur)	Stable
Senior Unsecured Debt	BBB	

Standard & Poor's

BB	trAA
(Outlook: Stable) Long Term Foreign Currency	National Long Term Local Currency
Short Term Foreign Currency	Rating B
National Short Term Local Currency	trA-1
Senior Unsecured Debt	BB

Moody's

<h1>Ba2</h1> <p>(Outlook: Stable) Long Term Foreign Currency Deposit</p>	<h1>Baa2</h1> <p>(Outlook: Negative) Long Term Local Currency Deposit</p>	
Short Term Foreign Currency Deposit	Rating NP	Outlook Stable Negative
Short Term Local Currency Deposit	Prime-3	
Financial Strength Rating	D+	
National Scale Rating	Aa3.tr	
Senior Unsecured Debt	Baa2	

Yapı ve Kredi Bankası A.Ş.**Unconsolidated independent audit report at December 31, 2012**

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

Independent audit report

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

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 2012, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

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

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

Ayşe Zeynep Deldağ
 Partner SMMM

İstanbul, February 14, 2013

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

Yapi ve Kredi Bankası A.Ş.

The unconsolidated year end financial report of Yapı ve Kredi Bankası A.Ş. as of December 31, 2012

Yapi ve Kredi Bankası A.Ş.
Head Quarters
Yapi Kredi Plaza D Blok
Levent 34330 Istanbul

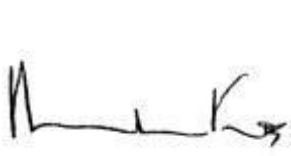
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E-Mail: financialreports@yapikredi.com.tr

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

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

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



Mustafa V. KOÇ
Chairman of the
Board of Directors



H. Faik AÇIKALIN
Chief Executive Officer



Marco CRAVARIO
Chief Financial Officer



B. Seda İKİZLER
Head of Financial
Reporting and Accounting



Gianni F.G. PAPA
Chairman of Audit Committee



Francesco GIORDANO
Member of Audit Committee



F. Füsün Akkal BOZOK
Member of Audit Committee

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

Name-Surname / Title: Aysel Taktak / Regulatory Reporting Manager
Telephone Number : 0212 339 63 29 / 0212 339 78 20
Fax Number : 0212 339 61 05

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2012

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

Section One

General Information

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

Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

II. Explanations about the Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling group of the Bank:

The Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of December 31, 2012, 18,20% of the shares of the Bank are publicly traded (December 31, 2011 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UCG over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from ISE and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS shares in the Bank increased to 81,80%.

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

As of December 31, 2012, the Bank's Board of Directors, Members of the Audit Committee, Statutory Auditors, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Mustafa V. KOÇ	Chairman
Gianni F.G.PAPA	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Francesco GIORDANO	Member
Fusun Akkal BOZOK	Member
Laura Stefania PENNA	Member
Massimiliano FOSSATI	Member
O. Turgay DURAK	Member

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Francesco GIORDANO	Member
Fusun Akkal BOZOK	Member

Statutory Auditors:

Name	Responsibility
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2012 (continued)

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

General information (continued)

Assistant General Managers:

Name	Responsibility
Cemal Aybars SANAL	Legal Activities Management
Feza TAN ⁽¹⁾	Corporate and Commercial Credit Management
Marco CRAVARIO	Financial Planning and Administration Management
Mehmet Erkan ÖZDEMİR	Compliance Office / Compliance Officer
Mehmet Gökmen UÇAR	Retail Credits Management
Mehmet Güray ALPKAYA	Corporate Sales Management
Mehmet Murat ERMERT	Corporate Communication Management
Mert GÜVENEN ⁽¹⁾	Corporate and Commercial Banking Management
Mert ÖNCÜ	Treasury Management
Mert YAZICIOĞLU	Private Banking and Asset Management
Stefano PERAZZINI	Internal Audit / Chief Audit Executive
Süleyman Cihangir KAVUNCU	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Yüksel RİZELİ	Information Technologies and Operation Management
Zeynep Nazan SOMER	Retail Banking Management

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

(1) It was decided to appoint Feza Tan as Assistant General Manager responsible for Corporate and Commercial Banking, who was previously responsible for Corporate and Commercial Loans, upon resignation of Mert Güvenen from this position on 4 February 2013 and it was decided to appoint Nurgün Eyüboğlu as Assistant General Manager responsible for Corporate and Commercial Loans, who was previously General Manager of Yapı Kredi Finansal Kiralama A.Ş. with the Board of Directors' decision dated 25 January 2013.

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

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

Koç Finansal Hizmetler A.Ş. is a joint venture of Koç Group and UniCredit Group.

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

The Bank's activities summarized from the section 5 of the articles of association are as follows.

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

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

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

As of December 31, 2012, the Bank has 927 branches operating in Turkey and 1 branch overseas (December 31, 2011 - 906 branches operating in Turkey, 1 branch in overseas). As of December 31, 2012, the Bank has 14.733 employees (December 31, 2011 - 14.859 employees).

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2012 (continued)

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

General information (continued)

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank, and Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı, an entity under common control, are consolidated through "Equity Method" in the consolidated financial statements of the Bank. These entities are taken into account as a deduction item in shareholders' equity for the purpose of calculation of capital adequacy ratio.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., and 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 of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled by the Bank.

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of December 31, 2012 and 2011**

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

Section two**Unconsolidated financial statements****I. Balance sheet (Statement of Financial Position)**

		Restated					
		Current Period (31/12/2012)			Prior Period (31/12/2011)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	1.620.811	9.455.751	11.076.562	4.652.286	5.082.419	9.734.705
II. Financial assets at fair value through profit or (loss) (net)	I-b	629.323	211.078	840.401	346.723	100.799	447.522
2.1 Trading financial assets		629.323	211.078	840.401	346.723	100.799	447.522
2.1.1 Government debt securities		341.736	110.557	452.293	139.501	27.459	166.960
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading	I-c	287.587	92.640	380.227	207.222	70.694	277.916
2.1.4 Other marketable securities		-	7.881	7.881	-	2.646	2.646
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-ç	297.735	2.423.218	2.720.953	133.164	1.680.515	1.813.679
IV. Money markets		2.618.818	111.234	2.730.052	2.101.360	36.835	2.138.195
4.1 Interbank money market placements		330.046	-	330.046	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		1.396.571	111.234	1.507.805	-	36.835	36.835
4.3 Receivables from reverse repurchase agreements		892.201	-	892.201	2.101.360	-	2.101.360
V. Financial assets available-for-sale (net)	I-e	7.742.462	7.119.001	14.861.463	5.990.836	1.065.625	7.056.461
5.1 Share certificates		5.132	179	5.311	3.912	186	4.098
5.2 Government debt securities		6.200.265	6.939.048	13.139.313	4.588.785	741.454	5.330.239
5.3 Other marketable securities		1.537.065	179.774	1.716.839	1.398.139	323.985	1.722.124
VI. Loans and receivables	I-f	54.892.258	20.877.058	75.769.316	44.738.510	23.041.301	67.779.811
6.1 Loans and receivables		54.024.235	20.770.277	74.794.512	44.170.083	22.874.788	67.044.871
6.1.1 Loans to bank's risk group		602.690	305.441	908.131	372.793	853.334	1.226.127
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		53.421.545	20.464.836	73.886.381	43.797.290	22.021.454	65.818.744
6.2 Loans under follow-up		2.202.516	323.389	2.525.905	1.835.600	244.313	2.079.913
6.3 Specific provisions (-)		(1.334.493)	(216.608)	(1.551.101)	(1.267.173)	(77.800)	(1.344.973)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	I-g	3.286.761	2.399.687	5.686.448	3.428.099	9.109.326	12.537.425
8.1 Government debt securities		3.286.761	2.399.687	5.686.448	3.428.099	9.109.326	12.537.425
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-ğ	4.503	43.404	47.907	4.503	43.404	47.907
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	43.404	47.907	4.503	43.404	47.907
9.2.1 Investments in financial associates		-	43.404	43.404	-	43.404	43.404
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	I-h	3.254.382	565.797	3.820.179	2.797.567	554.399	3.351.966
10.1 Unconsolidated financial subsidiaries		3.252.082	565.797	3.817.879	2.795.267	554.399	3.349.666
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	19.623	-	19.623	19.623	-	19.623
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		19.623	-	19.623	19.623	-	19.623
11.2.1 Financial joint ventures		19.623	-	19.623	19.623	-	19.623
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	I-j	94.166	-	94.166	376.973	362	377.335
13.1 Fair value hedge		93.996	-	93.996	369.747	-	369.747
13.2 Cash flow hedge		170	-	170	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	984.674	-	984.674	1.009.450	-	1.009.450
XV. Intangible assets (net)	I-l	1.329.944	-	1.329.944	1.261.854	-	1.261.854
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		350.451	-	350.451	282.361	-	282.361
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		52.535	-	52.535	236.753	-	236.753
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	I-n	52.535	-	52.535	236.753	-	236.753
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	132.195	-	132.195	100.396	-	100.396
18.1 Held for sale purposes		132.195	-	132.195	100.396	-	100.396
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.006.493	1.007.296	2.013.789	540.932	1.199.706	1.740.638
Total assets		77.966.683	44.213.524	122.180.207	67.739.029	41.914.691	109.653.720

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

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of December 31, 2012 and 2011**

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

I. Balance sheet (Statement of Financial Position)

		Restated					
		Current Period (31/12/2012)			Prior Period (31/12/2011)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	41.440.810	26.603.130	68.043.940	35.036.377	28.481.007	63.517.384
1.1 Deposits of the Bank's risk group		4.838.601	3.907.990	8.746.591	3.653.673	3.662.205	7.315.878
1.2 Other		36.602.209	22.695.140	59.297.349	31.382.704	24.818.802	56.201.506
II. Derivative financial liabilities held for trading	II-b	286.669	84.585	371.254	392.517	78.773	471.290
III. Funds borrowed	II-c	638.396	11.782.055	12.420.451	758.034	12.964.666	13.722.700
IV. Money markets		1.711.008	3.019.074	4.730.082	903.756	5.013.930	5.917.686
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		1.711.008	3.019.074	4.730.082	903.756	5.013.930	5.917.686
V. Marketable securities issued (net)	II-ç	1.441.014	885.367	2.326.381	1.096.306	-	1.096.306
5.1 Bills		737.778	-	737.778	951.956	-	951.956
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		703.236	885.367	1.588.603	144.350	-	144.350
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		4.759.776	617.741	5.377.517	3.806.098	601.709	4.407.807
VIII. Other liabilities	II-d	1.605.587	1.027.930	2.633.517	726.204	823.955	1.550.159
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-e	596	6.791	7.387	-	28.597	28.597
10.1 Financial lease payables		681	6.983	7.664	-	29.745	29.745
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		(85)	(192)	(277)	-	(1.148)	(1.148)
XI. Derivative financial liabilities held for hedging	II-f	412.001	492.686	904.687	62.652	440.189	502.841
11.1 Fair value hedge		90.233	-	90.233	18.959	-	18.959
11.2 Cash flow hedge		321.768	492.686	814.454	43.693	440.189	483.882
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.438.060	461.105	2.899.165	1.970.870	436.151	2.407.021
12.1 General loan loss provision		919.039	385.793	1.304.832	669.793	372.211	1.042.004
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		213.610	-	213.610	183.428	-	183.428
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.305.411	75.312	1.380.723	1.117.649	63.940	1.181.589
XIII. Tax liability	II-ğ	408.142	-	408.142	257.184	-	257.184
13.1 Current tax liability		408.142	-	408.142	257.184	-	257.184
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5.195.642	5.195.642	-	2.523.816	2.523.816
XVI. Shareholders' equity	II-ı	15.926.652	935.390	16.862.042	13.453.176	(202.247)	13.250.929
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		2.758.337	935.390	3.693.727	2.050.711	(202.247)	1.848.464
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		2.039.404	1.377.550	3.416.954	1.277.219	190.080	1.467.299
16.2.4 Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		(118.653)	(442.160)	(560.813)	83.797	(392.327)	(308.530)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		293.705	-	293.705	145.814	-	145.814
16.3 Profit reserves		6.907.792	-	6.907.792	5.197.928	-	5.197.928
16.3.1 Legal reserves		359.847	-	359.847	266.973	-	266.973
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		6.546.849	-	6.546.849	4.930.128	-	4.930.128
16.3.4 Other profit reserves		1.096	-	1.096	827	-	827
16.4 Income or (loss)		1.913.472	-	1.913.472	1.857.486	-	1.857.486
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1.913.472	-	1.913.472	1.857.486	-	1.857.486
Total liabilities and shareholders' equity		71.068.711	51.111.496	122.180.207	58.463.174	51.190.546	109.653.720

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2012 and 2011

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

II. Off-balance sheet commitments

		Current Period (31/12/2012)			Prior Period (31/12/2011)		
	Note (Section Five)	TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (I+II+III)		113.305.921	113.241.494	226.547.415	81.037.541	109.504.366	190.541.907
I. Guarantees and warranties	III-a-2,3	11.376.121	16.986.676	28.362.797	10.695.351	15.439.788	26.135.139
1.1 Letters of guarantee		11.271.953	9.239.705	20.511.658	9.943.523	8.754.339	18.697.862
1.1.1 Guarantees subject to state tender law		567.403	522.814	1.090.217	502.263	628.039	1.130.302
1.1.2 Guarantees given for foreign trade operations		1.131.282	8.716.891	9.848.173	1.105.998	8.126.300	9.232.298
1.1.3 Other letters of guarantee		9.573.268	-	9.573.268	8.335.262	-	8.335.262
1.2 Bank acceptances		-	121.325	121.325	-	158.915	158.915
1.2.1 Import letter of acceptance		-	121.325	121.325	-	158.915	158.915
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		13.789	5.596.826	5.610.615	13.687	4.872.778	4.886.465
1.3.1 Documentary letters of credit		13.789	5.596.826	5.610.615	13.687	4.872.778	4.886.465
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Prefinancing given as guarantee		143	2.377	2.520	143	2.519	2.662
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		90.236	1.057.479	1.147.715	737.998	614.488	1.352.486
1.9 Other warranties		-	968.964	968.964	-	1.036.749	1.036.749
II. Commitments	III-a-1	75.280.393	28.375.675	103.656.068	50.502.978	30.333.764	80.836.742
2.1 Irrevocable commitments		29.934.837	6.991.388	36.926.225	23.716.890	6.829.040	30.545.930
2.1.1 Asset purchase and sale commitments		35.590	6.661.062	6.696.652	42.700	6.067.378	6.110.078
2.1.2 Deposit purchase and sales commitments		-	-	-	1.692	301	1.993
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	1.000	-	1.000
2.1.4 Loan granting commitments		4.992.286	330.326	5.322.612	4.345.796	761.300	5.107.096
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheques		5.258.480	-	5.258.480	4.220.740	-	4.220.740
2.1.8 Tax and fund liabilities from export commitments		38.106	-	38.106	37.251	-	37.251
2.1.9 Commitments for credit card limits		17.856.081	-	17.856.081	13.666.113	-	13.666.113
2.1.10 Commitments for credit cards and banking services promotions		-	-	-	-	-	-
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		1.754.294	-	1.754.294	1.401.598	61	1.401.659
2.2 Revocable commitments		45.345.556	21.384.287	66.729.843	26.786.088	23.504.724	50.290.812
2.2.1 Revocable loan granting commitments		45.345.556	21.366.157	66.711.713	26.786.088	23.504.724	50.290.812
2.2.2 Other revocable commitments		-	18.130	18.130	-	-	-
III. Derivative financial instruments	III-b,c	26.649.407	67.879.143	94.528.550	19.839.212	63.730.814	83.570.026
3.1 Derivative financial instruments for hedging purposes		14.124.458	26.657.257	40.781.715	9.094.408	29.549.643	38.644.051
3.1.1 Transactions for fair value hedge		1.772.858	2.048.951	3.821.809	2.782.808	3.424.046	6.206.854
3.1.2 Transactions for cash flow hedge		12.351.600	24.608.306	36.959.906	6.311.600	26.125.597	32.437.197
3.1.3 Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2 Trading transactions		12.524.949	41.221.886	53.746.835	10.744.804	34.181.171	44.925.975
3.2.1 Forward foreign currency buy/sell transactions		3.004.739	5.217.724	8.222.463	4.145.190	7.055.471	11.200.661
3.2.1.1 Forward foreign currency transactions-buy		988.634	3.092.645	4.081.279	1.122.701	4.479.466	5.602.167
3.2.1.2 Forward foreign currency transactions-sell		2.016.105	2.125.079	4.141.184	3.022.489	2.576.005	5.598.494
3.2.2 Swap transactions related to foreign currency and interest rates		5.339.212	24.430.414	29.769.626	2.612.272	18.913.481	21.525.753
3.2.2.1 Foreign currency swap-buy		2.604.049	10.715.333	13.319.382	1.507.063	7.142.973	8.650.036
3.2.2.2 Foreign currency swap-sell		2.735.163	10.500.961	13.236.124	1.105.209	7.778.806	8.884.015
3.2.2.3 Interest rate swap-buy		-	1.607.060	1.607.060	-	1.995.851	1.995.851
3.2.2.4 Interest rate swap-sell		-	1.607.060	1.607.060	-	1.995.851	1.995.851
3.2.3 Foreign currency, interest rate and securities options		3.473.998	10.919.644	14.393.642	3.280.342	7.445.145	10.725.487
3.2.3.1 Foreign currency options-buy		1.246.132	3.539.644	4.785.776	1.235.699	2.075.490	3.311.189
3.2.3.2 Foreign currency options-sell		1.684.220	3.214.377	4.898.597	1.513.005	1.344.579	2.857.584
3.2.3.3 Interest rate options-buy		70.800	2.117.807	2.188.607	187.350	2.041.794	2.229.144
3.2.3.4 Interest rate options-sell		145.800	2.047.816	2.193.616	262.350	1.967.628	2.229.978
3.2.3.5 Securities options-buy		215.704	-	215.704	63.894	15.654	79.548
3.2.3.6 Securities options-sell		111.342	-	111.342	18.044	-	18.044
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		707.000	654.104	1.361.104	707.000	767.074	1.474.074
B. Custody and pledges received (IV+V+VI)		115.496.598	25.192.246	140.688.844	101.200.873	27.592.127	128.793.000
IV. Items held in custody		51.688.636	4.089.103	55.777.739	47.517.660	4.271.501	51.789.161
4.1 Customer fund and portfolio balances		-	117	117	-	122	122
4.2 Investment securities held in custody		40.031.441	3.492.529	43.523.970	36.521.544	3.581.191	40.102.735
4.3 Checks received for collection		9.364.237	88.780	9.453.017	8.660.022	89.243	8.749.265
4.4 Commercial notes received for collection		2.282.730	483.701	2.766.431	2.330.866	575.964	2.906.830
4.5 Other assets received for collection		-	23.976	23.976	-	24.981	24.981
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		10.228	-	10.228	5.228	-	5.228
4.8 Custodians		-	-	-	-	-	-
V. Pledges received		62.639.447	20.520.383	83.159.830	52.561.567	22.673.972	75.235.539
5.1 Marketable securities		220.994	193	221.187	207.970	204	208.174
5.2 Guarantee notes		703.951	365.205	1.069.156	560.893	442.768	1.003.661
5.3 Commodity		28.559	-	28.559	38.944	-	38.944
5.4 Warrants		-	-	-	-	-	-
5.5 Properties		41.434.412	15.196.331	56.630.743	36.292.482	16.967.526	53.260.008
5.6 Other pledged items		20.251.531	4.955.489	25.207.020	15.461.278	5.260.128	20.721.406
5.7 Pledged items-depository		-	3.165	3.165	-	3.346	3.346
VI. Accepted independent guarantees and warranties		1.168.515	582.760	1.751.275	1.121.646	646.654	1.768.300
Total off-balance sheet commitments (A+B)		228.802.519	138.433.740	367.236.259	182.238.414	137.096.493	319.334.907

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

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of December 31, 2012 and 2011**

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

III. Income statement

Income and expense items		Note (Section Five)	Current Period 01/01- 31/12/2012	Prior Period 01/01- 31/12/2011
I.	Interest income	IV-a	9.372.833	7.155.567
1.1	Interest on loans	IV-a-1	7.589.281	5.605.263
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks	IV-a-2	33.517	28.820
1.4	Interest received from money market transactions		144.533	31.585
1.5	Interest received from marketable securities portfolio	IV-a-3	1.604.762	1.488.199
1.5.1	Trading financial assets		20.431	21.637
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		643.440	552.054
1.5.4	Held to maturity investments		940.891	914.508
1.6	Financial lease income		-	-
1.7	Other interest income		740	1.700
II.	Interest expense	IV-b	(4.880.824)	(3.845.460)
2.1	Interest on deposits	IV-b-4	(3.977.981)	(3.065.998)
2.2	Interest on funds borrowed	IV-b-1	(553.951)	(447.192)
2.3	Interest expense on money market transactions		(152.459)	(260.696)
2.4	Interest on securities issued	IV-b-3	(186.708)	(48.236)
2.5	Other interest expenses		(9.725)	(23.338)
III.	Net interest income (I + II)		4.492.009	3.310.107
IV.	Net fees and commissions income		1.761.005	1.826.778
4.1	Fees and commissions received		2.165.631	2.157.003
4.1.1	Non-cash loans		245.698	223.425
4.1.2	Other	IV-I	1.919.933	1.933.578
4.2	Fees and commissions paid		(404.626)	(330.225)
4.2.1	Non-cash loans		(487)	(418)
4.2.2	Other		(404.139)	(329.807)
V.	Dividend income		183.377	128.203
VI.	Trading gain/(loss) (net)	IV-ç	(39.001)	(254.708)
6.1	Trading gains/(losses) on securities		305.957	29.035
6.2	Derivative financial transactions gains/(losses)	IV-d	(948.671)	(498.485)
6.3	Foreign exchange gains/(losses)		603.713	214.742
VII.	Other operating income	IV-e	338.192	811.393
VIII.	Total operating income (III+IV+V+VI+VII)		6.735.582	5.821.773
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(1.293.415)	(776.222)
X.	Other operating expenses (-)	IV-g	(2.992.925)	(2.690.486)
XI.	Net operating income/(loss) (VIII-IX-X)		2.449.242	2.355.065
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		-	-
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	2.449.242	2.355.065
XVI.	Tax provision for continuing operations (±)	IV-h	(535.770)	(497.579)
16.1	Current tax provision		(739.096)	(420.569)
16.2	Deferred tax provision		203.326	(77.010)
XVII.	Net profit/loss from continuing operations (XV±XVI)		1.913.472	1.857.486
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 (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/loss (XVII+XXII)	IV-ı	1.913.472	1.857.486
	Earnings/(loss) per share (full TL)		0,0044	0,0043

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2012 and 2011

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

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

		Restated	
		Current Period (31/12/2012)	Prior Period (31/12/2011)
Income and expense items accounted under shareholders' equity			
I.	Transfers to marketable securities valuation differences from financial assets available for sale	2.402.759	(333.283)
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	18.864	(1.821)
V.	Profit /loss on cash flow hedges (effective part of the fair value changes)	(336.707)	(237.914)
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII.	Effects of changes in accounting policy and adjustment of errors	-	51.560
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	269	219
IX.	Deferred tax on valuation differences	(387.544)	97.799
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	1.697.641	(423.440)
XI.	Current year profit/loss	1.913.472	1.857.486
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	4.236	3.842
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(209.965)	(185.994)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	2.119.201	2.039.638
XII.	Total income/loss accounted for the period (X+XI)	3.611.113	1.434.046

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated statement of changes in shareholders' equity as of December 31, 2011

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

V. Statement of changes in shareholders' equity

Prior Period December 31, 2011	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 intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I. Period opening balance		4,347,051	-	543,881	-	163,959	-	3,038,543	80,731	2,060,290	-	185,073	-	-	(101,828)	-	10,317,700
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	1,499,183	-	-	-	-	1,499,183
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	1,499,183	-	-	-	-	1,499,183
III. New balance (I+II)		4,347,051	-	543,881	-	163,959	-	3,038,543	80,731	2,060,290	-	1,684,256	-	-	(101,828)	-	11,816,883
Changes in the period																	
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(231,871)	-	-	-	-	(231,871)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(190,331)	-	(190,331)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	14,914	-	-	(16,371)	-	(1,457)
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219
XIX. Current year income or loss		-	-	-	-	-	-	-	-	1,857,486	-	-	-	-	-	-	1,857,486
XX. Profit distribution		-	-	-	-	103,014	-	1,891,585	65,691	(2,060,290)	-	-	-	-	-	-	-
201 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
202 Transfers to reserves		-	-	-	-	103,014	-	1,891,585	65,691	(2,060,290)	-	-	-	-	-	-	-
203 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+.....+ XVIII + XIX+XX)		4,347,051	-	543,881	-	266,973	-	4,930,128	146,641	1,857,486	-	1,467,299	-	-	(308,530)	-	13,250,929

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

V. Statement of changes in shareholders' equity

Current Period December 31, 2012	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/ operations discontinued revaluation fund	Total shareholders' equity
I. Prior period end balance		4,347,051	-	543,881	-	266,973	-	4,930,128	146,641	1,857,486	-	1,467,299	-	-	(308,530)	-	13,250,929
Changes in the period																	
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	1,951,647	-	-	-	-	1,951,647
IV. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(269,366)	-	(269,366)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	(1,992)	-	-	17,083	-	15,091
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	269	-	-	-	-	-	-	-	269
XVII. Current year income or loss		-	-	-	-	-	-	-	-	1,913,472	-	-	-	-	-	-	1,913,472
XVIII. Profit distribution		-	-	-	-	92,874	-	1,616,721	147,891	(1,857,486)	-	-	-	-	-	-	-
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	92,874	-	1,616,721	147,891	(1,857,486)	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (I+II+III+...+XVI+XVII+XVIII)		4,347,051	-	543,881	-	359,847	-	6,546,849	294,801	1,913,472	-	3,416,954	-	-	(560,813)	-	16,862,042

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

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of December 31, 2012 and 2011**

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

VI. Statement of cash flows

	Notes (Section Five)	Current Period (31/12/2012)	Prior Period (31/12/2011)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		5.000.529	1.105.225
1.1.1 Interest received		8.715.216	6.814.470
1.1.2 Interest paid		(4.702.612)	(3.620.844)
1.1.3 Dividend received		150.349	116.258
1.1.4 Fees and commissions received		2.166.084	2.162.613
1.1.5 Other income		(899.474)	(521.815)
1.1.6 Collections from previously written-off loans and other receivables		1.576.539	1.335.062
1.1.7 Payments to personnel and service suppliers		(2.413.358)	(2.317.066)
1.1.8 Taxes paid		(716.167)	(541.753)
1.1.9 Other	VI-c	1.123.952	(2.321.700)
1.2 Changes in operating assets and liabilities		(7.712.256)	2.009.883
1.2.1 Net (increase)/decrease in trading securities		(283.257)	51.277
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(4.312.304)	(958.160)
1.2.4 Net (increase)/decrease in loans		(9.957.615)	(16.078.971)
1.2.5 Net (increase)/decrease in other assets		(238.922)	(335.031)
1.2.6 Net increase /(decrease) in bank deposits		13.988	(346.273)
1.2.7 Net increase /(decrease) in other deposits		4.499.412	11.030.865
1.2.8 Net increase /(decrease) in funds borrowed		(2.173.684)	7.188.602
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	4.740.126	1.457.574
I. Net cash flows from banking operations		(2.711.727)	3.115.108
B. Cash flows from investing activities			
II. Net cash flows from investing activities		702.063	(847.120)
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(22.236)	-
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(271.209)	(225.330)
2.4 Disposals of property and equipment		35.543	185.795
2.5 Purchase of investments available-for-sale		(3.258.932)	(4.034.646)
2.6 Sale of investments available-for-sale		3.349.491	1.586.128
2.7 Purchase of investment securities		(342)	(545.066)
2.8 Sale of investment securities		869.748	2.185.999
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		702.315	2.076.992
3.1 Cash obtained from funds borrowed and securities issued		7.808.583	6.340.216
3.2 Cash used for repayment of funds borrowed and securities issued		(7.059.732)	(4.203.302)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(46.536)	(59.922)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-c	(163.969)	469.043
V. Net increase in cash and cash equivalents (I+II+III+IV)		(1.471.318)	4.814.023
VI. Cash and cash equivalents at beginning of the period	VI-a	9.780.424	4.966.401
VII. Cash and cash equivalents at end of the period	VI-a	8.309.106	9.780.424

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

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2012 and 2011

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

VII. Profit appropriation statement⁽¹⁾

	Current Period (31/12/2012)	Prior Period (31/12/2011)
I. Distribution of current year income		
1.1 Current year income	2,449,242	2,355,065
1.2 Taxes and duties payable (-)	(535,770)	(497,579)
1.2.1 Corporate tax (income tax)	(739,096)	(420,569)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties ⁽²⁾	203,326	(77,010)
A. Net income for the year (1.1-1.2)	1,913,472	1,857,486
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(92,874)
1.5 Other statutory reserves (-)	-	-
B. Net income available for distribution [(a)-(1.3+1.4+1.5)]	1,913,472	1,764,612
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1,616,721
1.13 Other reserves	-	-
1.14 Special funds	-	147,891
II. Distribution of reserves		
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
III. Earnings per share		
3.1 To owners of ordinary shares	0,0044	0,0043
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
IV. Dividend per share		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

(1) Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2012 has not been prepared by the Board of Directors, only net profit related to the year 2012, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 4.909 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

(2) As per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. As of December 31, 2012 the Bank has deferred tax income amounting to TL 203.326 associated with the deferred tax asset which will not be distributed.

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2012

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

Section Three

Accounting policies

I. Explanations on basis of presentation:

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority 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" published in the Official Gazette No. 28337 dated June 28, 2012.

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

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

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 2011. TAS/TFRS changes (TAS 12 (Amendment) "Income Taxes – Recovery of Underlying Assets"; TFRS 7 (Amendment), "Financial Instruments Disclosures – Enhanced Derecognition Disclosure Requirements" (effective from January 1, 2012) do not have an effect on the Bank's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

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

Adjustments of the prior periods' financial statements:

Subsidiaries, for which the fair value can be determined reliably, are carried at fair value starting from June 30, 2012. The effect of the changes in the accounting policy of the Bank has been applied retrospectively in accordance with ("TMS 8") "Accounting Policies, Changes in Accounting Estimates and Errors" and therefore the Bank's comparative financial statements are restated. The effect of this restatement and other classifications on the financial statements as of December 31, 2011 and 2010 are summarized below:

December 31, 2011	Published	Adjustments	Restated
Subsidiaries (Net)	1.801.223	1.550.743	3.351.966
Total Assets	108.102.977	1.550.743	109.653.720
Marketable Securities Valuation Differences	(83.444)	1.550.743	1.467.299
Other capital reserves	146.641	(827)	145.814
Other profit reserves	-	827	827
Shareholder's Equity	11.700.186	1.550.743	13.250.929
Total Liabilities	108.102.977	1.550.743	109.653.720

December 31, 2010	Published	Adjustments	Restated
Subsidiaries (Net)	1.789.841	1.499.183	3.289.024
Total Assets	84.776.146	1.499.183	86.275.329
Marketable Securities Valuation Differences	185.073	1.499.183	1.684.256
Other capital reserves	80.731	(609)	80.122
Other profit reserves	-	609	609
Shareholder's Equity	10.317.700	1.499.183	11.816.883
Total Liabilities	84.776.146	1.499.183	86.275.329

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2012

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

Accounting policies (continued)

Additional paragraph for convenience translation into English:

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

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

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

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. Since the foreign currency investments and subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore no foreign exchange differences are realized. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

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

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

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

The Bank's derivative transactions mostly include money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method applied to the income or loss arising from 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 is effective, are shown with the related assets and liabilities. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

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

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

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss".

"Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

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

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

Accounting policies (continued)

Parameters used for the valuation of the option portfolio are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

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

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

As of December 31, 2012, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

Credit default swaps are valued daily by the valuation model of the Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

Market risks of these products are monitored using the Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, currency exchange transactions, which are realized at value date in the initial phase of currency swaps, are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

V. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method periodically. The Bank ceases accruing interest income on non-performing loans and any interest income accruals from such receivables are reversed and no income is accounted until collection is made according to the related regulation.

VI. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

VII. Explanations on financial assets:

The Bank classifies and accounts its financial assets as "fair value through profit or loss", "available-for-sale", "loans and receivables" or "held-to-maturity". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment. Regular purchases and sales of financial assets are recorded based on settlement date. Settlement date of a financial asset is the date that the asset is received or delivered by the Bank. Settlement date accounting requires; (a) accounting for the financial asset when the asset is received and (b) accounting of disposal of the financial asset and recording the related profit and loss when the asset is delivered. The fair value changes of an asset to be acquired between the trade date and settlement date is accounted in accordance with the basis of valuation of assets.

a. Financial assets at fair value through profit or loss:

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

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

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Accounting policies (continued)

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets other than loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity and that are not initially classified as financial assets at fair value through profit/loss or available for sale. Held-to-maturity financial assets are initially recognized at total of acquisition and transaction cost. Held-to-maturity securities are carried at "Amortized cost" using the "Effective interest method" after their initial recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39, sales or reclassification to available for sale portfolio of insignificant amount of financial assets, sale or reclassification to available for sale portfolio of financial assets which are close to maturity less than three months, or sale or reclassification to available for sale portfolio of assets as a result of significant increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes will not result in tainting.

c. Loans and receivables:

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

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

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

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

d. Available-for-sale financial assets:

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

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

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

VIII. Explanations on impairment of financial assets:

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided based on the financial assets classification.

Impairment for held to maturity financial assets carried at amortized cost is calculated as the difference between the expected future cash flows discounted at the effective interest rate method and the carrying value. The impairment amount transferred from shareholders' equity to profit or loss for available for sale securities is calculated as the difference between the purchase cost (after deduction of principal repayments and redemption) and the fair value less any impairment that was previously recorded in profit or loss. This amount is recorded in expense accounts in accordance with the UCA.

The principles for the accounting of provisions for loans and receivables are explained in Note VII. of this section.

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

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

Accounting policies (continued)

IX. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repos") are classified as "at fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds provided under repurchase agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("Reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Bank has no securities lending transactions.

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

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

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

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

The Bank has no discontinued operations.

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

b. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for impairment.

The Bank evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Bank estimates a recoverable amount in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets". The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit from the asset. The rates used are presented below:

Credit card brand value, deposit base and customer portfolio	10%
Other intangible assets	20%

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Accounting policies (continued)

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

Expenditures for the repair and maintenance of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

XIV. Explanations on leasing transactions:

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

Financial lease

The Bank includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognized. The liabilities arising from financial leasing contracts are accounted under "Financial lease payables". Expenses arising from interest and exchange rate changes related to financial leasing liabilities are charged to the income statement. Lease payments are deducted from financial leasing payables. The Bank does not perform financial leasing operations as "Lessor".

Operational lease

Leases, in which the majority of risk and return of property belongs to lessor, are classified as operational lease. Payments that are made under operational leases, are accounted in income statements on a straight line basis during the lease period.

XV. Explanations on provisions, contingent liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognized for loans and other receivables, are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognized in the period of occurrence in accordance with the "Matching principle". A provision is recognized when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for employee rights" account in the balance sheet.

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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.

b. Pension rights

The Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No.506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23 paragraph 1 of the Banking Act published in the Official Gazette No. 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

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

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

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9.8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

c. Short term benefits of employee:

According to TAS 19, liabilities derived from unused vacation pay defined in "Short term benefits of employee" are accrued in the period in which they are realized and are not discounted.

XVII. Explanations on taxation:

a. Current tax:

The Corporate Tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. This tax rate is applied to accounting income modified for certain exemptions and deductions, and additions for certain non-tax deductible expenses and allowances for tax purposes. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

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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.

b. Deferred tax:

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and in accordance with BRSA's explanations and circulars and the tax legislation, the Bank calculates deferred tax on deductible temporary differences except for general loan loss provisions, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

Additionally, in accordance with the related legislation of BRSA, deferred tax effect, if income, is not eligible for dividend distribution and share capital increase.

c. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007, 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.

XVIII. Explanations on borrowings:

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

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

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

XIX. Explanations on issuance of share certificates:

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

No dividend payments were announced after the balance sheet date.

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until December 31, 2012, the Bank received government grant from TÜBİTAK amounting to TL 1.096 (December 31, 2011 - TL 827).

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Accounting policies (continued)

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	1.913.472	1.857.486
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0044	0,0043

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 2012 (December 31, 2011- no bonus shares were issued).

XXIV. Related parties:

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

XXV. Explanations on operating segments:

Information about operating segments which are determined in line with "Turkish Financial Reporting Standard about Operating Segments" ("TFRS 8") together with organizational and internal reporting structure of the Bank, are disclosed in Note XV of Section Four.

XXVI. Explanations on other matters:

Changes have been made to comparative figures as of December 31, 2011 and December 31, 2010, as detailed in Note I of Section III.

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Section Four

Information related to financial position of the Bank

I. Explanations on capital adequacy ratio:

a. The capital adequacy ratio of the Bank is 16,30%.

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

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

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

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

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

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

In the calculation of the value at credit risk for the derivative financial instruments which are in banking books, the receivables from counterparties are multiplied by the rates stated in the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in Regulation.

Information related to capital adequacy ratio:

	Risk Weights							Total
	0%	20%	50%	75%	100%	150%	200%	
Amounts subject to credit risk	22.389.007	6.183.534	23.041.576	30.262.517	59.373.829	3.571.134	3.902.915	148.724.512
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	20.699.166	-	10.878.578	-	-	-	-	31.577.744
Conditional and unconditional receivables from regional or local governments	-	148	-	-	-	-	-	148
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	4.437	-	-	4.437
Conditional and unconditional receivables from multilateral development banks	2.766	-	-	-	-	-	-	2.766
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	6.183.231	3.614.933	-	1.968.498	-	-	11.766.662
Conditional and unconditional receivables from corporates	-	-	-	-	49.984.498	-	-	49.984.498
Conditional and unconditional retail receivables	-	-	-	30.262.517	-	-	-	30.262.517
Conditional and unconditional receivables secured by mortgages	-	-	8.548.065	-	-	-	-	8.548.065
Past due receivables	-	-	-	-	628.879	404.520	-	1.033.399
Receivables defined as high risk category by the Regulator	-	-	-	-	-	3.166.614	3.902.915	7.069.529
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1.687.075	155	-	-	6.787.517	-	-	8.474.747
Credit Risk Weighted Amounts	-	1.236.707	11.520.788	22.696.888	59.373.829	5.356.701	7.805.830	107.990.743

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Information related to financial position of the Bank (continued)

Summary information about capital adequacy ratio⁽¹⁾:

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

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

Information about shareholders' equity items⁽¹⁾:

	Current Period
Core Capital	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid-in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	6.907.792
Adjustment to legal reserves	-
Profit	1.913.472
Net current period profit	1.913.472
Prior period profit	-
Provisions for possible losses up to 25% of core capital	229.247
Income on sale of equity shares and real estates ⁽²⁾	293.705
Primary subordinated loans	-
Loss (in excess of Reserves) (-)	-
Net current period's losses	-
Prior periods' losses	-
Leasehold Improvements on Operational Leases (-)	77.850
Intangible assets (-)	1.329.944
Deferred-assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-
Total core capital	12.827.354

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Information related to financial position of the Bank (continued)

	Current Period
Supplementary capital	
General reserves	1.304.832
45% of increase in revaluation fund of movables	-
45% of increase in revaluation fund of fixed assets	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary subordinated loans ⁽³⁾	3.990.969
45% of value increase fund of financial assets available for sale and associates and subsidiaries ⁽³⁾	1.537.629
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Total supplementary capital	6.833.430
Capital	19.660.784
Deductions from the capital	263.006
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	63.027
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Loans extended being noncompliant with articles 50 and 51 of the Law	3.190
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.844
Securitization positions that is deducted -preferably- from the shareholders' equity	-
Other	189.945
Total shareholders' equity	19.397.778

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

(2) The figure includes income on sale of equity shares and real estates for TL 297.559 and other reserves for TL (3.854)

(3) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

c. Assessment process of adequacy of internal capital requirements (ICAAP) is carried out by continuous assessment of the risks to which bank is or might be exposed and it is aimed to identify and maintain sufficient capital to cover these risks. Relevant policies and procedures were prepared within the scope of the internal capital adequacy assessment.

In accordance with this approach, risk types for which economic capital is planned to be calculated are defined and necessary procedures were started to perform calculations. This assessment includes the credit risk, market risk, operational risk, financial investment risk, real estate risk, liquidity risk, reputational risk, strategy risk, counterparty risk, concentration risk, interest rate risk, securitization risk, country risk and transfer risk.

A team responsible for the calculation of economical capital and assessment of ICAAP is established under the Risk Management Department within the bank.

II. Explanations on credit risk:

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

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

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

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

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

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Information related to financial position of the Bank (continued)

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

	Current Period	Prior Period
Above average (1-4)	43,7%	35,9%
Average (5+ -6)	49,4%	51,0%
Below average (7+ -9)	6,9%	13,1%

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower

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

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

Risk classifications:	Current period risk amount ⁽¹⁾	Average risk amount ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	31.401.101	31.008.877
Conditional and unconditional receivables from regional or local governments	148	148
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4.437	8.710
Conditional and unconditional receivables from multilateral development banks	2.766	3.335
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	11.681.977	11.963.525
Conditional and unconditional receivables from corporates	51.255.409	52.881.975
Conditional and unconditional retail receivables	30.482.087	30.241.894
Conditional and unconditional receivables secured by mortgages	8.548.065	7.049.671
Past due receivables	1.033.399	1.005.385
Receivables defined as high risk category by the Regulator	7.069.529	5.431.275
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	8.474.747	7.975.831
Total	149.953.665	147.570.626

(1) Represents amounts before taking risk mitigating factors into considerations. Off balance sheet items are included after using the conversion factors stated in the Regulation.

(2) Average figures represent last 6 month-end risk amounts after the application of the Regulation on 28 June 2012.

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

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

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

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

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

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Information related to financial position of the Bank (continued)

- e. 1. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 18% and 23%.
2. The proportion of the Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 39% and 48%.
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 19% and 25% of total cash loans and non-cash loans.
- f. The Bank provided a general loan loss provision amounting to TL 1.304.832 (December 31, 2011 - TL 1.042.004).

g. Risk profile according to the geographical concentration:

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

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

** OECD Countries other than EU countries, USA and Canada

*** Assets and liabilities are not allocated on a consistent basis

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

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Information related to financial position of the Bank (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications*											TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11			
Agricultural	-	-	-	-	-	1.407.277	779.220	151.506	32.607	-	-	413.375	1.957.235	2.370.610
Farming and raising livestock	-	-	-	-	-	1.301.379	673.509	138.108	29.438	-	-	354.109	1.788.325	2.142.434
Forestry	-	-	-	-	-	62.773	85.318	11.042	1.537	-	-	35.891	124.779	160.670
Fishing	-	-	-	-	-	43.125	20.393	2.356	1.632	-	-	23.375	44.131	67.506
Manufacturing	-	1	19	-	2.399	28.295.565	5.740.581	1.993.497	309.900	-	2.343	19.760.522	16.583.783	36.344.305
Mining	-	-	-	-	2.399	6.002.638	672.628	234.874	35.893	-	43	4.294.725	2.653.750	6.948.475
Production	-	1	11	-	-	17.647.429	4.965.177	1.666.873	267.055	-	2.300	11.156.959	13.391.887	24.548.846
Electric, gas and water	-	-	8	-	-	4.645.498	102.776	91.750	6.952	-	-	4.308.838	538.146	4.846.984
Construction	4	4	-	-	289.449	6.759.893	1.996.104	823.207	78.029	-	-	4.386.223	5.560.467	9.946.690
Services	31.401.097	68	4.179	1.431	9.063.581	13.180.549	4.549.883	1.752.154	158.408	-	6.525.465	33.218.855	33.417.960	66.636.815
Wholesale and retail trade	-	1	3	-	-	4.811.940	2.620.615	557.728	70.726	-	-	1.350.965	6.710.048	8.061.013
Hotel, food and beverage services	-	-	24	-	-	1.196.190	359.155	609.290	16.013	-	-	1.293.996	886.676	2.180.672
Transportation and telecommunication	-	-	8	-	100	3.483.493	664.129	316.057	40.835	-	-	2.967.311	1.537.311	4.504.622
Financial institutions	31.401.097	6	8	1.431	9.063.481	1.854.396	116.897	49.614	3.389	-	6.522.712	26.801.989	22.211.042	49.013.031
Real estate and renting services	-	-	-	-	-	162.367	28.666	14.299	1.891	-	-	96.862	110.361	207.223
Self-employment services	-	-	-	-	-	404.978	223.031	34.114	7.244	-	95	200.814	468.648	669.462
Education services	-	-	67	-	-	75.454	57.414	10.999	1.948	-	-	24.040	121.842	145.882
Health and social services	-	61	4.069	-	-	1.191.731	479.976	160.053	16.362	-	2.658	482.878	1.372.032	1.854.910
Other	-	75	239	1.335	2.326.548	1.612.125	17.416.299	3.827.701	454.455	7.069.529	1.946.939	2.131.588	32.523.657	34.655.245
Total	31.401.101	148	4.437	2.766	11.681.977	51.255.409	30.482.087	8.548.065	1.033.399	7.069.529	8.474.747	59.910.563	90.043.102	149.953.665

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

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

h. Risk profile according to remaining maturities:

Risk classifications	According to their outstanding maturities					Total
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Conditional and unconditional receivables from central governments or central banks	9.050.476	-	499.482	41.995	20.458.535	30.050.488
Conditional and unconditional receivables from regional or local governments	-	-	-	-	3	3
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	3	-	41	44
Conditional and unconditional receivables from multilateral development banks	415	115	332	874	522	2.258
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.034.401	1.808.225	1.155.761	342.031	1.867.407	8.207.825
Conditional and unconditional receivables from corporates	5.074.660	4.237.335	5.879.564	6.414.372	24.175.531	45.781.462
Conditional and unconditional retail receivables	521.826	1.486.067	3.451.977	4.067.886	20.954.331	30.482.087
Conditional and unconditional receivables secured by mortgages	140.305	252.951	663.664	444.245	7.046.900	8.548.065
Past due receivables	1.736	3.905	11.540	21.935	279.892	319.008
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	-	-	-	-	11.447	11.447
General Total	17.823.819	7.788.598	11.662.323	11.333.338	74.794.609	123.402.687

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Information related to financial position of the Bank (continued)

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

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

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

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

i. Risk balances according to risk weights:

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

Risk Weights		0%	20%	50%	75%	100%	150%	200%	Total	Deductions from the shareholders' equity
1	Total exposure before credit risk mitigation	22.325.632	6.206.266	22.820.891	30.482.088	60.644.738	3.571.134	3.902.916	149.953.665	263.006
2	Total exposure after credit risk mitigation	22.389.007	6.183.534	23.041.576	30.262.517	59.373.829	3.571.134	3.902.915	148.724.512	263.006

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Information related to financial position of the Bank (continued)

j. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of 31 December 2012 in accordance with the "Regulation On Procedures And Principles For Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside".

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of 31 December 2012 in accordance with the "Regulation On Procedures And Principles For Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside".

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
Agricultural	63.728	122.729	3.492	35.934
Farming and raising livestock	56.117	106.137	3.167	32.009
Forestry	3.787	7.483	156	2.028
Fishing	3.824	9.109	169	1.897
Manufacturing	996.445	1.157.162	51.804	649.482
Mining	16.469	136.130	11.520	10.060
Production	966.689	1.009.170	39.969	633.931
Electric, gas and water	13.287	11.862	315	5.491
Construction	222.735	527.452	24.152	111.321
Services	429.718	750.745	27.595	268.890
Wholesale and retail trade	172.464	297.225	9.490	91.506
Hotel, food and beverage services	31.939	90.596	1.805	14.263
Transportation and telecommunication	125.672	214.600	10.950	89.309
Financial institutions	5.076	35.219	2.561	2.726
Real estate and renting services	58.971	46.116	957	52.123
Self-employment services	-	-	-	-
Education services	3.423	7.402	177	1.606
Health and social services	32.173	59.587	1.655	17.357
Other	1.071.939	1.294.121	42.018	611.224
Total	2.784.565	3.852.209	149.061	1.676.851

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

The Bank provides specific provisions for loans which are overdue for 90 days or more by taking into account the collaterals received from customers in accordance with the Provisioning Regulation. Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provision" are allocated as per the Provisioning Regulation and carried out taking into account the collaterals received from customers.

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

	Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments*	Close out balance
1 Specific provisions	1.344.973	787.600	(21.666)	(559.806)	1.551.101
2 General provisions	1.042.004	332.483	(69.655)	-	1.304.832

* Figure represents write-off's and also includes NPL sales amounts.

III. Explanations on market risk:

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

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

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

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Information related to financial position of the Bank (continued)

Market risk policies, which are approved by the Bank's Board of Directors and updated annually, if needed, include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and to the Bank's Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications. The table below shows details of the market risk as of December 31, 2012 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

(1) Explanations on market risk⁽¹⁾:

a. Information on market risk:

	Current Period
(I) Capital requirement against general market risk - standard method	24.099
(II) Capital requirement against specific risks - standard method	22.162
Capital requirement against specific risks of securitization positions- standard method	-
(III) Capital requirement against currency exchange risk - standard method	65.876
(IV) Capital requirement against commodity risks - standard method	3.024
(V) Capital requirement against exchange risks - standard method	-
(VI) Capital requirement against market risks of options - standard method	1.277
(VII) Capital requirement against counterparty credit risks - standard method	18.115
(VIII) Capital requirement against market risks of banks applying risk measurement model	-
(IX) Total capital requirement against market risk (i+ii+iii+iv+v+vi+vii) (i+ii+iii+iv+v+vi+vii+viii)	134.553
(IX) Value-at-market risk ((12.5*viii) or (12.5*ix))	1.681.913

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

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

	Average ⁽¹⁾	Maximum ⁽¹⁾	Minimum ⁽¹⁾
Interest rate risk	23.999	32.018	15.752
Share price risk	15.709	18.512	9.458
Currency risk	49.482	65.876	36.687
Commodity risk	2.074	3.024	637
Settlement risk	-	-	-
Option risk	836	1.391	226
Counterparty credit risk	27.817	37.654	18.115
Total amount subject to risk	119.917	158.475	80.875

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

(2) Quantitative information on counterparty risk:

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

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

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

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

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

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

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Information related to financial position of the Bank (continued)

Total counterparty credit risk from trading activities is TL 226.438 for the period ended December 31, 2012.

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

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

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

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

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2011, 2010 and 2009 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated June 28, 2012, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2012, the total amount subject to operational risk is TL 9.336.245 (December 31, 2011 - TL 8.842.703) and the amount of the related capital requirement is TL 746.900 (December 31, 2011 - TL 707.416).

	2 PP value	1 PP value	CD value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5.222.903	4.753.333	4.961.755	4.979.330	15	746.900
Amount subject to operational risk (Total*12,5)						9.336.245

V. Explanations on currency risk:

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

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

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

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

(Exchange rates presented as full TL)

	USD	EUR
--	-----	-----

Balance sheet evaluation rate:

December 31, 2012 bid rate	TL 1,73800	TL 2,29290
December 28, 2012 bid rate	TL 1,73830	TL 2,30660
December 27, 2012 bid rate	TL 1,74020	TL 2,29770
December 26, 2012 bid rate	TL 1,74300	TL 2,29960
December 25, 2012 bid rate	TL 1,74460	TL 2,30600

Arithmetic average of the last 31 days: TL 1,73512 TL 2,27387

Balance sheet evaluation rate as of Prior Period: TL 1,84170 TL 2,38270

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Information related to financial position of the Bank (continued)

	EURO	USD	OTHER FC	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.807.192	6.234.690	1.413.869	9.455.751
Banks	1.098.864	850.670	473.684	2.423.218
Financial assets at fair value through profit or loss	14.787	196.029	262	211.078
Money market placements	-	111.234	-	111.234
Available-for-sale financial assets	307.778	6.811.223	-	7.119.001
Loans ⁽¹⁾	7.425.540	16.020.341	652.950	24.098.831
Investments in associates, subsidiaries and joint ventures	349.015	216.782	43.404	609.201
Held-to-maturity investments	117.737	2.281.950	-	2.399.687
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	160.203	667.505	145.748	973.456
Total assets	11.281.116	33.390.424	2.729.917	47.401.457
Liabilities				
Bank deposits	12.812	121.289	75.795	209.896
Foreign currency deposits	8.203.293	16.540.745	1.649.196	26.393.234
Funds from money market	229.655	2.789.419	-	3.019.074
Funds borrowed from other financial institutions	5.265.448	6.430.668	85.939	11.782.055
Marketable securities issued	-	885.367	-	885.367
Miscellaneous payables	315.709	288.294	13.738	617.741
Hedging derivative financial liabilities	101.488	391.198	-	492.686
Other liabilities	3.113.620	3.274.527	2.113	6.390.260
Total liabilities	17.242.025	30.721.507	1.826.781	49.790.313
Net on-balance sheet position	(5.960.909)	2.668.917	903.136	(2.388.856)
Net off-balance sheet position	5.895.947	(1.553.974)	(1.111.471)	3.230.502
Financial derivative assets	7.533.536	7.960.682	414.402	15.908.620
Financial derivative liabilities	1.637.589	9.514.656	1.525.873	12.678.118
Non-cash loans	6.592.226	10.094.529	299.921	16.986.676
Prior Period				
Total assets	13.312.872	30.603.128	1.888.323	45.804.323
Total liabilities	17.934.271	31.220.064	1.866.247	51.020.582
Net on-balance sheet position	(4.621.399)	(616.936)	22.076	(5.216.259)
Net off-balance sheet position	5.527.492	(800.385)	(35.854)	4.691.253
Financial derivative assets	6.790.118	7.985.711	308.098	15.083.927
Financial derivative liabilities	1.262.626	8.786.096	343.952	10.392.674
Non-cash loans	4.807.604	10.082.290	549.894	15.439.788

(1) Includes FX indexed loans amounting to TL 3.221.773 (December 31, 2011 – TL 3.920.053) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 33.840 (December 31, 2011 - TL 30.421).

Currency risk sensitivity analysis:

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

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

	Current Period	Prior Period
Change in currency exchange rates	Profit/loss effect ⁽¹⁾	Profit/loss effect ⁽¹⁾
(+) 15%	(27.818)	(39.850)
(-) 15%	27.818	39.850

(1) Excluding tax effect.

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Information related to financial position of the Bank (continued)

VI. Explanations on interest rate risk:

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

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits. The bank utilizes TL/foreign currency and TL/TL interest rate swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the TL balance sheet. Furthermore, in order to reduce the repricing mismatch in the foreign currency balance sheet, foreign currency/foreign currency interest rate swaps are utilized.

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	11.076.562	11.076.562
Banks	755.441	193.448	4.043	177.291	-	1.590.730	2.720.953
Financial assets at fair value through profit/loss	129.691	104.992	185.673	122.150	297.895	-	840.401
Money market placements	2.620.972	109.080	-	-	-	-	2.730.052
Available-for-sale financial assets	1.615.316	1.523.937	2.296.245	2.968.458	6.452.196	5.311	14.861.463
Loans	17.264.421	18.436.046	19.056.320	14.662.021	4.446.618	1.903.890	75.769.316
Held-to-maturity investments	17.390	1.585.559	1.438.080	245.732	2.399.687	-	5.686.448
Other assets	10.930	36.115	47.121	-	-	8.400.846	8.495.012
Total assets	22.414.161	21.989.177	23.027.482	18.175.652	13.596.396	22.977.339	122.180.207
Liabilities							
Bank deposits	69.851	214.492	97.352	258	-	313.856	695.809
Other deposits	41.942.540	12.628.554	1.997.437	33.251	-	10.746.349	67.348.131
Funds from money market	3.222.368	1.507.714	-	-	-	-	4.730.082
Miscellaneous payables	-	-	-	-	-	5.377.517	5.377.517
Marketable securities issued	170.578	34.135	1.236.302	885.366	-	-	2.326.381
Funds borrowed from other financial institutions	420.171	4.902.762	5.103.676	1.376.644	617.198	-	12.420.451
Other liabilities and shareholders' equity	288.180	2.761.163	1.635.699	41.771	1.752.157	22.802.866	29.281.836
Total liabilities	46.113.688	22.048.820	10.070.466	2.337.290	2.369.355	39.240.588	122.180.207
Balance sheet long position	-	-	12.957.016	15.838.362	11.227.041	-	40.022.419
Balance sheet short position	(23.699.527)	(59.643)	-	-	-	(16.263.249)	(40.022.419)
Off-balance sheet long position	4.790.872	13.601.622	-	-	-	-	18.392.494
Off-balance sheet short position	-	-	(1.508.907)	(16.133.414)	(1.356.983)	-	(18.999.304)
Total position	(18.908.655)	13.541.979	11.448.109	(295.052)	9.870.058	(16.263.249)	(606.810)

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Information related to financial position of the Bank (continued)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	9.734.705	9.734.705
Banks	434.927	199.860	77.773	187.868	-	913.251	1.813.679
Financial assets at fair value through profit/loss	95.881	50.229	202.455	81.153	17.804	-	447.522
Money market placements	2.138.195	-	-	-	-	-	2.138.195
Available-for-sale financial assets	837.953	109.866	2.219.437	1.459.550	2.425.557	4.098	7.056.461
Loans	9.288.053	5.494.438	15.607.892	21.103.831	14.003.690	2.281.907	67.779.811
Held-to-maturity investments	423.296	1.671.715	1.168.008	2.599.938	6.674.468	-	12.537.425
Other assets	43.128	125.033	209.174	-	-	7.768.587	8.145.922
Total assets	13.261.433	7.651.141	19.484.739	25.432.340	23.121.519	20.702.548	109.653.720
Liabilities							
Bank deposits	153.724	129.411	76.276	247	-	319.991	679.649
Other deposits	37.842.733	12.600.363	2.186.234	10.128	-	10.198.277	62.837.735
Funds from money market	2.846.274	1.993.074	1.078.338	-	-	-	5.917.686
Miscellaneous payables	-	-	-	-	-	4.407.807	4.407.807
Marketable securities issued	144.350	-	951.956	-	-	-	1.096.306
Funds borrowed from other financial institutions	720.053	6.615.123	4.342.988	1.460.144	584.392	-	13.722.700
Other liabilities and shareholders' equity	261.366	1.704.941	1.491.567	61.009	7.661	17.465.293	20.991.837
Total liabilities	41.968.500	23.042.912	10.127.359	1.531.528	592.053	32.391.368	109.653.720
Balance sheet long position	-	-	9.357.380	23.900.812	22.529.466	-	55.787.658
Balance sheet short position	(28.707.067)	(15.391.771)	-	-	-	(11.688.820)	(55.787.658)
Off-balance sheet long position	4.674.103	12.411.732	1.185.347	-	-	-	18.271.182
Off-balance sheet short position	-	-	-	(17.481.361)	(658.792)	-	(18.140.153)
Total position	(24.032.964)	(2.980.039)	10.542.727	6.419.451	21.870.674	(11.688.820)	131.029

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Information related to financial position of the Bank (continued)

b. Average interest rates for monetary financial instruments:

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

Current Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,30	1,41	-	6,11
Financial assets at fair value through profit/loss	2,57	4,03	-	7,10
Money market placements	-	0,60	-	6,26
Available-for-sale financial assets	5,41	7,05	-	9,19
Loans	5,44	5,18	4,40	12,52
Held-to-maturity investments	5,48	5,51	-	8,98
Liabilities⁽¹⁾				
Bank deposits	0,36	-	-	6,23
Other deposits	3,00	2,92	0,30	8,34
Funds from money market	0,71	1,37	-	5,63
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,36	3,92	2,46	10,67
Prior Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,13	1,33	-	12,76
Financial assets at fair value through profit/loss	5,98	5,56	-	8,36
Money market placements	-	0,50	-	12,66
Available-for-sale financial assets	7,85	6,60	-	9,87
Loans	5,80	4,81	4,02	13,74
Held-to-maturity investments	5,26	6,70	-	9,93
Liabilities⁽¹⁾				
Bank deposits	0,41	0,44	-	9,46
Other deposits	4,16	4,74	0,30	10,91
Funds from money market	2,45	1,95	-	6,25
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	10,40
Funds borrowed from other financial institutions	3,09	2,42	2,21	10,21

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

c. Interest rate risk arising from banking accounts:

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

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

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

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

Economic value differences resulting from interest rate fluctuations as of December 31, 2012 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

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Information related to financial position of the Bank (continued)

Currency	Applied shock (+/- x basis points)*	Gains/ Losses	Gains/SE- Losses/SE
TRY	(+) 500 bp	(1.128.662)	(5,82)%
TRY	(-) 400 bp	1.133.925	5,85%
EURO	(+) 200 bp	16.022	0,08%
EURO	(-) 200 bp	(2.965)	(0,02)%
USD	(+) 200 bp	(846.215)	(4,36)%
USD	(-) 200 bp	1.209.228	6,23%
Total (For negative shocks)		2.340.188	12,06%
Total (For positive shocks)		(1.958.855)	(10,10)%

VII. Information about position risk of equity shares in banking book:

a) Consolidated subsidiaries of the Bank are carried at fair value in the accompanying financial statements. Valuation differences at the end of the period are presented in marketable securities valuation differences account in shareholder's equity.

b) Comparison of carrying value of equity investments at fair value with the market value;

Equity shares invested	Comparison		
	Carrying Value	Fair Value	Quoted Market Value
Investments for quoted securities - Group A	1.231.950	1.231.950	1.231.950
Quoted in a stock exchange	1.231.950	1.231.950	1.231.950

1. Information on realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Below figures represent valuation differences, before tax, arising from fair value accounting of subsidiaries which are presented in the line item "marketable securities valuation differences" under equity.

Portfolio	Realized gains (losses) in the current	Revaluation Surpluses		Unrealized gains and losses		
		Total	Amount under supplementary capital	Total	Amount under core capital	Amount under supplementary capital
1. Equity Shares Investments	-	-	-	-	-	-
2. Quoted Equity Shares	-	1.062.069	477.931	-	-	-
3. Other Equity Shares	-	898.913	404.511	-	-	-
Total	-	1.960.982	882.442	-	-	-

VIII. Explanations on liquidity risk:

Liquidity risk covers the inability to fund increases in assets or to meet liabilities when they are due and other risks arising from transactions undertaken in illiquid markets. These risks contain maturity mismatch risk, emergency risk and market liquidity risk.

The main objective of the Bank's overall liquidity management is to ensure the continuity of the Bank's payment obligations and sustain the level of payments availability in crisis time without risking the value and the brand name of the Bank. For this reason, two different models are defined: the current situation liquidity management and emergency situation liquidity management.

The current situation liquidity risk is monitored by the reports of short and long term liquidity. Short-term liquidity position is monitored on a daily basis including the legal Liquidity Adequacy Reports as to whether the position is within legal limits. Long-term liquidity position aims to ensure the financial stability of the balance sheet and is monitored on a monthly basis. On a monthly basis, the Asset and Liability Management function within the scope of the meetings of the Executive Board evaluates the Bank's liquidity position and actions are taken when necessary.

In cases when the future financial events require more liquidity than the Bank's daily liquidity needs, "Emergency Situation Liquidity Plan" is activated where duties and responsibilities are defined in detail. Liquidity stress test scenarios are used to measure the Bank's resistance to unexpected situations.

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

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Information related to financial position of the Bank (continued)

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2012 and 2011 are disclosed below.

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

	First-term period (Weekly)		Second-term period (Monthly)	
Prior Period	FC	Total	FC	Total
Average %	146,26	154,79	101,83	113,56
Highest %	187,20	189,05	128,50	126,62
Lowest %	115,02	135,55	83,91	100,74

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified ^{(1) (2)}	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.246.014	7.830.548	-	-	-	-	-	11.076.562
Banks	1.590.730	755.441	193.448	4.043	177.291	-	-	2.720.953
Financial assets at fair value through profit or loss	-	109.976	76.490	192.274	128.195	333.466	-	840.401
Money market placements	-	2.620.972	109.080	-	-	-	-	2.730.052
Available-for-sale financial assets	80.940	833.573	255.636	130.971	4.540.388	9.014.644	5.311	14.861.463
Loans	-	13.847.960	8.027.601	18.553.375	21.169.286	13.196.290	974.804	75.769.316
Held-to-maturity investments	-	17.390	-	-	3.269.371	2.399.687	-	5.686.448
Other assets ⁽¹⁾	1.113.035	1.032.950	-	66.198	27.798	170	6.254.861	8.495.012
Total assets	6.030.719	27.048.810	8.662.255	18.946.861	29.312.329	24.944.257	7.234.976	122.180.207
Liabilities								
Bank deposits	313.856	69.851	214.492	97.352	258	-	-	695.809
Other deposits	10.746.349	41.656.313	12.659.186	2.016.577	269.706	-	-	67.348.131
Funds borrowed from other financial institutions	-	315.859	462.265	7.061.345	3.380.283	1.200.699	-	12.420.451
Funds from money market	-	3.222.364	1.507.718	-	-	-	-	4.730.082
Marketable securities issued	-	170.578	9.401	858.417	1.263.251	24.734	-	2.326.381
Miscellaneous payables	575.760	4.801.757	-	-	-	-	-	5.377.517
Other liabilities ⁽²⁾	339.348	333.213	192.198	596.821	4.473.133	3.231.394	20.115.729	29.281.836
Total liabilities	11.975.313	50.569.935	15.045.260	10.630.512	9.386.631	4.456.827	20.115.729	122.180.207
Net liquidity gap	(5.944.594)	(23.521.125)	(6.383.005)	8.316.349	19.925.698	20.487.430	(12.880.753)	-
Prior Period								
Total assets	8.219.760	17.990.351	5.773.401	17.045.835	28.322.207	25.635.620	6.666.546	109.653.720
Total liabilities	12.671.217	44.724.286	15.204.303	12.856.961	8.396.996	1.979.293	13.820.664	109.653.720
Net liquidity gap	(4.451.457)	(26.733.935)	(9.430.902)	4.188.874	19.925.211	23.656.327	(7.154.118)	-

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

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

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Information related to financial position of the Bank (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

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

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

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

Prior Period ⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	47.882.416	12.857.527	3.010.400	25.557	-	63.775.900
Funds borrowed from other financial institutions	649.308	685.068	7.997.580	4.489.490	759.278	14.580.724
Funds from money market	2.607.558	1.600.607	1.096.668	663.952	-	5.968.785
Subordinated loans	-	28.585	100.180	2.534.617	491.272	3.154.654
Marketable securities issued	-	-	1.150.000	-	-	1.150.000
Total	51.139.282	15.171.787	13.354.828	7.713.616	1.250.550	88.630.063

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

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

The Bank carries out its activities in accordance with the BRSA Communiqué for the valuation of the loans granted for financing of a real estate.

Cheques and notes in connection with a real business transaction are taken into consideration to mitigate the credit risk.

In order to use bank guarantee as collateral for a credit risk, it is required to have a counterparty limit on behalf of the guarantor bank and not to have mismatch of the maturity and the amount of the guarantee and the credit risk.

In the process of credit allocation, cash blockage guarantees, pledges, mortgages, guarantees and warranties are considered as risk-reducing collaterals.

The Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international and local regulations and internal policies. With regards to the limitation of risks, also internal limits are employed besides regulatory limits. Possible changes that may occur in the economic environment are taken into account for determining these limits.

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Information related to financial position of the Bank (continued)

Information about guaranties according to risk classifications:

Risk classifications	Amount ⁽¹⁾	Financial guaranties ⁽²⁾	Other / Physical guaranties ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	34.266.101	-	-	-
Conditional and unconditional receivables from regional or local governments	752	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	16.558	-	-	-
Conditional and unconditional receivables from multilateral development banks	139.548	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	51.450.104	31.751	-	-
Conditional and unconditional receivables from corporates	175.620.196	1.724.105	-	119.595
Conditional and unconditional retail receivables	74.611.582	252.918	-	9.112
Conditional and unconditional receivables secured by mortgages	8.663.280	-	-	-
Past due receivables	1.033.398	-	-	-
Receivables defined in high risk category by the Regulator	7.069.530	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	8.474.747	-	-	-
Total	361.345.796	2.008.774	-	128.707

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

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

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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

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

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Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2012

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

Information related to financial position of the Bank (continued)

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	101.768.232	91.325.571	103.234.734	93.410.887
Due from money market	2.730.052	2.138.195	2.730.052	2.138.195
Banks	2.720.953	1.813.679	2.721.827	1.813.073
Available-for-sale financial assets	14.861.463	7.056.461	14.861.463	7.056.461
Held-to-maturity investments	5.686.448	12.537.425	6.046.615	12.798.230
Loans	75.769.316	67.779.811	76.874.777	69.604.928
Financial liabilities	93.363.931	85.268.013	94.419.535	85.238.949
Bank deposits	695.809	679.649	695.941	679.508
Other deposits	67.348.131	62.837.735	67.348.131	62.837.735
Funds borrowed from other financial institutions	12.420.451	13.722.700	12.474.469	13.693.777
Subordinated loans	5.195.642	2.523.816	6.166.951	2.523.816
Marketable securities issued	2.326.381	1.096.306	2.356.526	1.096.306
Miscellaneous payables	5.377.517	4.407.807	5.377.517	4.407.807

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

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

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

The fair value of other deposits due to the short maturity is assumed to approximate their carrying value.

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

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

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Information related to financial position of the Bank (continued)

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

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	452.293	388.108	-	840.401
Government debt securities	452.293	-	-	452.293
Share certificates	-	-	-	-
Trading derivative financial assets	-	380.227	-	380.227
Other marketable securities	-	7.881	-	7.881
Available-for-sale financial assets	13.220.253	1.635.899	5.311	14.861.463
Government debt securities	13.139.313	-	-	13.139.313
Other marketable securities ⁽¹⁾	80.940	1.635.899	5.311	1.722.150
Subsidiaries⁽²⁾	1.231.950	-	2.585.929	3.817.879
Hedging derivative financial assets	-	94.166	-	94.166
Total assets	14.904.496	2.118.173	2.591.240	19.613.909
Trading derivative financial liabilities	-	371.254	-	371.254
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	-	1.275.941	-	1.275.941

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	166.960	280.562	-	447.522
Government debt securities	166.960	-	-	166.960
Share certificates	-	-	-	-
Trading derivative financial assets	-	277.916	-	277.916
Other marketable securities	-	2.646	-	2.646
Available-for-sale financial assets	5.417.658	1.634.705	4.098	7.056.461
Government debt securities	5.330.239	-	-	5.330.239
Other marketable securities ⁽¹⁾	87.419	1.634.705	4.098	1.726.222
Subsidiaries⁽²⁾	733.347	-	2.616.319	3.349.666
Hedging derivative financial assets	-	377.335	-	377.335
Total assets	6.317.965	2.292.602	2.620.417	11.230.984
Trading derivative financial liabilities	-	471.290	-	471.290
Hedging derivative financial liabilities	-	502.841	-	502.841
Total liabilities	-	974.131	-	974.131

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs. The increase in the current year on Level 3 amounting to TL 1.213 is due to the cost increase of non-public equity shares.

(2) Information on movement of subsidiaries indicated on Level 3 column:

	Current Period	Prior Period
Opening Balance	2.616.319	2.446.907
Movements during the period	(30.390)	169.412
Purchases	22.236	-
Free shares obtained profit from current year's share	19.463	11.382
Sales	-	-
Revaluation recognized in equity (decrease) / increase	(72.089)	158.030
Balance at the end of the period	2.585.929	2.616.319

In the current year, there is no transfer between Level 1 and Level 2.

Subsidiaries of the Bank are measured at fair value. Total carrying value of subsidiaries for which the fair value is determined through an organized market is TL 1.231.950 (31 December 2011: TL 733.347). Fair value of the rest of the subsidiaries is determined by using "Gordon Growth Model" and "Multiple Comparison" models. For the Gordon Growth Model, a multiple is determined by using return on equity ratio of each subsidiaries based on their business plans with growth rate and discount factors. This multiple is used to calculate the fair value of the subsidiary by multiplying with its existing total equity figure. Total carrying value of subsidiaries for which the modeling approach used is used amounts to TL 2.585.929 (31 December 2011: TL 2.616.319).

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Information related to financial position of the Bank (continued)

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of December 31, 2012:

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

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

Contractual amounts and the fair values as at December 31, 2012 and December 31, 2011 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	18,479.953	170	814.454	16,218.598	7.588	483.882
Cross currency interest rate swap	1,772.858	93.996	90.233	2,782.807	369.747	18.959
Total	20.252.811	94.166	904.687	19.001.405	377.335	502.841

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 20,528,904 (December 31, 2011 – TL 19,642,646) the total notional of derivative financial assets amounting to TL 40,781,715 (December 31, 2011 – TL 38,644,051) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

Fair value hedge accounting:

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

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency 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 5.689.

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Information related to financial position of the Bank (continued)

Prior Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	107.204	369.747	18.959	(117.225)

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 4.426.

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in accordance with the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

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

Cash flow hedge accounting:

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

The impact of application of CFH accounting is summarized below:

Current Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

Prior Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	7.588	483.882	(308.530)	(206.702)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 1.076.

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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Information related to financial position of the Bank (continued)

At the inception date, the Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80%-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur.

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

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

XV. Explanations on operating segments:

The Bank carries out its banking operations through three main business units: (1) Retail Banking (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

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

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

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

The Bank's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments.

Other operations mainly consist of treasury department's results, operations of supporting business units and other unallocated transactions.

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

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements at December 31, 2012 (continued)**

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

Information related to financial position of the Bank (continued)**Some 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	3.003.309	1.565.201	123.909	1.859.786	6.552.205
Operating expenses	(2.283.382)	(424.478)	(67.650)	(1.510.830)	(4.286.340)
Net operating income	719.927	1.140.723	56.259	348.956	2.265.865
Dividend income ⁽¹⁾	-	-	-	183.377	183.377
Profit before tax	719.927	1.140.723	56.259	532.333	2.449.242
Tax provision ⁽¹⁾				(535.770)	(535.770)
Net profit	719.927	1.140.723	56.259	(3.437)	1.913.472
Segment assets ⁽²⁾	38.170.950	31.191.828	169.225	48.760.495	118.292.498
Investments in associates, subsidiaries and joint ventures				3.887.709	3.887.709
Total assets	38.170.950	31.191.828	169.225	52.648.204	122.180.207
Segment liabilities ⁽²⁾	30.189.733	25.936.583	17.125.662	32.066.187	105.318.165
Shareholders' equity				16.862.042	16.862.042
Total liabilities	30.189.733	25.936.583	17.125.662	48.928.229	122.180.207
Prior Period					
Operating revenue	2.685.663	1.325.890	128.391	1.553.626	5.693.570
Operating expenses	(1.551.352)	(480.026)	(65.899)	(1.369.431)	(3.466.708)
Net operating income	1.134.311	845.864	62.492	184.195	2.226.862
Dividend income ⁽¹⁾				128.203	128.203
Profit before tax	1.134.311	845.864	62.492	312.398	2.355.065
Tax provision ⁽¹⁾				(497.579)	(497.579)
Net profit	1.134.311	845.864	62.492	(185.181)	1.857.486
Segment assets ⁽²⁾	31.022.708	32.454.527	230.862	42.526.127	106.234.224
Investments in associates, subsidiaries and joint ventures				3.419.496	3.419.496
Total assets	31.022.708	32.454.527	230.862	45.945.623	109.653.720
Segment liabilities ⁽²⁾	25.921.556	22.672.713	15.712.099	32.096.423	96.402.791
Shareholders' equity				13.250.929	13.250.929
Total liabilities	25.921.556	22.672.713	15.712.099	45.347.352	109.653.720

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

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Section Five

Explanations and notes related to unconsolidated financial statements

I. Explanations and notes related to assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.206.771	308.515	781.556	232.056
The CBRT ⁽¹⁾	414.040	9.147.081	3.870.730	4.850.192
Other	-	155	-	171
Total	1.620.811	9.455.751	4.652.286	5.082.419

(1) The balance of gold amounting to TL 1.398.753 is accounted for under the Central Bank foreign currency account as of December 31, 2012 (December 31, 2011 – 564.607).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	414.040	1.316.533	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	7.830.548	-	3.439.176
Total	414.040	9.147.081	3.870.730	4.850.192

(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". No interest is applied to reserve deposits.

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

1. As of December 31, 2012, 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, 2011 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	52.215	-	126.658	74
Swap transactions ⁽¹⁾	226.076	70.326	34.541	62.272
Futures transactions	-	-	-	-
Options	9.296	22.314	46.023	8.348
Other	-	-	-	-
Total	287.587	92.640	207.222	70.694

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	297.634	372.828	86.751	10.569
Foreign ⁽¹⁾	101	2.050.390	46.413	1.669.946
Head quarters and branches abroad	-	-	-	-
Total	297.735	2.423.218	133.164	1.680.515

(1) As of December 31, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 401.708 (December 31, 2011 – None).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.426.541	1.161.493	100.349	105.538
USA, Canada	465.140	313.044	-	-
OECD countries (1)	45.492	17.306	-	-
Off-shore banking regions	109	212	-	-
Other	12.860	118.766	-	-
Total	1.950.142	1.610.821	100.349	105.538

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

d. Information on available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

1. Carrying values of available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked

As of December 31, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 1.118.165 (December 31, 2011 - TL 98.351) and available-for-sale financial assets subject to repo transactions amount to TL 2.570.408 (December 31, 2011 – TL 705.903).

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

	Current Period	Prior Period
Debt securities	14.928.018	7.107.106
Quoted in stock exchange	13.303.177	5.441.406
Not quoted ⁽¹⁾	1.624.841	1.665.700
Share certificates	50.611	49.399
Quoted in stock exchange	-	-
Not quoted	50.611	49.399
Impairment provision (-) ⁽²⁾	(198.106)	(187.463)
Other ⁽³⁾	80.940	87.419
Total	14.861.463	7.056.461

(1) Includes credit linked notes amounting to TL 895.659 as of December 31, 2012 (December 31, 2011 - TL 951.989).

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

(3) As of December 31, 2012, other available-for-sale financial assets include mutual funds amounting to TL 80.940 (December 31, 2011 - TL 87.419).

As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the current period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378,400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

f. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	5.390	403.915	4.576	230.061
Loans granted to employees	104.256	68	95.934	71
Total	109.646	403.983	100.510	230.132

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	
		Payment plan extensions	Other		Payment plan extensions	Other
Cash Loans						
Non-specialized loans	72.222.278	2.757.337	-	2.572.234	337.634	80.262
Loans given to enterprises	26.927.240	143.810	-	401.350	28.375	60.091
Export loans	3.686.363	181.022	-	138.078	36.002	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.957.684	-	-	-	-	-
Consumer loans	14.087.248	2.400.590	-	1.099.770	269.374	10.382
Credit cards	14.132.862	-	-	286.990	-	9.787
Other ⁽¹⁾	11.430.881	31.915	-	646.046	3.883	2
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	72.222.278	2.757.337	-	2.572.234	337.634	80.262

(1) As explained in the Note XIII of Section IV, TL 148.635 of fair value difference of hedged items is classified under other loans.

Number of modifications made to extend payment plan ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	2.702.029	322.302
Extended by 3,4 or 5 times	23.251	2.960
Extended by more than 5 times	32.057	12.372
Total	2.757.337	337.634

Extended period of time ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	261.706	20.008
6 - 12 Months	235.553	22.565
1 - 2 Years	859.882	154.225
2 - 5 Years	1.137.190	136.026
5 Years and over	263.006	4.810
Total	2.757.337	337.634

(1) Four loans which are restructured in accordance with the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated April 9, 2011 have maturities between 6 months to 1 year and 1 year to 5 years..

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

One loan which is restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 has a maturity between 1 to 5 years.

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	32.522.452	497.259	639.502	50.491
Non-specialised loans	32.522.452	497.259	639.502	50.491
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	36.942.490	2.260.077	1.514.837	367.404
Non-specialised loans	36.942.490	2.260.077	1.514.837	367.404
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

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

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	42.538.410	12.875.699	10.146.953	65.561.062
Watch list	712.734	524.757	246.318	1.483.809
Loans under legal follow-up	1.398.385	313.705	367.823	2.079.913
Specific provisions (-)	(932.632)	(152.877)	(259.464)	(1.344.973)
Total	43.716.897	13.561.284	10.501.630	67.779.811

(ii) Fair value of collaterals:

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

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	318.553	231.883	-	550.436
Loans under legal follow-up ⁽¹⁾	292.333	52.160	-	344.493
Total	610.886	284.043	-	894.929

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	142.421	14.591.463	14.733.884
Real estate loans	2.663	7.109.225	7.111.888
Automotive loans	8.359	1.133.691	1.142.050
Consumer loans	2.874	50.990	53.864
Other	128.525	6.297.557	6.426.082
Consumer loans-FC indexed	-	120.968	120.968
Real estate loans	-	118.013	118.013
Automotive loans	-	21	21
Consumer loans	-	2.416	2.416
Other	-	518	518
Consumer loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TL	12.222.373	507.555	12.729.928
With installments	7.747.931	501.303	8.249.234
Without installments	4.474.442	6.252	4.480.694
Individual credit cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans-TL	4.781	40.106	44.887
Real estate loans	-	930	930
Automotive loans	78	1.280	1.358
Consumer loans	-	-	-
Other	4.703	37.896	42.599
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	57.325	793	58.118
With installments	35.465	793	36.258
Without installments	21.860	-	21.860
Personnel credit cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	287.279	-	287.279
Credit deposit account-FC (real person)	-	-	-
Total	12.714.179	15.260.885	27.975.064

(1) TL 1.251 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	447.473	5.233.844	5.681.317
Business loans	1.162	289.995	291.157
Automotive loans	34.409	1.776.186	1.810.595
Consumer loans	-	28	28
Other	411.902	3.167.635	3.579.537
Commercial installments loans-FC indexed	27.885	383.391	411.276
Business loans	-	20.522	20.522
Automotive loans	757	73.257	74.014
Consumer loans	-	-	-
Other	27.128	289.612	316.740
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	1.626.158	5.648	1.631.806
With installment	1.064.384	5.648	1.070.032
Without installment	561.774	-	561.774
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	825.680	-	825.680
Credit deposit account-FC (legal person)	-	-	-
Total	2.927.196	5.622.883	8.550.079

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.153.905	1.463.881
Private	73.640.607	65.580.990
Total	74.794.512	67.044.871

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

	Current Period	Prior Period
Domestic loans	73.717.769	65.908.367
Foreign loans	1.076.743	1.136.504
Total	74.794.512	67.044.871

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	203.903	701.047
Indirect loans granted to associates and subsidiaries	-	-
Total	203.903	701.047

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	95.603	69.662
Loans and other receivables with doubtful collectability	359.150	201.155
Uncollectible loans and other receivables	1.096.348	1.074.156
Total	1.551.101	1.344.973

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

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	812.525	219.413	402.505	1.434.443
Allowance for impairment	335.483	367.431	84.279	787.193
Amount recovered during the period	(215.376)	(360.321)	(45.317)	(621.014)
Loans written off during the period as uncollectible ⁽¹⁾	-	(73.646)	(182.003)	(255.649)
December 31	932.632	152.877	259.464	1.344.973

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

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	21.912	40.169	102.289
Restructured loans and other receivables	21.912	40.169	102.289
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	107.002	31.673	42.739
Restructured loans and other receivables	107.002	31.673	42.739
Rescheduled loans and other receivables	-	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period	486.550	353.967	1.239.396
Additions (+)	2.316.453	148.646	119.252
Transfers from other categories of non-performing loans (+)	-	1.571.428	1.087.833
Transfer to other categories of non-performing loans (-)	(1.571.428)	(1.087.833)	-
Collections (-)	(677.051)	(252.697)	(646.791)
Write-offs(-)	-	(3)	(561.817)
Corporate and commercial loans	-	(3)	(330.234)
Consumer loans	-	-	(66.607)
Credit cards	-	-	(164.976)
Other	-	-	-
Current Period	554.524	733.508	1.237.873
Specific provision (-)	(95.603)	(359.150)	(1.096.348)
Net balance on balance sheet	458.921	374.358	141.525

The Bank sold its TL 626.078 (includes the capital and uncollected interest and other receivables) of nonperforming loan portfolio from Corporate, Commercial, Retail, SME and Credit Card businesses on October 31, 2012 for TL 66.823 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., Anadolu Varlık Yönetim A.Ş. and İstanbul Varlık Yönetimi A.Ş. through tender. The Bank had set aside provision for TL 559.806.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	1.340	1.063	320.986
Specific provision (-)	(184)	(1.019)	(215.405)
Net balance on-balance sheet	1.156	44	105.581
Prior Period			
Period end balance	120.214	48.951	75.148
Specific provision (-)	(12.669)	(11.946)	(53.185)
Net balance on-balance sheet	107.545	37.005	21.963

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (net)	458.921	374.358	141.525
Loans granted to real persons and corporate entities (gross)	554.524	733.508	1.129.289
Specific provision amount (-)	(95.603)	(359.150)	(987.764)
Loans granted to real persons and corporate entities (net)	458.921	374.358	141.525
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-
Prior Period (net)	416.888	152.812	165.240
Loans granted to real persons and corporate entities (gross)	486.550	329.379	1.155.400
Specific provision amount (-)	(69.662)	(176.567)	(990.160)
Loans granted to real persons and corporate entities (net)	416.888	152.812	165.240
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-

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

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

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

13. Explanation on "Write-off" policies:

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

g. Information on held-to-maturity investments:

1. Characteristics and carrying values of held-to-maturity investments subject to repurchase agreements given as collateral / blocked:

As of December 31, 2012 held-to-maturity investments given as collateral / blocked amount to TL 1.299.927 (December 31, 2011 - TL 2.728.229). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 2.986.312 (December 31, 2011 - TL 6.467.221).

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

	Current Period	Prior Period
Government bond	5.686.448	12.537.425
Treasury bill	-	-
Other debt securities	-	-
Total	5.686.448	12.537.425

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Debt securities	5.725.926	12.633.048
Quoted on stock exchange	5.725.926	12.633.048
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(39.478)	(95.623)
Total	5.686.448	12.537.425

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

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

	Current Period	Prior Period
Beginning balance	12.537.425	12.530.657
Foreign currency differences on monetary assets ⁽¹⁾	(569.191)	1.664.889
Purchases during year	342	545.066
Disposals through sales and redemptions ⁽²⁾	(6.282.128)	(2.185.999)
Impairment provision (-) ⁽³⁾	-	(17.188)
Period end balance	5.686.448	12.537.425

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

(2) Figure also includes the amount transferred to available for sale portfolio.

(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.

As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the current period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378,400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes.

ğ. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	4.083.595	645.519	5.427	89.247	16.697	57.429	55.033	-
2	65.251	58.310	4.769	1.395	-	24.044	12.969	-
3	28.465	22.672	13.462	680	-	4.189	3.179	-

(1) Financial statement information disclosed above shows December 31, 2012 results.

(2) Financial statement information disclosed above shows September 30, 2012 results for these non financial investments in associates.

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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Explanations and notes related to unconsolidated financial statements (continued)

3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	47.907	47.344
Movements during the period	-	563
Purchases	-	-
Free shares obtained profit from current year's share ⁽¹⁾	-	563
Dividends from current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
Balance at the end of the period	47.907	47.907
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(1) As a result of the General Assembly Meeting of Bankalararası Kart Merkezi A.Ş registered on April 12, 2011; this amount represents the share of the Bank in capital increase.

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

h. Information on shareholders' equity of the significant subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1. Information on shareholders' equity of the subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Sigorta A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital						
Paid-in capital	98.918	45.599	101.991	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Marketable Securities Valuation Differences	39	-	566	-	-	465
Legal reserves	61.050	23.149	-	72.801	35.235	-
Extraordinary reserves	28.127	-	-	361.394	-	283.753
Other reserves	-	-	-	-	-	115.250
Profit/loss	3.108	45.458	115.057	402.925	23.734	47.712
Current period net profit	75.722	24.861	78.087	130.074	23.734	47.712
Prior period profit	(72.614)	20.597	36.970	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-	-
Intangible assets (-)	752	33	15.039	3.274	291	-
Total core capital	190.490	114.173	202.575	1.223.774	64.385	559.622
Supplementary capital	-	7.883	-	17.995	-	128
Capital	190.490	122.056	202.575	1.241.769	64.385	559.750
Deductions from the capital	-	-	-	-	-	-
Total shareholders' equity	190.490	122.056	202.575	1.241.769	64.385	559.750

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financials of the Bank as of December 31, 2012.

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on 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/Netherlands	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	99,98	99,99
3	Yapı Kredi Faktoring A.Ş.	İstanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5	Yapı Kredi Sigorta A.Ş. ⁽¹⁾	İstanbul/Turkey	74,01	93,94
6	Yapı Kredi Finansal Kiralama A.O. ⁽²⁾	İstanbul/Turkey	99,98	99,98
7	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ⁽³⁾	İstanbul/Turkey	11,09	56,07
8	Yapı Kredi Portföy Yönetimi A.Ş.(Yapı Kredi Portföy)	İstanbul/Turkey	12,65	99,99
9	Yapı Kredi Nederland	Amsterdam/Netherlands	67,24	100,00
10	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
11	Enternasyonal Turizm Yatırım A.Ş.	İstanbul/Turkey	99,96	99,99
12	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	İstanbul/Turkey	99,99	100,00

(1) On June 27, 2012 the Bank has decided to consider the alternatives to reorganize its operations in insurance business.

(2) The Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 4.429.167 for a share call price of full 5,02 per share in accordance with the ongoing delisting process, which was started in June'12, of Yapı Kredi Finansal Kiralama A.O. With the Board of Directors decision dated June 7, 2012; the share capital of Yapı Kredi Sigorta has increased by TL 21,992 through other profit reserves.

(3) According to the decision of the Board of Directors of the Bank, dated September 28, 2012, share purchase agreement was signed on September 28, 2012 for Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. of which The Bank owns 11.09% of the issued share capital of TL 31.425.000, representing a total of TL 3.485.661 shares. The Bank owns these shares as of the date of these financial statements and following the permission of the CMB, transfer of the shares will be made.

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value ⁽²⁾	Required equity
1	104.127	104.059	-	-	-	(130)	5	143.860	-
2	2.068.137	299.332	5.356	105.150	4.914	75.722	84.107	626.739	-
3	1.674.262	114.206	516	138.712	-	24.861	32.584	345.466	-
4	368.748	120.224	9.999	20.925	1.898	11.033	10.155	94.615	-
5	1.066.119	383.163	10.495	40.007	14.046	75.773	55.185	1.652.657	-
6	3.299.283	1.009.944	4.038	244.182	-	130.074	142.736	1.020.597	-
7	86.958	85.416	8	2.921	415	8.305	(528)	79.506	-
8	71.815	64.676	718	6.083	32	23.734	41.505	219.936	-
9	4.030.311	559.624	1.376	205.048	8.672	47.712	33.314	305.108	-
10	512.557	135.960	30.405	40.580	548	7.657	15.478	122.316	-
11	37.672	24.459	3.898	1.539	-	1.141	621	-	-
12	15.027	12.289	833	48	-	1.405	1.338	-	-

(1) The financial information above is extracted from the publicly available financial statements of companies for those which are listed and for those which are not listed the financial information included in the preparation of consolidated financial statements are used.

(2) Determined based on the market prices quoted in organized markets or based on the amounts determined through valuation models.

Financial statement information disclosed above shows December 31, 2012 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	3.351.966	3.289.024
Movements in period	468.213	62.942
Purchases ⁽¹⁾	22.236	-
Free shares obtained profit from current years share ⁽²⁾⁽³⁾	35.738	11.382
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	410.239	51.560
Impairment provision	-	-
Balance at the end of the period	3.820.179	3.351.966
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(1) Yapı Kredi Finansal Kiralama A.O. has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to 99.98% purchasing the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares.

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

(3) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by AZN 6.499 thousand from the profit of 2010.

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

	Current Period	Prior Period
Financial subsidiaries		
Banks	421.937	422.081
Insurance companies	1.223.132	728.259
Factoring companies	345.301	327.683
Leasing companies	1.020.417	1.136.774
Finance companies	-	-
Other financial subsidiaries	807.092	734.869
Total financial subsidiaries	3.817.879	3.349.666

6. Subsidiaries quoted to stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges ⁽¹⁾	1.231.950	1.870.121
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	1.231.950	1.870.121

(1) Yapı Kredi Finansal Kiralama A.Ş. had decided for delisting for its publicly traded shares and completed the necessary legal processes with its own request.

I. Information on joint ventures (net):

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

Joint ventures	Bank's share	Group's share	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	71.432	32.448	132	32.210	39.080
Total			71.432	32.448	132	32.210	39.080

Financial statement information disclosed above shows December 31, 2012 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

i. Information on lease receivables (net):

None (December 31, 2011 - None).

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	93.996	-	369.747	-
Cash flow hedge ⁽¹⁾	170	-	7.226	362
Foreign net investment hedge	-	-	-	-
Total	94.166	-	376.973	362

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

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	1.970.991	409.319	2.542	819.682	3.202.534
Accumulated depreciation (-)	(1.312.485)	(279.677)	(2.380)	(598.542)	(2.193.084)
Net book value	658.506	129.642	162	221.140	1.009.450
Current Period					
Net book value at beginning of the period	658.506	129.642	162	221.140	1.009.450
Additions	3.401	26.122	110	102.792	132.425
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(3.853)	(106)	(13)	(1.252)	(5.224)
Reversal of impairment, net	878	-	-	-	878
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.629)	(40.125)	(91)	(73.010)	(152.855)
Net book value at end of the period	619.303	115.533	168	249.670	984.674
Cost at the end of the period	1.963.142	423.958	1.804	856.711	3.245.615
Accumulated depreciation at the period end (-)	(1.343.839)	(308.425)	(1.636)	(607.041)	(2.260.941)
December 31, 2012	619.303	115.533	168	249.670	984.674

As of December 31, 2012, the Bank had total provision for impairment amounting to TL 327.804 (December 31, 2011 – TL 328.682) for the property and equipment.

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	1.261.854	1.229.401
Additions during the period	138.784	91.685
Unused and disposed items (-)	(6.190)	(3.666)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(64.504)	(55.566)
Balance at the end of the period	1.329.944	1.261.854

m. Information on investment property:

None (December 31, 2011 - None).

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	213.610	42.722	183.428	36.686
Provision for the actuarial deficit of the pension fund	827.177	165.435	775.286	155.057
Derivative financial liabilities	1.285.779	257.156	981.675	196.335
Securities portfolio valuation differences	642.366	128.474	198.453	39.691
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.602	24.520
Other	277.230	55.446	122.780	24.556
Total deferred tax asset	3.368.279	673.656	2.384.224	476.845
Derivative financial assets	(727.109)	(145.422)	(824.660)	(164.932)
Valuation difference of securities portfolio	(1.883.250)	(376.650)	(178.881)	(35.776)
Property, equipment and intangibles, net	(242.554)	(38.048)	(250.016)	(39.384)
Subsidiaries valuation differences	(1.062.069)	(53.103)	-	-
Other	(39.490)	(7.898)	-	-
Total deferred tax liability	(3.954.472)	(621.121)	(1.253.557)	(240.092)
Deferred tax asset, net	(586.193)	52.535	1.130.667	236.753

Deferred tax income amounting to TL 203.326 was recognized in profit and loss statements, whereas deferred tax expense amounting to TL 387.544 was recognized directly in equity accounts for the period ended December 31, 2012.

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

	Current Period	Prior Period
Net book value at the beginning of the period	100.396	79.377
Additions	68.043	63.790
Disposals (-), net	(33.226)	(41.523)
Impairment provision reversal	983	1.380
Impairment provision (-)	(235)	(238)
Depreciation (-)	(3.766)	(2.390)
Net book value at the end of the period	132.195	100.396
Cost at the end of the period	141.484	107.782
Accumulated depreciation at the end of the period (-)	(9.289)	(7.386)
Net book value at the end of the period	132.195	100.396

As of December 31, 2012, the Bank booked impairment provision on assets held for resale with an amount of TL 9.043 (December 31, 2011 - TL 9.791).

ö. Information on other assets:

As of December 31, 2012, other assets do not exceed 10% of the total assets.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

II. Explanations and notes related to liabilities

a. Information on deposits:

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

1 (i). Current Period:

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

1 (ii). Prior Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	1.939.777	1.364.513	15.295.711	1.102.514	296.691	1.271.930	21.271.136
Foreign currency deposits	4.044.651	4.294.735	15.203.545	2.184.377	70.219	916.009	26.713.536
Residents in Turkey	3.944.484	4.131.773	13.754.393	2.005.060	67.373	483.436	24.386.519
Residents abroad	100.167	162.962	1.449.152	179.317	2.846	432.573	2.327.017
Public sector deposits	136.025	281	101.058	564	139	17	238.084
Commercial deposits	3.052.965	1.232.791	5.603.637	1.750.784	214.433	169.547	12.024.157
Other institutions deposits	31.314	23.494	584.712	485.866	7.940	48.570	1.181.896
Precious metals vault	993.545	380	166.607	132.281	64.377	51.736	1.408.926
Bank deposits	319.991	306.103	-	44.896	5.395	3.264	679.649
The CBRT	-	-	-	-	-	-	-
Domestic banks	12.525	304.963	-	-	-	3.104	320.592
Foreign banks	258.616	1.140	-	44.896	5.395	160	310.207
Participation banks	48.850	-	-	-	-	-	48.850
Other	-	-	-	-	-	-	-
Total	10.518.268	7.222.297	36.955.270	5.701.282	659.194	2.461.073	63.517.384

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits				
Saving deposits	9.004.712	8.534.672	15.038.237	12.736.461
Foreign currency savings deposit	2.215.005	2.751.032	8.917.028	7.640.970
Other deposits in the form of savings deposits	527.019	607.610	663.011	633.098
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.128	9.026
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	43.584	37.005
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

b. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	94.242	-	77.962	-
Swap transactions ⁽¹⁾	173.880	59.555	286.060	53.852
Futures transactions	-	-	-	-
Options	18.547	25.030	28.495	24.921
Other	-	-	-	-
Total	286.669	84.585	392.517	78.773

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

c. Information on borrowings:

1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	218.279	259.396	188.351	234.523
From foreign banks, institutions and funds	420.117	11.522.659	569.683	12.730.143
Total	638.396	11.782.055	758.034	12.964.666

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	216.477	6.564.928	312.162	7.567.347
Medium and long-term	421.919	5.217.127	445.872	5.397.319
Total	638.396	11.782.055	758.034	12.964.666

3. Information on securitization borrowings:

The Bank has a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 264 million and EUR 139 million, the equivalent of TL 778.703 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGLC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010 and during 2012 a total of TL 396.868 is paid (2011 – TL 387.701).

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 863.027 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ç. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	737.778	-	951.956	-
Bonds	703.236	885.367	144.350	-
Collateralized securities	462.720	-	-	-
Total	1.441.014	885.367	1.096.306	-

d. Information on other liabilities:

As of December 31, 2012, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	606	569
Between 1-4 years	7.664	7.387	29.074	27.970
More than 4 years	-	-	65	58
Total	7.664	7.387	29.745	28.597

2. Information on operational leasing agreements:

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

f. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	90.233	-	18.959	-
Cash flow hedge ⁽¹⁾	321.768	492.686	43.693	440.189
Foreign net investment hedge	-	-	-	-
Total	412.001	492.686	62.652	440.189

(1) Explained in Note XIII of Section IV.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	944.130	756.701
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	<i>149.855</i>	<i>60.151</i>
Provisions for second group loans and receivables	119.251	70.625
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	<i>15.593</i>	<i>1.540</i>
Provisions for non cash loans	72.986	66.886
Others	168.465	147.792
Total	1.304.832	1.042.004

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

2. Information on reserve for employee rights:

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

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

	Current Period	Prior Period
Discount rate (%)	3,86	4,66
Possibility of being eligible for retirement (%)	94,94	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.129,25 effective from January 1, 2013 (January 1, 2012: full TL 2.805,04) 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	99.080	88.800
Changes during the period	49.330	32.622
Paid during the period	(29.324)	(22.342)
Balance at the end of the period	119.086	99.080

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 94.524 as of December 31, 2012 (December 31, 2011 - TL 84.348).

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

As of December 31, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 65.231 (December 31, 2011 - TL 17.520).

Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

(i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	827.177	775.286
Provisions on not indemnified non cash loans	125.749	108.232
Provisions on credit cards and promotion campaigns related to banking services	36.708	33.905
Provision on export commitment tax and funds liability	38.106	37.251
Other	123.736	91.196
Total	1.151.476	1.045.870

(ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	229.247	135.719
Total	229.247	135.719

5. Pension fund provision:

The Bank provided provision amounting to TL 827.177 (December 31, 2011 - TL 775.286) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	Current Period	Prior Period
Income statement (Other operations charge/benefit)	(51.891)	62.750

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Present value of funded obligations	1.538.766	1.293.105
– Pension benefits transferable to SSI	1.564.411	1.250.572
– Post employment medical benefits transferable to SSI	(25.645)	42.533
Fair value of plan assets	(711.589)	(517.819)
Provision for the actuarial deficit of the pension fund	827.177	775.286

The principal actuarial assumptions used were as follows:

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

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

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Government bonds and treasury bills	173.291	24	195.456	38
Premises and equipment	229.547	32	116.055	22
Bank placements	265.346	37	167.717	32
Short term receivables	19.000	3	19.367	4
Other	24.405	4	19.224	4
Total	711.589	100	517.819	100

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	221.167	90.809
Taxation of Marketable Securities	80.738	71.272
Property Tax	1.705	1.485
Banking Insurance Transaction Tax ("BITT")	56.025	50.754
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.188	3.399
Other	22.130	21.160
Total	387.953	238.879

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	8.946	8.097
Bank pension fund premiums – employer	9.327	8.471
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	638	577
Unemployment insurance – employer	1.278	1.160
Other	-	-
Total	20.189	18.305

(iii) Information on deferred tax liability:

None (December 31, 2011 - None).

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	5.195.642	-	2.523.816
From other foreign institutions	-	-	-	-
Total	-	5.195.642	-	2.523.816

At March 31, 2006, the Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. The Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements. In addition, the Bank obtained a subordinated loan on September 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and September 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation and Goldman Sachs International Bank are considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of these loans is less than 4 years. Subordinated loans obtained from Citibank, N.A.London Branch is considered in the supplementary capital calculation at the rate of 80% since the remaining maturity of this loan is less than 5 years.

As of February 22, 2012 the bank obtained a subordinated loan from UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of 5 years, at an interest rate of 3 months LIBOR + 8,30%. According to the authorization of BRSA dated February 20, 2012, this loan has been utilised as subordinated loan in compliance with the conditions of Regulation Regarding Banks' Shareholders' Equity.

Subordinated borrowing through bond issuance amounting to USD 1 billion with an interest rate of 5.50% and maturity of 10 years was finalized on December 6, 2012 and considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

i. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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

The Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

None (December 31, 2011 - None).

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

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

6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	1.769.966	137.911	1.404.767	145.976
Valuation difference	1.769.966	137.911	1.404.767	145.976
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	269.438	1.239.639	(127.548)	44.104
Valuation differences	269.438	1.241.631	(127.548)	29.190
Foreign currency differences ⁽¹⁾	-	(1.992)	-	14.914
Total	2.039.404	1.377.550	1.277.219	190.080

(1) includes current period foreign currency differences.

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	17.856.081	13.666.113
Loan granting commitments	5.322.612	5.107.096
Commitments for cheques	5.258.480	4.220.740
Other irrevocable commitments	8.489.052	7.551.981
Total	36.926.225	30.545.930

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 72.986 (December 31, 2011 - TL 66.886) and specific provision for TL 125.749 (December 31, 2011 - TL 108.232) for non-cash loans which are not indemnified yet for TL 258.609 (December 31, 2011 - TL 182.752).

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

	Current Period	Prior Period
Bank acceptance loans	121.325	158.915
Letter of credits	5.610.615	4.886.465
Other guarantees and collaterals	2.119.199	2.391.897
Total	7.851.139	7.437.277

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements at December 31, 2012 (continued)**

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Temporary letter of guarantees	1.572.512	1.789.616
Definite letter of guarantees	14.471.452	12.932.613
Advance letter of guarantees	2.677.145	2.476.742
Letter of guarantees given to customs	1.032.686	1.048.085
Other letter of guarantees	757.863	450.806
Total	20.511.658	18.697.862

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

	Current Period	Prior Period
Non-cash loans given against cash loans	583.744	292.804
With original maturity of 1 year or less than 1 year	72.182	21.119
With original maturity of more than 1 year	511.562	271.685
Other non-cash loans	27.779.053	25.842.335
Total	28.362.797	26.135.139

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	167.706	1,48	336.850	1,99	153.475	1,43	254.661	1,64
Farming and raising livestock	133.845	1,18	315.460	1,86	115.608	1,08	241.083	1,56
Forestry	29.706	0,26	16.222	0,10	33.968	0,32	8.424	0,05
Fishing	4.155	0,04	5.168	0,03	3.899	0,03	5.154	0,03
Manufacturing	4.363.236	38,35	8.000.390	47,09	3.966.421	37,09	7.442.320	48,20
Mining	528.278	4,64	1.014.730	5,97	474.401	4,44	650.116	4,21
Production	3.313.134	29,12	5.814.798	34,23	3.058.153	28,59	5.639.928	36,53
Electric, gas and water	521.824	4,59	1.170.862	6,89	433.867	4,06	1.152.276	7,46
Construction	3.264.824	28,70	3.896.086	22,94	3.164.314	29,59	3.743.485	24,25
Services	2.475.221	21,77	2.535.623	14,93	2.330.696	21,79	3.768.496	24,41
Wholesale and retail trade	1.095.298	9,63	936.939	5,52	1.112.054	10,40	760.222	4,92
Hotel, food and beverage services	122.334	1,08	92.529	0,54	97.522	0,91	127.342	0,82
Transportation and telecommunication	470.803	4,14	351.926	2,07	317.317	2,97	396.338	2,57
Financial institutions	412.537	3,63	476.751	2,81	470.730	4,40	1.906.817	12,36
Real estate and leasing services	99.138	0,87	377.955	2,23	94.246	0,88	250.625	1,62
Self-employment services	-	-	-	-	-	-	-	-
Education services	14.901	0,13	1.495	0,01	15.498	0,14	2.531	0,02
Health and social services	260.210	2,29	298.028	1,75	223.329	2,09	324.621	2,10
Other	1.105.134	9,70	2.217.727	13,05	1.080.445	10,10	230.826	1,50
Total	11.376.121	100,00	16.986.676	100,00	10.695.351	100,00	15.439.788	100,00

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

Current Period	Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	11.136.586	9.177.883	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.596.185	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	11.240.754	16.920.767	135.367	65.909

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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Explanations and notes related to unconsolidated financial statements (continued)

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	9.846.832	8.701.776	96.691	52.563
Bank acceptances	-	158.915	-	-
Letters of credit	13.687	4.872.778	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	738.141	1.653.756	-	-
Total	10.598.660	15.387.225	96.691	52.563

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

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

Prior Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	2.727.074	1.683.763	475.628	-	4.886.465
Letter of guarantee	9.164.695	3.118.268	5.416.687	998.212	18.697.862
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
Total	12.964.606	5.449.777	6.707.603	1.013.153	26.135.139

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

b. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	44.462.342	34.903.485
FC trading forward transactions	8.222.463	11.200.661
Trading swap transactions	26.555.506	17.534.051
Futures transactions	-	-
Trading option transactions	9.684.373	6.168.773
Interest related derivative transactions (II)	7.596.343	8.450.824
Forward interest rate agreements	-	-
Interest rate swaps	3.214.120	3.991.702
Interest rate options	4.382.223	4.459.122
Interest rate futures	-	-
Other trading derivative transactions (III)	1.688.150	1.571.666
A. Total trading derivative transactions (I+II+III)	53.746.835	44.925.975
Types of hedging derivative transactions		
Transactions for fair value hedge	3.821.809	6.206.854
Cash flow hedges	36.959.906	32.437.197
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	40.781.715	38.644.051
Total derivative transactions (A+B)	94.528.550	83.570.026

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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Explanations and notes related to unconsolidated financial statements (continued)

c. Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(40.622)	(7.223)	94.711	(512.591)	(157.000)	(622.725)
– Inflow	12.105.375	3.900.791	6.677.707	1.990.915	-	24.674.788
– Outflow	(12.145.997)	(3.908.014)	(6.582.996)	(2.503.506)	(157.000)	(25.297.513)
Interest rate derivatives	259	(2.256)	39.907	53.997	30.600	122.507
– Inflow	23.713	259.367	1.547.445	2.709.313	454.205	4.994.043
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.655.316)	(423.605)	(4.871.536)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(41.305)	9.547	(213.752)	(1.463.759)	(158.052)	(1.867.321)
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	12.150.799	4.333.934	12.320.402	19.893.658	1.640.546	50.339.339
Total cash outflow	(12.232.467)	(4.333.866)	(12.399.536)	(21.816.011)	(1.924.998)	(52.706.878)
Prior Period⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(84.466)	(71.313)	115.502	(602.956)	(163.310)	(806.543)
– Inflow	8.153.563	4.705.707	4.641.118	2.981.524	368.340	20.850.252
– Outflow	(8.238.029)	(4.777.020)	(4.525.616)	(3.584.480)	(531.650)	(21.656.795)
Interest rate derivatives	454	2.010	(1.374)	3.017	887	4.994
– Inflow	97.487	5.159	294.006	3.521.145	662.743	4.580.540
– Outflow	(97.033)	(3.149)	(295.380)	(3.518.128)	(661.856)	(4.575.546)
Derivatives held for hedging	-	-	-	-	-	-
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(33.879)	(7.309)	(170.816)	(571.407)	30.649	(752.762)
– Inflow	17.528	263.013	1.481.977	18.229.258	495.315	20.487.091
– Outflow	(51.407)	(270.322)	(1.652.793)	(18.800.665)	(464.666)	(21.239.853)
Total cash inflow	8.268.578	4.973.879	6.417.101	24.731.927	1.526.398	45.917.883
Total cash outflow	(8.386.469)	(5.050.491)	(6.473.789)	(25.903.273)	(1.658.172)	(47.472.194)

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

d. Information on credit derivatives and risk exposures:

Derivative portfolio includes credit default swaps for TL 1.257.334 (31 December 2011 – TL 1.398.767) for the period ended 31 December 2012. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure.

e. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 34.091 (December 31, 2011 - TL 29.543) for litigation and has accounted for it in the financial statements under the "Other Provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054. The investigation and evaluation of the Competition Board is still ongoing.

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Explanations and notes related to unconsolidated financial statements (continued)

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

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

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.579.677	165.254	2.397.425	154.556
Medium/long-term loans ⁽¹⁾	2.736.626	995.781	2.072.204	883.689
Interest on loans under follow-up	111.893	50	97.260	129
Premiums received from resource utilization support fund	-	-	-	-
Total	6.428.196	1.161.085	4.566.889	1.038.374

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

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	21.065	1.124	13.222	1.180
From foreign banks	2.713	8.615	2.693	11.725
Headquarters and branches abroad	-	-	-	-
Total	23.778	9.739	15.915	12.905

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	18.389	2.042	20.046	1.591
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	600.494	42.946	496.841	55.213
From held-to-maturity investments	332.346	608.545	343.147	571.361
Total	951.229	653.533	860.034	628.165

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	15.004	14.010

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Explanations and notes related to unconsolidated financial statements (continued)**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	67.883	486.068	96.253	350.835
The CBRT	-	-	-	-
Domestic banks	17.979	7.762	9.596	4.706
Foreign banks	49.904	478.306	86.657	346.129
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	104
Total ⁽¹⁾	67.883	486.068	96.253	350.939

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	57.590	37.656

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	131.641	55.067	48.236	-
Total	131.641	55.067	48.236	-

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit						Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulating deposit		
TL									
Bank deposits	228	1.399	2.969	2.436	1.262	257	-	8.551	8.366
Saving deposits	2	86.298	1.816.116	78.095	17.014	68.499	-	2.066.024	1.482.773
Public sector deposits	-	27	332	134	14	3	-	510	1.320
Commercial deposits	24	182.382	634.765	128.134	11.323	22.471	-	979.099	764.942
Other deposits	-	3.254	84.283	56.177	439	9.037	-	153.190	81.571
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	254	273.360	2.538.465	264.976	30.052	100.267	-	3.207.374	2.338.972
FC									
Foreign currency deposits	115	179.663	499.329	44.881	6.634	35.661	-	766.283	724.294
Bank deposits	174	592	261	390	8	103	-	1.528	1.518
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	1.575	927	122	125	47	-	2.796	1.214
Total	289	181.830	500.517	45.393	6.767	35.811	-	770.607	727.026
Grand total	543	455.190	3.038.982	310.369	36.819	136.078	-	3.977.981	3.065.998

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	103	158
Subsidiaries and associates	183.274	128.045
Total	183.377	128.203

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

	Current Period	Prior Period
Gain	47.373.392	23.314.281
Gain from capital market transactions	317.241	54.552
Derivative financial transaction gains	19.858.334	13.790.462
Foreign exchange gains	27.197.817	9.469.267
Loss (-)	(47.412.393)	(23.568.989)
Loss from capital market transactions	(11.284)	(25.517)
Derivative financial transaction losses	(20.807.005)	(14.288.947)
Foreign exchange loss	(26.594.104)	(9.254.525)
Net gain/loss	(39.001)	(254.708)

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 496.581 loss (December 31, 2011 – TL 10.191 loss).

e. Information on other operating income:

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

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	787.602	455.657
III. Group loans and receivables	37.862	132.734
IV. Group loans and receivables	170.057	46.430
V. Group loans and receivables	579.683	276.493
General provision expenses	332.482	245.259
Provision expense for possible risks	93.528	20.813
Marketable securities impairment expenses ⁽¹⁾	2.302	29.345
Financial assets at fair value through profit or loss	1.693	1.014
Available-for-sale financial assets	609	28.331
Impairment of investments in associates, subsidiaries and held-to-maturity securities	72.886	22.777
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	4.969
Held-to-maturity investments ⁽¹⁾	72.886	17.808
Other	4.615	2.371
Total	1.293.415	776.222

(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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.236.495	1.138.373
Reserve for employee termination benefits	20.006	10.280
Provision expense for pension fund	51.891	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	152.855	146.166
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	64.504	55.566
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	235	238
Depreciation expenses of assets held for resale	3.766	2.390
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	939.046	843.450
Operational lease expenses	149.504	130.589
Repair and maintenance expenses	51.440	27.055
Advertising expenses	78.040	69.716
Other expense	660.062	616.090
Loss on sales of assets	138	885
Other	523.989	493.138
Total	2.992.925	2.690.486

ğ. Provision for taxes on income from continuing and discontinuing operations:

The profit before tax includes TL 4.492.009 (31 December 2011 – TL 3.310.107) of net interest income, TL 1.761.005 (31 December 2011 – TL 1.826.778) of net fees and commissions and TL 2.992.925 (31 December 2011 – TL 2.690.486) of other operations.

The Bank does not have discontinued operations.

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

As of December 31, 2012, the Bank has current tax expense amounting to TL 739.096 (December 31, 2011 – TL 420.569) and deferred tax revenue amounting to TL 203.326 (December 31, 2011 – TL 77.010 expense).

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

	Current Period	Prior Period
Income before tax provision	2.449.242	2.355.065
Tax calculated with tax rate of 20%	489.848	471.013
Disallowables and deductions (net)	45.922	26.566
Total	535.770	497.579

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

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.

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

i. Other items in income statement:

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

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

a. Information on dividends:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

None.

c. Information on available for sale financial assets:

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

ç. Hedging transactions:

The Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EURO and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2012 is TL 560.813 loss. (December 31, 2011 - TL 308.530 loss).

d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to statement of cash flows

a. Information on cash and cash equivalents:

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

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

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

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

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

	Current Period	Prior Period
Cash	7.208.779	3.953.850
Cash and effectives	1.013.783	686.548
Demand deposits in banks	6.194.996	3.267.302
Cash equivalents	2.571.645	1.012.551
Interbank money market	2.136.834	949.000
Time deposits in banks	434.811	63.551
Total cash and cash equivalents	9.780.424	4.966.401

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

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

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

Reserves amounting to TL 9.560.872 (December 31, 2011 – TL 8.712.783) in CBRT represent the reserve requirements of the Bank. There is also TL 100.349 blocked amount in foreign banks account.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

Increase in "Other Account" amounting to TL 1.123.952 as of December 31, 2012 (December 31, 2011 – TL 2.321.700 decrease), which is classified under "Operating profit before changes in operating assets and liabilities", includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 4.740.126 as of December 31, 2012 (December 31, 2011 – TL 1.457.574 increase), which is classified under "Changes in operating assets and liabilities", mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 163.969 as of December 31, 2012 (December 31, 2011 – TL 469.043 increase).

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

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

1. Current Period:

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

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

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

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	194.199	229.243	8.893	81.282	905.508	671.131
Balance at the end of the period	701.047	291.713	8.292	230.061	673.086	722.958
Interest and commission income received⁽³⁾	14.010	1.338	1.741	1.191	62.523	5.910

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

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

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

	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	1.239.623	549.533	5.160.138	3.449.707	4.414.388	5.019.730
End of the period	770.943	1.239.623	5.838.878	5.160.138	8.016.750	4.414.388
Interest expense on deposits⁽³⁾	57.590	37.656	277.539	217.274	233.982	242.442

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

Bank's risk group ⁽¹⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	2.044.472	963.586	216.174	187.782	97.206	642.637
End of the period ⁽³⁾	1.403.949	2.044.472	300.627	216.174	273.177	97.206
Total profit / (loss)	12.377	(82.235)	2.952	1.508	7.999	(46.189)
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / (loss)	-	-	-	-	-	-

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

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

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

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

Salaries and benefits paid to the Bank's top management amount to TL 27.892 as of December 31, 2012 (December 31, 2011 – TL 24.151).

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

	Number	Number of Employees			
Domestic Branch	927	14.729			
			Country of incorporation		
Foreign Rep. Office	-	-	-		
			Total asset	Statutory share capital	
Foreign Branch	1	4	Bahrain	5.818.342	-
Off-Shore Banking Region Branch	-	-	-	-	-

IX. Explanations and notes related to subsequent events

1) It was decided to appoint Feza Tan as Assistant General Manager responsible for Corporate and Commercial Banking, who was previously responsible for Corporate and Commercial Loans, upon resignation of Mert Güvenen from this position on 4 February 2013 and it was decided to appoint Nurgün Eyüboğlu as Assistant General Manager responsible for Corporate and Commercial Loans, who was previously General Manager of Yapı Kredi Finansal Kiralama A.Ş. with the Board of Directors' decision dated 25 January 2013.

2) By utilizing its early payment option the Bank has repaid the subordinated loan on January 9, 2013 which was obtained from UniCredit Bank Austria AG on February 22, 2012, amounting to USD 585 million. At the same date the Bank obtained a new subordinated loan from UniCredit Bank Austria AG amounting to USD 585 million with 10 years maturity and 5.5% interest rate and a repayment option by the borrower at the end of 5 years.

3) Yapı Kredi Sigorta A.Ş., one of the subsidiaries of the Bank, applied for permission of Capital Market Boards for spinning of Yapı Kredi Emeklilik A.Ş., in which Yapı Kredi Sigorta A.Ş.'s equity stake is 99.9%, by transferring its shares to a newly established joint stock company with the carrying value of these shares as at September 30, 2012.

4) On January 22, 2013, the Bank issued bonds for non Turkish residents; real person and corporate entities amounting to USD 500 million nominal value with a semi annual coupon at an interest rate of 4 % with a maturity of January 22, 2020.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Section Six

Other Explanations and Notes

I. Other explanations on the Bank's operations

None

Section Seven

Explanations on independent report

I. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended December 31, 2012 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's report dated February 14, 2013 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

Yapı ve Kredi Bankası A.Ş.**Consolidated independent audit report at December 31, 2012**

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

Independent audit report

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

We have audited the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") as at December 31, 2012 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended and summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No: 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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


 Ayşe Zeynep Deldağ
 Partner, SMMM

İstanbul, February 14, 2013

Convenience translation of publicly announced consolidated financial statements and independent auditor's report originally issued in Turkish,
See note I. of Section three

Yapı ve Kredi Bankası A.Ş.

The consolidated financial report of Yapı ve Kredi Bankası A.Ş. as of December 31, 2012

Yapı ve Kredi Bankası A.Ş.
Head Quarters
Yapı Kredi Plaza D Blok
Levent 34330 İstanbul

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Fax: (0212) 339 60 00
www.yapikredi.com.tr

E-Mail: financialreports@yapikredi.com.tr

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

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

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

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Sigorta A.Ş. 2. Yapı Kredi Emeklilik A.Ş. 3. Yapı Kredi Finansal Kiralama A.O. 4. Yapı Kredi Faktoring A.Ş. 5. Yapı Kredi Yatırım Menkul Değerler A.Ş. 6. Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. 7. Yapı Kredi Portföy Yönetimi A.Ş. 8. Yapı Kredi Holding B.V. 9. Yapı Kredi Bank Nederland N.V. 10. Yapı Kredi Bank Moscow 11. Sticking Custody Services YKB 12. Yapı Kredi Bank Azerbaijan CJSC 13. Yapı Kredi Invest LLC	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

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

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



Mustafa V. KOÇ
Chairman of the
Board of Directors



H. Faik AÇIKALIN
Chief Executive Officer



Marco CRAVARIO
Chief Financial Officer



B. Seda İKİZLER
Head of Financial
Reporting and Accounting



Gianni F.G. PAPA
Chairman of Audit Committee



Francesco GIORDANO
Member of Audit Committee



F. Füsün Akkal BOZOK
Member of Audit Committee

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

Name-Surname / Title: Serkan Savaş / International Reporting and Consolidation Manager

Telephone Number : 0 212 339 63 22

Fax Number : 0 212 339 61 05

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012

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

Section One

General Information

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

Yapı ve Kredi Bankası A.Ş. ("the Bank", "Yapı Kredi" or "the Parent Bank"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

II. Explanation about the Parent Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling Group of the Bank:

The Parent Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of December 31, 2012, 18,20% of the shares of the Bank are publicly traded (December 31, 2011 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UCG over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from ISE and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

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

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

As of December 31, 2012, the Parent Bank's Board of Directors, Members of the Audit Committee, Statutory Auditors, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Mustafa V. KOÇ	Chairman
Gianni F.G.PAPA	Vice Chairman
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Executive Director and Deputy Chief Executive Officer
Ahmet F. ASHABOĞLU	Member
Francesco GIORDANO	Member
Fusun Akkal BOZOK	Member
Laura Stefania PENNA	Member
Massimiliano FOSSATI	Member
O. Turgay DURAK	Member

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Francesco GIORDANO	Member
Fusun Akkal BOZOK	Member

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

General information (continued)

Statutory Auditors:

Name	Responsibility
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

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

Assistant General Managers:

Name	Responsibility
Cemal Aybars SANAL	Legal Activities Management
Feza TAN ⁽¹⁾	Corporate and Commercial Credit Management
Marco CRAVARIO	Financial Planning and Administration Management
Mehmet Erkan ÖZDEMİR	Compliance Office / Compliance Officer
Mehmet Gökmen UÇAR	Retail Credits Management
Mehmet Güray ALPKAYA	Corporate Sales Management
Mehmet Murat ERMERT	Corporate Communication Management
Mert GÜVENEN ⁽¹⁾	Corporate and Commercial Banking Management
Mert ÖNCÜ	Treasury Management
Mert YAZICIOĞLU	Private Banking and Asset Management
Stefano PERAZZINI	Internal Audit / Chief Audit Executive
Süleyman Cihangir KAVUNCU	Human Resources and Organization Management
Wolfgang SCHILK	Risk Management
Yakup DOĞAN	Alternative Distribution Channels
Yüksel RİZELİ	Information Technologies and Operation Management
Zeynep Nazan SOMER	Retail Banking Management

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

(1) It was decided to appoint Feza Tan as Assistant General Manager responsible for Corporate and Commercial Banking, who was previously responsible for Corporate and Commercial Loans, upon resignation of Mert Güvenen from this position on 4 February 2013 and it was decided to appoint Nurgün Eyüboğlu as Assistant General Manager responsible for Corporate and Commercial Loans, who was previously General Manager of Yapı Kredi Finansal Kiralama A.Ş. with the Board of Directors' decision dated 25 January 2013.

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

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

Koç Finansal Hizmetler A.Ş. is a joint venture of Koç Group and UniCredit Group.

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

The Parent Bank's activities summarized from the section 5 of the articles of association are as follows:

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

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

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

With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

General information (continued)

As of December 31, 2012, the Parent Bank has 927 branches operating in Turkey and 1 branch overseas (December 31, 2011 - 906 branches operating in Turkey, 1 branch in overseas).

As of December 31, 2012, the Parent Bank has 14.733 employees (December 31, 2011 - 14.859 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2012 the Group has 17.459 employees (December 31, 2011 - 17.306 employees).

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

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank, and Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı, an entity under common control, are consolidated through "Equity Method" in the accompanying consolidated financial statements of the Bank. These entities are taken into account as a deduction item in shareholders' equity for the purpose of calculation of capital adequacy ratio.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., and 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 of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled by the Bank.

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of December 31, 2012 and 2011**

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

Section two**Consolidated financial statements****I. Consolidated balance sheet (Statement of Financial Position)**

		Current Period (31/12/2012)			Prior Period (31/12/2011)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	1.620.812	9.867.136	11.487.948	4.652.286	5.429.417	10.081.703
II. Financial assets at fair value through profit or (loss) (net)	I-b	752.700	250.295	1.002.995	440.707	116.123	556.830
2.1 Trading financial assets		752.700	250.295	1.002.995	440.707	116.123	556.830
2.1.1 Government debt securities		383.439	110.557	493.996	199.631	27.459	227.090
2.1.2 Share certificates		34.715	-	34.715	-	-	-
2.1.3 Derivative financial assets held for trading	I-c	288.626	131.857	420.483	188.600	86.018	274.618
2.1.4 Other marketable securities		45.920	7.881	53.801	52.476	2.646	55.122
2.2 Financial assets designated at fair value through profit /(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-ç	2.100.567	3.241.930	5.342.497	268.424	3.160.100	3.428.524
IV. Money markets		2.662.002	111.234	2.773.236	2.136.726	36.835	2.173.561
4.1 Interbank money market placements		330.046	-	330.046	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		1.399.562	111.234	1.510.796	15.000	36.835	51.835
4.3 Receivables from reverse repurchase agreements		932.394	-	932.394	2.121.726	-	2.121.726
V. Financial assets available-for-sale (net)	I-e	8.050.175	7.600.273	15.650.448	6.520.393	1.490.883	8.011.276
5.1 Share certificates		18.315	312	18.627	17.100	326	17.426
5.2 Government debt securities		6.457.686	7.252.759	13.710.445	5.097.440	1.138.590	6.236.030
5.3 Other marketable securities		1.574.174	347.202	1.921.376	1.405.853	351.967	1.757.820
VI. Loans and receivables	I-f	55.268.236	23.520.611	78.788.847	45.160.589	24.910.325	70.070.914
6.1 Loans and receivables		54.400.213	23.412.445	77.812.658	44.592.162	24.733.855	69.326.017
6.1.1 Loans to bank's risk group		406.497	700.003	1.106.500	336.681	790.617	1.127.298
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		53.993.716	22.712.442	76.706.158	44.255.481	23.943.238	68.198.719
6.2 Loans under follow-up		2.202.516	371.587	2.574.103	1.835.600	302.518	2.138.118
6.3 Specific provisions (-)		(1.334.493)	(263.421)	(1.597.914)	(1.267.173)	(126.048)	(1.393.221)
VII. Factoring receivables		879.902	760.165	1.640.067	795.163	995.598	1.790.761
VIII. Held-to-maturity investments (net)	I-g	3.318.507	2.509.187	5.827.694	3.468.882	9.241.740	12.710.622
8.1 Government debt securities		3.315.536	2.450.123	5.765.659	3.468.882	9.241.740	12.710.622
8.2 Other marketable securities		2.971	59.064	62.035	-	-	-
IX. Investments in associates (net)	I-ğ	4.503	193.934	198.437	4.503	183.940	188.443
9.1 Consolidated based on equity method		-	193.934	193.934	-	183.940	183.940
9.2 Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1 Investments in financial associates		-	-	-	-	-	-
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	I-h	2.300	-	2.300	2.300	-	2.300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	18.459	-	18.459	19.650	-	19.650
11.1 Accounted based on equity method		18.459	-	18.459	19.650	-	19.650
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	735.697	2.360.796	3.096.493	540.478	2.254.005	2.794.483
12.1 Financial lease receivables		882.245	2.713.673	3.595.918	655.326	2.643.519	3.298.845
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(146.548)	(352.877)	(499.425)	(114.848)	(389.514)	(504.362)
XIII. Derivative financial assets held for hedging	I-j	94.166	-	94.166	376.973	362	377.335
13.1 Fair value hedge		93.996	-	93.996	369.747	-	369.747
13.2 Cash flow hedge		170	-	170	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	1.021.111	34.352	1.055.463	1.043.112	20.272	1.063.384
XV. Intangible assets (net)	I-l	1.353.964	7.427	1.361.391	1.281.233	2.932	1.284.165
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		374.471	7.427	381.898	301.740	2.932	304.672
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		164.140	4.091	168.231	359.938	4.524	364.462
17.1 Current tax asset		-	753	753	-	2.584	2.584
17.2 Deferred tax asset	I-n	164.140	3.338	167.478	359.938	1.940	361.878
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	139.078	575	139.653	103.572	-	103.572
18.1 Held for sale purposes		139.078	575	139.653	103.572	-	103.572
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.640.539	1.208.897	2.849.436	1.029.662	1.398.484	2.428.146
Total assets		79.826.858	51.670.903	131.497.761	68.204.591	49.245.540	117.450.131

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

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of December 31, 2012 and 2011**

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

I. Consolidated balance sheet (Statement of Financial Position)

		Current Period (31/12/2012)			Prior Period (31/12/2011)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	41.016.265	30.127.126	71.143.391	35.075.620	31.110.930	66.186.550
1.1 Deposits of the Bank's risk group		4.179.284	4.916.255	9.095.539	3.373.946	3.964.002	7.337.948
1.2 Other		36.836.981	25.210.871	62.047.852	31.701.674	27.146.928	58.848.602
II. Derivative financial liabilities held for trading	II-b	286.978	97.503	384.481	409.917	130.422	540.339
III. Funds borrowed	II-c	1.340.562	12.953.769	14.294.331	1.367.084	13.315.818	14.682.902
IV. Money markets		3.365.822	3.107.853	6.473.675	1.845.799	5.040.094	6.885.893
4.1 Funds from interbank money market		-	-	-	-	19.137	19.137
4.2 Funds from Istanbul stock exchange money market		1.654.814	-	1.654.814	942.043	-	942.043
4.3 Funds provided under repurchase agreements		1.711.008	3.107.853	4.818.861	903.756	5.020.957	5.924.713
V. Marketable securities issued (net)	II-ç	1.419.407	2.527.098	3.946.505	1.095.354	2.153.363	3.248.717
5.1 Bills		716.171	-	716.171	951.004	5.582	956.586
5.2 Asset backed securities		-	1.641.731	1.641.731	-	2.147.781	2.147.781
5.3 Bonds		703.236	885.367	1.588.603	144.350	-	144.350
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		5.007.655	767.827	5.775.482	3.961.864	833.636	4.795.500
VIII. Other liabilities	II-d	1.650.397	1.056.655	2.707.052	767.922	842.187	1.610.109
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-e	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	-	-	-	-	-
XI. Derivative financial liabilities held for hedging	II-f	412.001	492.686	904.687	62.652	440.189	502.841
11.1 Fair value hedge		90.233	-	90.233	18.959	-	18.959
11.2 Cash flow hedge		321.768	492.686	814.454	43.693	440.189	483.882
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	3.413.375	780.821	4.194.196	2.760.713	784.192	3.544.905
12.1 General loan loss provision		941.376	398.305	1.339.681	670.146	382.122	1.052.268
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		235.694	10.701	246.395	201.362	4.979	206.341
12.4 Insurance technical provisions (net)		883.156	296.060	1.179.216	731.166	332.728	1.063.894
12.5 Other provisions		1.353.149	75.755	1.428.904	1.158.039	64.363	1.222.402
XIII. Tax liability	II-ğ	436.602	2.179	438.781	292.396	929	293.325
13.1 Current tax liability		436.602	2.179	438.781	292.396	929	293.325
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5.195.642	5.195.642	-	2.523.816	2.523.816
XVI. Shareholders' equity	II-i	15.250.450	789.088	16.039.538	13.151.420	(516.186)	12.635.234
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		878.378	789.088	1.667.466	669.711	(516.186)	153.525
16.2.1 Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences	II-i	135.262	1.352.161	1.487.423	(131.975)	17.109	(114.866)
16.2.4 Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		(94.470)	(563.073)	(657.543)	111.991	(533.295)	(421.304)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		293.705	-	293.705	145.814	-	145.814
16.3 Profit reserves		7.118.712	-	7.118.712	5.443.918	-	5.443.918
16.3.1 Legal reserves		359.847	-	359.847	266.973	-	266.973
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		6.546.849	-	6.546.849	4.930.128	-	4.930.128
16.3.4 Other profit reserves		212.016	-	212.016	246.817	-	246.817
16.4 Income or (loss)		2.841.517	-	2.841.517	2.623.562	-	2.623.562
16.4.1 Prior years' income or (loss)		753.844	-	753.844	338.858	-	338.858
16.4.2 Current year income or (loss)		2.087.673	-	2.087.673	2.284.704	-	2.284.704
16.5 Minority interest	II-i	64.792	-	64.792	67.178	-	67.178
Total liabilities and shareholders' equity		73.599.514	57.898.247	131.497.761	60.790.741	56.659.390	117.450.131

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

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of December 31, 2012 and 2011**

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

II. Consolidated off-balance sheet commitments

		Current Period (31/12/2012)			Prior Period (31/12/2011)		
	Note (Section five)	TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I+II+III)	113.308.694	116.216.598	229.525.292	81.022.711	111.769.068	192.791.779
I.	Guarantees and warranties	111.376.121	17.268.280	28.644.401	10.695.392	15.677.117	26.372.509
1.1	Letters of guarantee	11.271.953	9.347.999	20.619.952	9.943.564	8.871.149	18.814.713
1.1.1	Guarantees subject to state tender law	567.403	522.814	1.090.217	502.263	628.039	1.130.302
1.1.2	Guarantees given for foreign trade operations	1.131.282	8.716.891	9.848.173	1.105.998	8.126.300	9.232.298
1.1.3	Other letters of guarantee	9.573.268	108.294	9.681.562	8.335.303	116.810	8.452.113
1.2	Bank acceptances	-	121.325	121.325	-	158.915	158.915
1.2.1	Import letter of acceptance	-	121.325	121.325	-	158.915	158.915
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	13.789	5.770.136	5.783.925	13.687	4.993.297	5.006.984
1.3.1	Documentary letters of credit	13.789	5.756.593	5.770.382	13.687	4.983.502	4.997.189
1.3.2	Other letters of credit	-	13.543	13.543	-	9.795	9.795
1.4	Prefinancing given as guarantee	143	2.377	2.520	143	2.519	2.662
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	90.236	1.057.479	1.147.715	737.998	614.488	1.352.486
1.9	Other warranties	-	968.964	968.964	-	1.036.749	1.036.749
II.	Commitments	75.280.393	28.504.711	103.785.104	50.502.978	30.435.022	80.938.000
2.1	Irrevocable commitments	29.934.837	7.091.744	37.026.581	23.716.890	6.930.298	30.647.188
2.1.1	Asset purchase and sale commitments	35.590	6.661.062	6.696.652	42.700	6.067.378	6.110.078
2.1.2	Deposit purchase and sales commitments	-	-	-	1.692	301	1.993
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	1.000	-	1.000
2.1.4	Loan granting commitments	4.992.286	385.966	5.378.252	4.345.796	814.989	5.160.785
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.258.480	-	5.258.480	4.220.740	-	4.220.740
2.1.8	Tax and fund liabilities from export commitments	38.106	-	38.106	37.251	-	37.251
2.1.9	Commitments for credit card limits	17.856.081	44.716	17.900.797	13.666.113	47.569	13.713.682
2.1.10	Commitments for credit cards and banking services promotions	-	-	-	-	-	-
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	1.754.294	-	1.754.294	1.401.598	61	1.401.659
2.2	Revocable commitments	45.345.556	21.412.967	66.758.523	26.786.088	23.504.724	50.290.812
2.2.1	Revocable loan granting commitments	45.345.556	21.394.837	66.740.393	26.786.088	23.504.724	50.290.812
2.2.2	Other revocable commitments	-	18.130	18.130	-	-	-
III.	Derivative financial instruments	26.652.180	70.443.607	97.095.787	19.824.341	65.656.929	85.481.270
3.1	Derivative financial instruments for hedging purposes	14.124.458	26.657.257	40.781.715	9.094.408	29.549.643	38.644.051
3.1.1	Transactions for fair value hedge	1.772.858	2.048.951	3.821.809	2.782.808	3.424.046	6.206.854
3.1.2	Transactions for cash flow hedge	12.351.600	24.608.306	36.959.906	6.311.600	26.125.597	32.437.197
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	12.527.722	43.786.350	56.314.072	10.729.933	36.107.286	46.837.219
3.2.1	Forward foreign currency buy/sell transactions	2.554.504	5.708.082	8.262.586	3.531.519	7.107.230	10.638.749
3.2.1.1	Forward foreign currency transactions-buy	955.972	3.141.413	4.097.385	1.219.066	4.078.821	5.297.887
3.2.1.2	Forward foreign currency transactions-sell	1.598.532	2.566.669	4.165.201	2.312.453	3.028.409	5.340.862
3.2.2	Swap transactions related to foreign currency and interest rates	5.757.882	26.467.192	32.225.074	3.156.690	20.650.084	23.806.774
3.2.2.1	Foreign currency swap-buy	2.630.863	11.682.759	14.313.622	1.915.136	7.568.292	9.483.428
3.2.2.2	Foreign currency swap-sell	3.127.019	11.088.661	14.215.680	1.241.554	8.502.444	9.743.998
3.2.2.3	Interest rate swap-buy	-	1.847.886	1.847.886	-	2.289.674	2.289.674
3.2.2.4	Interest rate swap-sell	-	1.847.886	1.847.886	-	2.289.674	2.289.674
3.2.3	Foreign currency, interest rate and securities options	3.508.336	10.956.972	14.465.308	3.334.724	7.566.881	10.901.605
3.2.3.1	Foreign currency options-buy	1.263.301	3.558.308	4.821.609	1.159.806	1.778.865	2.938.671
3.2.3.2	Foreign currency options-sell	1.701.389	3.233.041	4.934.430	1.643.280	1.704.174	3.347.454
3.2.3.3	Interest rate options-buy	70.800	2.117.807	2.188.607	337.350	2.655.238	2.992.588
3.2.3.4	Interest rate options-sell	145.800	2.047.816	2.193.616	112.350	1.354.184	1.466.534
3.2.3.5	Securities options-buy	215.704	-	215.704	18.044	13.729	31.773
3.2.3.6	Securities options-sell	111.342	-	111.342	63.894	60.691	124.585
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	707.000	654.104	1.361.104	707.000	783.091	1.490.091
B.	Custody and pledges received (IV+V+VI)	120.933.383	26.226.444	147.159.827	107.146.729	27.609.924	134.756.653
IV.	Items held in custody	57.125.421	4.264.804	61.390.225	53.463.516	4.289.298	57.752.814
4.1	Customer fund and portfolio balances	2.273	117	2.390	10.497	122	10.619
4.2	Investment securities held in custody	45.448.129	3.646.706	49.094.835	42.441.549	3.581.191	46.022.740
4.3	Checks received for collection	9.375.958	91.571	9.467.529	8.669.405	92.110	8.761.515
4.4	Commercial notes received for collection	2.288.833	502.434	2.791.267	2.336.837	590.894	2.927.731
4.5	Other assets received for collection	-	23.976	23.976	-	24.981	24.981
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	10.228	-	10.228	5.228	-	5.228
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	62.639.447	21.378.880	84.018.327	52.561.567	22.673.972	75.235.539
5.1	Marketable securities	220.994	193	221.187	207.970	204	208.174
5.2	Guarantee notes	703.951	376.676	1.080.627	560.893	442.768	1.003.661
5.3	Commodity	28.559	18.416	46.975	38.944	-	38.944
5.4	Warrants	-	727.967	727.967	-	-	-
5.5	Properties	41.434.412	15.279.209	56.713.621	36.292.482	16.967.526	53.260.008
5.6	Other pledged items	20.251.531	4.973.254	25.224.785	15.461.278	5.260.128	20.721.406
5.7	Pledged items-depository	-	3.165	3.165	-	3.346	3.346
VI.	Accepted independent guarantees and warranties	1.168.515	582.760	1.751.275	1.121.646	646.654	1.768.300
Total off-balance sheet commitments (A+B)		234.242.077	142.443.042	376.685.119	188.169.440	139.378.992	327.548.432

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

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of December 31, 2012 and 2011**

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

III. Consolidated income statement

Income and expense items		Note (Section Five)	Current Period 01/01- 31/12/2012	Prior Period 01/01- 31/12/2011
I.	Interest income	IV-a	10.117.090	7.839.559
1.1	Interest on loans	IV-a-1	7.791.862	5.738.756
1.2	Interest received from reserve deposits		186	505
1.3	Interest received from banks	IV-a-2	128.321	115.615
1.4	Interest received from money market transactions		146.241	33.007
1.5	Interest received from marketable securities portfolio	IV-a-3	1.655.011	1.574.371
1.5.1	Trading financial assets		25.978	43.495
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		679.086	599.915
1.5.4	Held to maturity investments		949.947	930.961
1.6	Financial lease income		237.891	222.355
1.7	Other interest income		157.578	154.950
II.	Interest expense	IV-b	(5.169.506)	(4.094.381)
2.1	Interest on deposits	IV-b-4	(4.036.391)	(3.137.304)
2.2	Interest on funds borrowed	IV-b-1	(625.356)	(537.565)
2.3	Interest expense on money market transactions		(278.109)	(317.144)
2.4	Interest on securities issued	IV-b-3	(219.679)	(77.445)
2.5	Other interest expenses		(9.971)	(24.923)
III.	Net interest income (I + II)		4.947.584	3.745.178
IV.	Net fees and commissions income		1.791.167	1.969.214
4.1	Fees and commissions received		2.340.348	2.369.225
4.1.1	Non-cash loans		249.197	233.835
4.1.2	Other	IV-j	2.091.151	2.135.390
4.2	Fees and commissions paid		(549.181)	(400.011)
4.2.1	Non-cash loans		(7.562)	(429)
4.2.2	Other		(541.619)	(399.582)
V.	Dividend income	IV-c	1.661	5.891
VI.	Trading gain/(loss) (net)	IV-ç	33.315	(137.246)
6.1	Trading gains/(losses) on securities		321.260	34.730
6.2	Derivative financial transactions gains/(losses)	IV-d	(766.936)	(533.847)
6.3	Foreign exchange gains/(losses)		478.991	361.871
VII.	Other operating income	IV-e	609.336	1.050.117
VIII.	Total operating income / loss (III+IV+V+VI+VII)		7.383.063	6.633.154
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(1.400.192)	(860.585)
X.	Other operating expenses (-)	IV-g	(3.277.968)	(2.910.825)
XI.	Net operating income/(loss) (VIII-IX-X)		2.704.903	2.861.744
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		17.791	14.420
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	2.722.694	2.876.164
XVI.	Tax provision for continuing operations (±)	IV-h	(624.934)	(584.784)
16.1	Current tax provision		(771.905)	(512.317)
16.2	Deferred tax provision		146.971	(72.467)
XVII.	Net profit/loss from continuing operations (XV±XVI)		2.097.760	2.291.380
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 (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/loss (XVII+XXII)	IV-ı	2.097.760	2.291.380
23.1	Group's profit/loss		2.087.673	2.284.704
23.2	Minority interest profit/losses (-)	IV-i	10.087	6.676
	Earnings/(loss) per share (in TL full)		0,0048	0,0053

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2012 and 2011

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

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

Income and expense items accounted under shareholders' equity	Current Period (31/12/2012)	Prior Period (31/12/2011)
I. Transfers to marketable securities valuation differences from financial assets available for sale	2.000.536	(352.195)
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	(10.938)	160.469
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	(336.707)	(237.914)
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	20.055	(88.958)
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	269	219
IX. Deferred tax on valuation differences	(341.371)	118.272
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	1.331.844	(400.107)
XI. Current year profit/loss	2.097.760	2.291.380
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	17.791	10.303
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(209.965)	(185.994)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	2.289.934	2.467.071
XII. Total profit/loss related to the current period (X+XI)	3.429.604	1.891.273

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of December 31, 2011

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

V. Consolidated statement of changes in shareholders' equity

Prior Period	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves*	Status reserves	Extraordinary reserves*	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)*	Marketable securities valuation difference	Property and equipment intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ operations discontinued revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
December 31, 2011		4,347,051	-	543,881	-	163,959	-	3,038,543	159,613	2,248,031	151,117	173,915	-	-	(143,436)	-	10,682,674	63,095	10,745,769
I. Period opening balance																			
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	-	163,959	-	3,038,543	159,613	2,248,031	151,117	173,915	-	-	(143,436)	-	10,682,674	63,095	10,745,769
Changes in the period																			
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(298,513)	-	-	-	-	(298,513)	(785)	(299,298)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(261,497)	-	(261,497)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	(190,331)	-	-	-	(190,331)	-	(190,331)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	(71,166)	-	-	-	(71,166)	-	(71,166)
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	167,108	-	-	9,732	-	-	-	-	160,469	-	160,469
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current year income or loss		-	-	-	-	-	-	-	219	2,284,704	-	-	-	-	-	-	219	-	219
XX. Profit distribution		-	-	-	-	-	-	-	-	(2,248,031)	187,741	-	-	-	-	-	2,284,704	6,676	2,291,380
20.1 Dividend paid		-	-	-	-	103,014	-	1,891,585	65,691	-	-	-	-	-	-	-	-	(1,808)	(1,808)
20.2 Transfers to reserves		-	-	-	-	103,014	-	1,891,585	65,691	(2,248,031)	187,741	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+.....+ XVII+XIX+XX)		4,347,051	-	543,881	-	266,973	-	4,930,128	392,631	2,284,704	338,858	(114,866)	-	-	(421,304)	-	12,568,056	67,178	12,635,234

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 502,769 and TL 5425,773 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

V. Consolidated statement of changes in shareholders' equity

Current Period	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves*	Status reserves	Extraordinary reserves*	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities valuation difference	Property and equipment intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ operations discontinued revaluation fund.	Total equity except minority interest	Minority shareholders' Interest	Total shareholders' equity
December 31, 2012		4,347,051	-	543,881	-	266,973	-	4,930,128	392,631	2,284,704	338,858	(114,866)	-	-	(421,304)	-	12,568,056	67,178	12,635,234
I. Prior period-end balance																			
Changes in the period																			
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	1,599,013	-	-	-	-	1,599,013	595	1,599,608
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(253,322)	-	(253,322)	-	(253,322)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(269,366)	-	(269,366)	-	(269,366)
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	16,044	-	16,044	-	16,044
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	(35,070)	-	-	3,276	-	-	17,083	-	(14,711)	-	(14,711)
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	269	-	-	-	-	-	-	-	-	-	-
XVII. Current year income or loss		-	-	-	-	-	-	-	-	2,087,673	-	-	-	-	-	-	269	-	269
XVIII. Profit distribution		-	-	-	-	-	-	-	147,891	(2,284,704)	427,218	-	-	-	-	-	2,087,673	10,087	2,097,760
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,066)	(3,066)
18.2 Transfers to reserves		-	-	-	-	-	-	-	147,891	(2,284,704)	427,218	-	-	-	-	-	-	(3,066)	(3,066)
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI. Transactions with minority		-	-	-	-	-	-	-	-	-	(12,232)	-	-	-	-	-	(12,232)	(10,002)	(22,234)
Period end balance (I+II+III+...+XVII+XVIII)		4,347,051	-	543,881	-	359,847	-	6,546,849	505,721	2,087,673	753,844	1,487,423	-	-	(657,543)	-	15,974,746	64,792	16,039,538

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 584,397 and TL 7,224,739 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements at December 31, 2012 and 2011**

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

VI. Consolidated statement of cash flows

	Note (Section Five)	Current Period (31/12/2012)	Prior Period (31/12/2011)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		6.818.339	2.026.926
1.1.1 Interest received		8.263.036	7.595.985
1.1.2 Interest paid		(4.998.689)	(3.889.448)
1.1.3 Dividend received		1.661	5.891
1.1.4 Fees and commissions received		2.340.801	2.374.835
1.1.5 Other income		311.327	331.228
1.1.6 Collections from previously written-off loans and other receivables		1.588.590	1.346.270
1.1.7 Payments to personnel and service suppliers		(2.774.753)	(2.733.322)
1.1.8 Taxes paid		(768.750)	(606.786)
1.1.9 Other	VI-c	2.855.116	(2.397.727)
1.2 Changes in operating assets and liabilities		(8.390.416)	953.376
1.2.1 Net (increase)/decrease in trading securities		(287.388)	62.288
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(4.542.544)	(761.304)
1.2.4 Net (increase)/decrease in loans		(11.473.714)	(17.389.935)
1.2.5 Net (increase)/decrease in other assets		(415.895)	(496.008)
1.2.6 Net increase /(decrease) in bank deposits		(89.492)	(234.362)
1.2.7 Net increase /(decrease) in other deposits		5.051.392	11.064.633
1.2.8 Net increase /(decrease) in funds borrowed		(1.396.580)	7.132.577
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	4.763.805	1.575.487
I. Net cash flows from banking operations		(1.572.077)	2.980.302
B. Cash flows from investing activities			
II. Net cash flows from investing activities		444.301	(388.890)
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(22.236)	-
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(316.509)	(247.644)
2.4 Disposals of property and equipment		46.126	188.868
2.5 Purchase of investments available-for-sale		(3.768.824)	(4.462.379)
2.6 Sale of investments available-for-sale		3.609.598	2.194.414
2.7 Purchase of investment securities		(50.325)	(563.716)
2.8 Sale of investment securities		946.471	2.501.567
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		729.130	2.114.382
3.1 Cash obtained from funds borrowed and securities issued		7.791.928	6.319.492
3.2 Cash used for repayment of funds borrowed and securities issued		(7.059.732)	(4.203.302)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.066)	(1.808)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-c	(233.440)	653.549
V. Net increase in cash and cash equivalents (I+II+III+IV)		(632.086)	5.359.343
VI. Cash and cash equivalents at beginning of the period	VI-a	11.464.375	6.105.032
VII. Cash and cash equivalents at end of the period	VI-a	10.832.289	11.464.375

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2012 and 2011

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

VII. Profit appropriation statement^{(1) (2)}

	Current Period (31/12/2012)	Prior Period (31/12/2011)
I. Distribution of current year income		
1.1 Current year income	2.449.242	2.355.065
1.2 Taxes and duties payable (-)	(535.770)	(497.579)
1.2.1 Corporate tax (income tax)	(739.096)	(420.569)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	203.326	(77.010)
A. Net income for the year (1.1-1.2)	1.913.472	1.857.486
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(92.874)
1.5 Other statutory reserves (-)	-	-
B. Net income available for distribution [(A+(1.3+1.4+1.5))]	1.913.472	1.764.612
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1.616.721
1.13 Other reserves	-	-
1.14 Special funds	-	147.891
II. Distribution of reserves		
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
III. Earnings per share		
3.1 To owners of ordinary shares	0,0044	0,0043
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
IV. Dividend per share		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

(1) Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2012 has not been prepared by the Board of Directors, only net profit related to the year 2012, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 4.909 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

(2) As per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. As of December 31, 2012 the Bank has deferred tax income amounting to TL 203.326 associated with the deferred tax asset which will not be distributed.

(3) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012

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

Section Three

Accounting Policies

I. Explanations on basis of presentation:

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC") and Turkish tax legislation.

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority 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" published in the Official Gazette No. 28337 dated June 28, 2012.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

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

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

The accounting policies and valuation principles applied in the preparation of interim financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 2011. TAS/TFRS changes (TAS 12 (Amendment) "Income Taxes - Recovery of Underlying Assets"; TFRS 7 (Amendment), "Financial Instruments Disclosures - Enhanced Derecognition Disclosure Requirements (effective from January 1, 2012 do not have an effect on the Bank's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVIII. below.

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Accounting policies (continued)

III. Information on consolidation principles:

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27").

1. Consolidation principles of subsidiaries:

Subsidiaries (including special purpose entity), in which Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies, have been fully consolidated.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/Country)	Main activities	Effective rates (%) December 31, 2012	Direct and indirect rates (%) December 31, 2012
Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,98	99,98
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/Cayman Islands	Special Purpose Company	-	-

(1) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Bank.

2. Consolidation principles of associates:

The associate is an entity in which the Parent Bank participates in its capital and has significant influence on it although the Parent Bank has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, unless proved otherwise, it is assumed that the Parent Bank has significant influence on that associate.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Accounting policies (continued)

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/Country)	Main activities	Effective rates % December 31, 2012	Direct and indirect rates % December 31, 2012
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

3. Consolidation principles of joint ventures:

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

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

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

Title	(City/Country)	Main activities	Effective rates % December 31, 2012	Direct and indirect rates % December 31, 2012
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	REIT	30,45	30,45

4. Transactions with minority shareholders:

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

b. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Consolidated and Separate Financial Statements" ("TAS 27") in the Separate financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

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

The Group's derivative transactions mostly include foreign currency money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

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

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Accounting policies (continued)

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 Group's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss".

"Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Parameters used for the valuation of the option portfolio of the Parent Bank are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

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

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

As of September 30, 2012, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

Credit default swaps are contracts, in which the seller commits to pay the contract value to the buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract.

Credit default swaps are valued daily by the valuation model of the Parent Bank and then accounted over their fair values; while credit linked notes are valued and accounted monthly.

Market risks of these products are monitored using the Parent Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, those currency exchange transactions realized at value date in the initial phase of currency swaps are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

V. Explanations on interest income and expense:

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method periodically. The Group ceases accruing interest income on non-performing loans and, any interest income accruals from such receivables are reversed and no income is accounted until collection is made according to the related regulation.

VI. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

VII. Explanations on financial assets:

The Group classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Group management, taking into consideration the purpose of holding the investment. Regular purchases and sales of financial assets are recorded based on settlement date. Settlement date of a financial asset is the date that the asset is received or delivered by the Group. Settlement date accounting requires; (a) accounting for the financial asset when the asset is received and (b) accounting of disposal of the financial asset and recording the related profit and loss when the asset is delivered. The fair value changes of an asset to be acquired between the trade date and settlement date is accounted in accordance with the basis of valuation of assets.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Accounting policies (continued)

a. Financial assets at fair value through profit or loss:

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are non-derivative financial assets other than loans and receivables, with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity and that are not initially classified as financial assets at fair value through profit/loss or available for sale. Held-to-maturity financial assets are initially recognized at total of acquisition and transaction cost. Held-to-maturity securities are carried at "Amortized cost" using the "Effective interest method" after their initial recognition. Interest income related with held-to-maturity securities is recorded in "Interest income" and impairment arising from a decrease in cost or revalued amounts is recorded in "Provision for impairment of loans and other receivables" accounts.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39, sales or reclassification to available for sale portfolio of insignificant amount of financial assets, sale or reclassification to available for sale portfolio of financial assets which are close to maturity less than three months, or sale or reclassification to available for sale portfolio of assets as a result of significant increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes will not result in tainting.

c. Loans and receivables:

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

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

The Parent Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and the Parent Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

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

d. Available-for-sale financial assets:

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

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

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

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Accounting policies (continued)

VIII. Explanations on impairment of financial assets:

The existence of objective evidence whether a financial asset or group of financial assets is impaired, is assessed at each balance sheet date. If such evidence exists, impairment provision is provided based on the financial assets classification.

Impairment for held to maturity financial assets carried at amortized cost is calculated as the difference between the expected future cash flows discounted at the effective interest rate method and the carrying value. The impairment amount transferred from shareholders' equity to profit or loss for available for sale securities is calculated as the difference between the purchase cost (after deduction of principal repayments and redemption) and the fair value less any impairment that was previously recorded in profit or loss. This amount is recorded in expense accounts in accordance with the UCA.

The principles for the accounting of provisions for loans and receivables are explained in Note VII. of this section.

IX. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repos") are classified as "At fair value through profit or loss", "Available-for-sale" and "Held-to-maturity" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds provided under repurchase agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Group has no securities lending transactions.

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

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

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

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

The Group has no discontinued operations.

XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

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

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

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Accounting policies (continued)

b. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortisation and the provision for impairment.

The Group evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Group estimates a recoverable amount in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets". The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortised over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset. The rates used are presented below:

Credit card brand value, deposit base and customer portfolio	10%
Other intangible assets	20%

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from financial leasing contracts are accounted under "financial lease payables".

Expenses arising from interest and exchange rate changes related to financial leasing liabilities are charged to the income statement. Lease payments are deducted from financial leasing payables.

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.

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Accounting policies (continued)

b. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in consolidated balance sheet. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Company has set this provision in accordance with the Communiqué of BRSA named "The Procedures Regarding the Provisions to Be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies" ("Provisions Communiqué") which was published in the Official Gazette dated 20 July 2007, numbered 26588. According to the Communiqué, specific provisions are set in following proportions: minimum 20% for collateralized lease receivables for which related collections are delayed between 150 and 240 days, minimum 50% for collateralized lease receivables for which related collections are delayed between 240 and 360 day and 100% for collateralized lease receivables for which related collections are delayed more than 1 year.

In accordance with the related Communiqué of Provision, the Financial Lease Company also recognizes specific provision even if the overdue days are less than the days stated above or receivables are not over due at all, by taking into account all the existing data regarding the creditor and based on the principals of reliability and prudence as indicated in the Communiqué about Preparation and Presentation of Financial Statements published in the Official Gazette dated 16 January 2005, numbered 25702.

In the Communiqué of Provisions, it is stated that although it is not mandatory, a general provision which is not related to a specific transaction can be recognised for the losses arising from the principal or interest of lease receivables that are not over due or overdue less than 150 days but the amount of loss is not certain. In accordance with the Communiqué of Provisions, the Company sets a general provision for the lease receivables that have not been considered as doubtful yet.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

XV. Explanations on provisions and contingent assets and liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognised for loans and other receivables, are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognised in the period of occurrence in accordance with the "Matching principle". A provision is recognised when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made, or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for employee rights" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions.

b. Pension rights

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23 paragraph one 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.

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

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9.8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Parent Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

c. Defined contribution plans:

The Bank is required to pay certain contributions to the Social Security Institution on behalf of their employees. Other than these payments, the Group does not have any further obligation in this respect. Such premiums are charged to personnel expenses when incurred.

d. Short term benefits of employee:

According to TAS 19, liabilities derived from unused vacation pay defined in "Short term benefits of employee" are accrued in the period in which they are realized and are not discounted.

XVII. Explanations on taxation:

a. Current tax:

The Corporate Tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. This tax rate is applied to accounting income modified for certain exemptions and deductions, and additions for certain non-tax deductible expenses and allowances for tax purposes. No further tax is payable unless the profit is distributed.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

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Accounting policies (continued)

Under the Turkish Corporate Tax Law, effective from April 24, 2003, investment allowances had provided a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand new fixed assets having economic useful life and exceeding TL 10 and directly related with the production of goods and services and investment allowance that arose prior to April 24, 2003 had been taxed at 19,8% (withholding tax) unless they had been converted to new type at companies' will. Effective from January 1, 2006, Turkish government had ceased to offer investment incentives for capital investments and companies having unused qualifying capital investment amounts as of June 30, 2006 would be able to deduct such amounts from corporate income until the end of December 31, 2008. However, On October 15, 2009, the Ministry of Finance announced that the Turkish Constitutional Court ("TCC") resolved to annul the provision numbered 69 of the Income Tax Law regulating that investment incentives carried forward can only be deducted from the corporate profits of 2006, 2007 and 2008, thus allowing such deduction for unlimited time. The resolution is published in the official gazette dated January 8, 2010. As per the Law numbered 6009, taxpayers are permitted to deduct the investment incentive amount to a limit that does not exceed 25% of the related revenues (within the context of December 31, 2005 legislation including the provision on tax rate stated in the second paragraph of temporary Article 61 of income tax legislation) from their income subject to tax.

As per the decision of the Constitutional Court (decision no: E.2010/93, K. 2012/9 dated February 9, 2012) the effect of the sentence "In so far, the amount to be used as investment incentive exception in the determination of the tax base cannot exceed 25% of the related gain" added to 1st article of the 69th clause of the Law No. 193 was suspended until the date of the publication of the cancellation decision in the Official Gazette to preclude any unpreventable consequences or damages that could rise from the application of the sentence, and to prevent the cancellation decision prove abortive as the sentence was cancelled on February 9, 2012 (decision no: E.2010/93, K.2012/20).

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.

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of September 30, 2012 are as follows:

Netherlands	25,00%
Russia	20,00%
Azerbaijan	20,00%

b. Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and in accordance with BRSA's explanations and circulars and the tax legislation, the Group calculates deferred tax on deductible temporary differences except for general loan loss provisions, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS12.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

Additionally, in accordance with the related legislation of BRSA, deferred tax effect, if income, is not eligible for dividend distribution and share capital increase.

c. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007, 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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Accounting policies (continued)

XVIII. Explanations on borrowings:

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

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

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

XIX. Explanations on issuance of share certificates:

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

No dividend payments of the Parent Bank were announced after the balance sheet date.

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until December 31, 2012 the Group received government grant from TÜBİTAK amounting to TL 1.096 (December 31, 2011 - TL 827).

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	December 31, 2012	December 31, 2011
Group's Profit	2.087.673	2.284.704
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0048	0,0053

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 2012. (December 31, 2011 - no bonus shares were issued).

XXIV. Related parties:

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

XXV. Explanations on operating segments:

Information about operating segments which are determined in line with "Turkish Financial Reporting Standard about Operating Segments" ("TFRS 8") together with organizational and internal reporting structure of the Bank, are disclosed in Note XV of Section Four.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Accounting policies (continued)

XXVI. Explanations on other matters:

Foreign exchange differences arising from translation of foreign subsidiaries have been reclassified to "Other profit reserves". The effect of these classifications on the financial statements as of December 31, 2011 and 2010 are summarized below:

December 31, 2011	Published	Adjustments	Restated
Marketable Securities Valuation Differences	131.124	(245.990)	(114.866)
Other capital reserves	146.641	(827)	145.814
Other profit reserves	-	246.817	246.817

December 31, 2010	Published	Adjustments	Restated
Marketable Securities Valuation Differences	252.797	(78.882)	173.915
Other capital reserves	80.731	(609)	80.122
Other profit reserves	-	79.491	79.491

XXVII. Legal mergers under common control:

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combinations involving entities under common control, by examining the practices included in the generally accepted global accounting standards the Group decided to apply an accounting policy in parallel with the "pooling of interests" method in view of its judgement that the economic substance of the relevant transaction will be most reliably and accurately reflected in this manner. In the accounting of business combinations which occur under common control, assets and liabilities, subject to business combinations, are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year in which the business combinations occurred. Financial statements belonging to previous periods also are adjusted in the same way in order to ensure the comparability. As a result of those transactions, any goodwill or negative goodwill is not calculated. The difference between the investment amount and the share in capital in the acquired company is directly accounted under equity as "the effect of legal mergers under common control".

XXVIII. Other accounting policies:

Premium income of insurance companies is recognised by deducting the ceded premium of reinsurance over written risk premiums.

Claims are booked as expense when reported and paid. Reserve for Outstanding Claims is set aside for the ultimate cost of the claims incurred at the end of the related period, but not paid yet and for the estimated ultimate cost, for the incurred but not reported claims. Reinsurance share of outstanding and paid claims is netted off in mentioned reserves.

Insurance companies, according to the insurance regulation in force, are required to account unearned premium reserves, outstanding claims provision, life mathematical reserves, provision for bonuses and rebates.

Non-life

Unearned premium reserve ("UPR") is calculated on a daily basis for all policies in force for unearned portions of premiums written that belongs to following periods. For marine policies, UPR is calculated as 50% of the last three months' premiums.

Outstanding claim provision is set for the estimated cost of claims notified but not settled and incurred but not reported claims ("IBNR") at the balance sheet date. Incurred but not reported claims are calculated according to the actuarial methods appointed by Undersecretariat of Treasur.

End of the period, for defendant outstanding claim files, which are not paid yet, calculated amount over winning rate of last five years defendant files on branch basis is deducted from outstanding claim reserves of defendant files but deductible amount could not exceed 25% of them.

Reinsurance shares of unearned written premium and outstanding claims reserves are balanced under unearned written premium and outstanding claims reserves.

The unearned portion of commissions paid to agencies for the written premiums, commissions received from reinsurers for the ceded premiums and other expense and income regarding insurance and reinsurance contracts are recorded on a daily basis for all policies in force.

On Group health insurance, bonus and rebates provision is calculated according to current year's technical results for the groups likely to win rights for implementation of bonus and rebates.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Accounting policies (continued)

Life and pension and non-life

Unearned premium reserve, for insurance contracts in effect, consists of that part of the gross premium which extends to the next fiscal period or periods on a daily basis, and in respect of annual life assurances in effect or those life assurances with periods longer than a year for which accumulation premiums are collected, after the portion that has been set aside for the accumulation and the expense share attributable to the accumulation premium is deducted.

No additional provision was required as a result of the liability adequacy tests. The guaranteed returns in the life insurance portfolio are limited to the lower of technical interest calculated as per the profit share distribution system disclosed in the approved profit share technical principals and annual inflation rate.

Outstanding claims provision, consists of the amount of claims that has been reported but not yet paid, estimated amount of claims that has been incurred but not reported and reserves for expenses arising from such claims. In accordance with the Technical Reserves Communiqué numbered 2010-12-14-16, after September 30, 2010, incurred but not reported outstanding claim balance is calculated with the method is determined by Undersecretariat of Treasury.

Mathematical reserve, is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves.

Provision for bonus and rebate; consists of the amounts of bonuses and rebates reserved for insured or beneficiaries according to the technical results of the current year if the company gives bonuses or applies rebates.

The entrance fee income includes the accrued balance when the participants enter the private pension system for the first time or when they open a new private pension account, not exceeding the monthly minimum wage (half of monthly amount for contracts issued after August 9, 2008) at the date the private pension agreement is signed. In the Group's private pension plans, half of the entrance fee is collected within the first year of the contract and is recorded as income. The collection of the other half is deferred till the date the participants leave the private pension system or make a demand for transfer to another company within 10 years (5 years for the contracts issued after August 9, 2008).

For contracts issued before August 9, 2008, based on the entrance fee amount collected at the beginning, the Group contributes a continuity (loyalty) award (for TL contracts, the deferred portion of the entrance fee is increased with the inflation rate), amounting to the deferred portion of the entrance fee which is fixed for foreign currency denominated contracts and the deferred portion of the entrance fee increased with the inflation for TL contracts, to the private pension account of the participants on the condition that the participants hold their private pension account in the Group for 10 years without interruption. For contracts issued after August 9, 2008, loyalty bonus is given when the participants are entitled to pension therefore the calculation of this provision for contracts issued after this date is made over the probability of the participants to keep their pension accounts in the Group until the date of their eligibility to pension.

Fund management charge, which is charged in return for the fund management services, representation and other services provided to pension funds, is recorded as income in the Group's accounts and is shared between the Group and the funds' portfolio manager according to the ratios specified in the agreement signed between the parties. The total charge is recorded to the Group's technical income as fund management revenue and the part of charge which belongs to the funds' portfolio manager thereof, is recorded in the Group's technical expenses.

Management expense deduction, which is deducted as 8% at most, from contributions made to participants' private pension accounts, is accounted for under the management expense deductions account.

Commission expenses incurred for pension fund operations are accounted as pension operating expenses when incurred. The Group, defers the commissions paid for issuing the private pension contracts in the context of TAS 18 "Revenue" and TAS 39 "Financial Instruments: Recognition and Measurement" with the condition of not exceeding the total guaranteed income from these contracts and by considering the expected period of time to secure this income.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

a. The consolidated capital adequacy ratio of the Group is 15,19% (Parent Bank is 16,30 %).

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

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

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

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

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

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

In the calculation of the value at credit risk for the derivative financial instruments and credit derivatives, the receivables from counterparties are multiplied by the rates stated in the Regulation, reduced as per the "Regulation on Credit Risk Mitigation Techniques" and then included in the relevant exposure category defined in Regulation.

c. Information related to capital adequacy ratio:

	Risk Weights							
	Parent Bank							
	0%	20%	50%	75%	100%	150%	200%	Total
Amounts subject to credit risk	22.389.007	6.183.534	23.041.576	30.262.517	59.373.829	3.571.134	3.902.915	148.724.512
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	20.699.166	-	10.878.578	-	-	-	-	31.577.744
Conditional and unconditional receivables from regional or local governments	-	148	-	-	-	-	-	148
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	4.437	-	-	4.437
Conditional and unconditional receivables from multilateral development banks	2.766	-	-	-	-	-	-	2.766
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	6.183.231	3.614.933	-	1.968.498	-	-	11.766.662
Conditional and unconditional receivables from corporates	-	-	-	-	49.984.498	-	-	49.984.498
Conditional and unconditional retail receivables	-	-	-	30.262.517	-	-	-	30.262.517
Conditional and unconditional receivables secured by mortgages	-	-	8.548.065	-	-	-	-	8.548.065
Past due receivables	-	-	-	-	628.879	404.520	-	1.033.399
Receivables defined as high risk category by the Regulator	-	-	-	-	-	3.166.614	3.902.915	7.069.529
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1.687.075	155	-	-	6.787.517	-	-	8.474.747
Credit Risk Weighted Amounts	-	1.236.707	11.520.788	22.696.888	59.373.829	5.356.701	7.805.830	107.990.743

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Information related to financial position of the Group (continued)

	Risk Weights							
	Consolidated							
	0%	20%	50%	75%	100%	150%	200%	Total
Amounts subject to credit risk	23.197.568	6.101.218	23.653.728	30.609.356	66.292.798	3.655.925	3.902.915	157.413.508
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	21.476.246	14.167	11.253.341	-	37.991	-	-	32.781.745
Conditional and unconditional receivables from regional or local governments	-	148	1.505	-	-	-	-	1.653
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	4.438	-	-	4.438
Conditional and unconditional receivables from multilateral development banks	2.766	-	-	-	-	-	-	2.766
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	6.086.748	3.850.891	-	2.213.674	-	-	12.151.313
Conditional and unconditional receivables from corporates	-	-	-	-	59.910.148	-	-	59.910.148
Conditional and unconditional retail receivables	-	-	-	30.609.356	-	-	-	30.609.356
Conditional and unconditional receivables secured by mortgages	-	-	8.547.991	-	-	-	-	8.547.991
Past due receivables	-	-	-	-	698.621	489.311	-	1.187.932
Receivables defined as high risk category by the Regulator	-	-	-	-	-	3.166.614	3.902.915	7.069.529
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1.718.556	155	-	-	3.427.926	-	-	5.146.637
Credit Risk Weighted Amounts	-	1.220.244	11.826.864	22.957.017	66.292.798	5.483.888	7.805.830	115.586.641

d. Summary information about capital adequacy ratio⁽¹⁾:

	The Parent Bank	Consolidated
	Current Period	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8.639.259	9.246.931
Capital requirement for market risk (II) (MRCR)	134.553	220.278
Capital requirement for operational risk (III) (ORCR)	746.900	854.231
Shareholders' equity	19.397.778	19.600.066
Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12.5*100	16,30	15,19

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

e. Information about shareholders' equity items:

	Current Period
Core capital	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	7.118.712
Adjustment to legal reserves	-
Profit	2.841.517
Net Current period profit	2.087.673
Prior period profit	753.844
Provisions for possible losses up to 25% of core capital	246.317
Profit on sale of associates, subsidiaries and buildings	293.705
Primary subordinated loans	-
Minority shares	64.792
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Development cost of operating lease (-)	96.067
Intangible assets (-)	1.361.391
Deferred- assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3 rd paragraph) (-)	-
Goodwill (Net)	-
Total core capital	13.998.517

	Current Period
Supplementary capital	
General provisions	1.339.681
45% of increase in revaluation fund of movables	-
45% of increase in revaluation fund of fixed asstes	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary subordinated loans	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Minority share	-
Total supplementary capital	6.013.921

Capital	20.012.438
Deductions from the capital	412.372
Partnership share on non-consolidated banks and financial institutions.	-
Loans extended o banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Banks and financial institution to which equity method is applied, however, assets and liabilities are not consolidated	212.393
Loans extended being noncompliant with articles 50 and 51 of the Law	3.190
Net book value of properties owned, exceeding 50% bank's equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.844
Securitisations positions that is deducted-preferably-from the shareholders' equity	-
Other	189.945
Total shareholders' equity	19.600.066

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

(2) The figure includes income on sale of equity shares and real estates for TL 297.559 and other reserves for TL (3.854)

(3) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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Information related to financial position of the Group (continued)

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

Assessment process of adequacy of internal capital requirements (ICAAP) is carried out by continuous assessment of the risks to which Parent bank is or might be exposed and it is aimed to identify and maintain sufficient capital to cover these risks. Relevant policies and procedures were prepared within the scope of the internal capital adequacy assessment.

In accordance with this approach, risk types for which economic capital is planned to be calculated are defined and necessary procedures were started to perform calculations. This assessment includes the credit risk, market risk, operational risk, financial investment risk, real estate risk, liquidity risk, reputational risk, strategy risk, counterparty risk, concentration risk, interest rate risk, securitization risk, country risk and transfer risk.

A team responsible for the calculation of economical capital and assessment of ICAAP is established under the Risk Management Department within the Bank.

II. Explanations on consolidated credit risk:

a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty can not fulfill its obligations stated in agreements where the Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

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

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

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

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

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

	Current Period	Prior Period
Above average (1-4)	43,7%	35,9%
Average (5+ -6)	49,4%	51,0%
Below average (7+ -9)	6,9%	13,1%

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

Risk classifications:	Current Period Risk Amount ⁽¹⁾	Average Risk Amount ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	32.605.103	31.924.137
Conditional and unconditional receivables from regional or local governments	1.653	1.590
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4.438	8.744
Conditional and unconditional receivables from multilateral development banks	2.766	3.368
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.079.698	13.662.754
Conditional and unconditional receivables from corporates	61.915.949	62.028.838
Conditional and unconditional retail receivables	30.829.171	30.068.036
Conditional and unconditional receivables secured by mortgages	8.547.991	7.583.482
Past due receivables	1.187.932	1.159.593
Receivables defined as high risk category by the Regulator	7.069.530	6.675.616
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	5.146.637	6.283.078
Total	159.390.868	159.399.236

(1) Represents amounts before taking risk mitigating factors into considerations. Off balance sheet items are included after using the conversion factors stated in the Regulation.

(2) Average figures represent last 6 month-end risk amounts after the application of the Regulation on 28 June 2012.

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

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

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

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

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

e. 1. The proportion of the Parent Bank's top 100 and 200 cash loan balances in total cash loans is 18% and 23%.

2. The proportion of the Parent Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 39% and 48%.

3. The proportion of the Parent Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 19% and 25% of total cash loans and non-cash loans.

f. The Group provided a general loan loss provision amounting to TL 1.339.681 (December 31, 2011 - TL 1.052.268).

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

ğ. Risk profile according to the geographical concentration:

	Risk Classifications*											Total
	1	2	3	4	5	6	7	8	9	10	11	
Current Period												
Domestic	32.051.168	277	4.438	-	5.311.757	58.959.712	30.815.645	8.528.549	1.169.033	7.069.530	5.133.441	149.043.550
EU countries	504.173	-	-	1.335	5.409.395	886.615	4.480	18.868	1.305	-	-	6.826.171
OECD countries**	14.088	-	-	-	385.837	33.553	233	-	7.280	-	-	440.991
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	22.059
USA, Canada	-	-	-	1.431	557.587	152.494	6.533	141	3	-	-	718.189
Other countries	35.674	1.376	-	-	413.361	1.863.285	2.272	433	10.311	-	6.393	2.333.105
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	6.803	6.803
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-
Total	32.605.103	1.653	4.438	2.766	12.079.698	61.915.949	30.829.171	8.547.991	1.187.932	7.069.530	5.146.637	159.390.868

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

** OECD Countries other than EU countries, USA and Canada

*** Assets and liabilities are not allocated on a consistent basis

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications*											TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11			
Agricultural	-	-	-	-	-	1.487.097	794.578	151.506	36.315	-	-	473.395	1.996.101	2.469.496
Farming and raising livestock	-	-	-	-	-	1.373.896	686.480	138.108	33.119	-	-	412.423	1.819.180	2.231.603
Forestry	-	-	-	-	-	64.938	87.653	11.042	1.546	-	-	36.784	128.395	165.179
Fishing	-	-	-	-	-	48.263	20.445	2.356	1.650	-	-	24.188	48.526	72.714
Manufacturing	-	1	20	-	2.399	31.281.583	5.916.378	1.993.497	371.159	-	2.343	22.279.958	17.287.422	39.567.380
Mining	-	-	-	-	2.399	6.415.216	687.467	234.874	63.055	-	43	4.689.612	2.713.442	7.403.054
Production	-	1	11	-	-	20.033.163	5.126.057	1.666.873	301.050	-	2.300	13.132.889	13.996.566	27.129.455
Electric, gas and water	-	-	9	-	-	4.833.204	102.854	91.750	7.054	-	-	4.457.457	577.414	5.034.871
Construction	4	134	-	-	289.449	7.644.386	2.103.247	823.207	103.244	-	-	5.063.587	5.900.084	10.963.671
Services	32.322.861	68	4.179	1.431	8.973.923	15.499.145	4.592.720	1.752.080	214.598	-	3.031.215	32.409.138	33.983.082	66.392.220
Wholesale and retail trade	-	1	3	-	54.696	5.163.766	2.631.825	557.728	84.123	-	-	1.682.561	6.809.581	8.492.142
Hotel, food and beverage services	-	-	24	-	-	1.235.195	366.395	609.290	18.878	-	-	1.333.517	896.265	2.229.782
Transportation and telecommunication	-	-	8	-	100	3.837.081	672.839	316.057	48.540	-	-	3.323.134	1.551.491	4.874.625
Financial institutions	32.322.861	6	8	1.431	8.915.180	3.212.203	119.173	49.540	12.575	-	3.028.462	25.051.620	22.609.819	47.661.439
Real estate and renting services	-	-	-	-	-	190.703	28.849	14.299	10.439	-	-	133.538	110.752	244.290
Self-employment services	-	-	-	-	-	427.048	223.575	34.114	7.298	-	95	208.394	483.736	692.130
Education services	-	-	67	-	-	76.132	57.414	10.999	1.948	-	-	24.675	121.885	146.560
Health and social services	-	61	4.069	-	3.947	1.357.017	492.650	160.053	30.797	-	2.658	651.699	1.399.553	2.051.252
Other	282.238	1.450	239	1.335	2.813.927	6.003.738	17.422.248	3.827.701	462.616	7.069.530	2.113.079	5.043.636	34.954.465	39.998.101
Total	32.605.103	1.653	4.438	2.766	12.079.698	61.915.949	30.829.171	8.547.991	1.187.932	7.069.530	5.146.637	65.269.714	94.121.154	159.390.868

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

1. Claims on sovereigns and Central Banks
2. Claims on regional governments or local authorities
3. Claims on administrative bodies and other non-commercial undertakings
4. Claims on multilateral development banks
5. Claims on banks and intermediary institutions
6. Claims on corporates
7. Claims included in the regulatory retail portfolios
8. Claims secured by residential property
9. Past due loans
10. Higher risk categories decided by the Board
11. Other receivables

h. Risk profile according to remaining maturities:

Risk classifications	According to their outstanding maturities					Total
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Conditional and unconditional receivables from central governments or central banks	9.068.910	332.597	681.591	64.545	20.545.301	30.692.944
Conditional and unconditional receivables from regional or local governments	-	-	1.505	-	3	1.508
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	3	-	41	44
Conditional and unconditional receivables from multilateral development banks	415	115	332	874	522	2.258
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.706.931	2.254.129	1.411.816	684.185	2.367.476	10.424.537
Conditional and unconditional receivables from corporates	7.149.864	6.110.001	9.604.314	7.074.299	25.045.192	54.983.670
Conditional and unconditional retail receivables	523.084	1.486.885	3.766.393	4.074.505	21.827.505	31.678.372
Conditional and unconditional receivables secured by mortgages	140.305	252.951	663.664	444.245	7.046.900	8.548.065
Past due receivables	5.078	48.347	107.101	23.915	289.101	473.542
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	182.703	34.093	55.057	51.850	494.302	818.005
General Total	20.777.290	10.519.118	16.291.776	12.418.418	77.616.343	137.622.945

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

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

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

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

i. Risk balances according to risk weights:

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

Risk Weights	0%	20%	50%	75%	100%	150%	200%	Total	Deductions from the shareholders' equity
1 Total exposure before credit risk mitigation	23.134.193	6.123.950	23.446.113	30.829.172	68.298.600	3.655.925	3.902.915	159.390.868	412.372
2 Total exposure after credit risk mitigation	23.197.568	6.101.218	23.653.728	30.609.356	66.292.798	3.655.925	3.902.915	157.413.508	412.372

j. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of 31 December 2012 in accordance with the "Regulation On Procedures And Principles For Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside".

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of 31 December 2012 in accordance with the "Regulation On Procedures And Principles For Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside".

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
Agricultural	63.728	122.729	3.492	35.934
Farming and raising livestock	56.117	106.137	3.167	32.009
Forestry	3.787	7.483	156	2.028
Fishing	3.824	9.109	169	1.897
Manufacturing	996.445	1.163.294	51.804	649.482
Mining	16.469	136.130	11.520	10.060
Production	966.689	1.015.302	39.969	633.931
Electric, gas and water	13.287	11.862	315	5.491
Construction	222.735	527.932	24.152	111.321
Services	429.718	775.075	28.082	268.890
Wholesale and retail trade	172.464	304.019	9.490	91.506
Hotel, food and beverage services	31.939	90.596	1.805	14.263
Transportation and telecommunication	125.672	214.600	10.950	89.309
Financial institutions	5.076	35.219	2.561	2.726
Real estate and renting services	58.971	63.652	1.444	52.123
Self-employment services	-	-	-	-
Education services	3.423	7.402	177	1.606
Health and social services	32.173	59.587	1.655	17.357
Other	1.116.322	1.300.067	42.244	649.036
Total	2.828.948	3.889.097	149.774	1.714.663

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

The Group provides specific provisions for loans which are overdue for 90 days or more by taking into account the collaterals received from customers in accordance with the Provisioning Regulation. Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provision" are allocated as per the Provisioning Regulation and carried out taking into account the collaterals received from customers.

	Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments*	Close out balance
1 Specific provisions	1.393.221	794.368	(29.869)	(559.806)	1.597.914
2 General provisions	1.052.268	358.601	(71.188)	-	1.339.681

* Figure represents write-off's and also includes NPL sales amounts.

III. Explanations on market risk⁽¹⁾:

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

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

Market risk policies, which are approved by the Board of Directors of the Bank and updated annually, if needed; include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications. The table below shows details of the market risk as of December 31, 2012 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

(1). Information on market risk:

	Current Period
(I) Capital requirement against general market risk - standard method	28.424
(II) Capital requirement against specific risks - standard method	28.588
Capital requirement against specific risks of securitization positions- standard method	-
(III) Capital requirement against currency exchange risk - standard method	139.660
(IV) Capital requirement against commodity risks - standard method	3.024
(V) Capital requirement against exchange risks - standard method	-
(VI) Capital requirement against market risks of options - standard method	1.277
(VII) Capital requirement against counterparty credit risks - standard method	19.305
(VIII) Capital requirement against market risks of banks applying risk measurement model	-
(IX) Total capital requirement against market risk (i+ii+iii+iv+v+vi+vii) (i+ii+iii+iv+v+vi+vii+viii)	220.278
(IX) Value-at-market risk ((12.5*viii) or (12.5*ix))	2.753.475

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

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

	Average ⁽¹⁾	Maximum ⁽¹⁾	Minimum ⁽¹⁾
Interest rate risk	24.539	28.424	20.653
Share price risk	27.076	28.588	25.564
Currency risk	83.764	139.660	27.868
Commodity risk	2.513	3.024	2.002
Settlement risk	-	-	-
Option risk	828	1.277	379
Counterparty credit risk	23.056	26.807	19.305
Total amount subject to risk	161.776	227.780	95.771

(1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".

(2) Quantitative information on counterparty risk;

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

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

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

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

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

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

Total counterparty credit risk from trading activities is TL 241.313 for the period ended December 31, 2012.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

	Current Period ⁽¹⁾
Interest rate contracts	56.795
Foreign exchange rate contracts	538.089
Commodity contracts	-
Equity shares related contracts	6.768
Other	-
Gross Positive Fair Value	291.112
Netting benefits	-
Net current exposure amount	-
Collateral received	-
Net derivative position	291.112

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

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

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

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2011, 2010 and 2009 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2012, the total amount subject to operational risk is TL 10.677.893 (December 31, 2011 - TL 9.764.669) and the amount of the related capital requirement is TL 854.231 (December 31, 2011 - TL 781.174).

	2 PP value	1 PP value	CD value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5.812.628	5.408.337	5.863.663	5.694.876	15	854.231
Amount subject to operational risk (Total*12,5)						10.677.893

V. Explanations on consolidated currency risk:

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

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

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

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

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	TL 1,73800	TL 2,29290
December 31, 2012 bid rate	TL 1,73800	TL 2,29290
December 28, 2012 bid rate	TL 1,73830	TL 2,30660
December 27, 2012 bid rate	TL 1,74020	TL 2,29770
December 26, 2012 bid rate	TL 1,74300	TL 2,29960
December 25, 2012 bid rate	TL 1,74460	TL 2,30600

Arithmetic average of the last 31 days: TL 1,73512 TL 2,27387

As of December 31, 2011;

	USD	EUR
Balance sheet evaluation rate	TL 1,84170	TL 2,38270

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Information related to financial position of the Group (continued)**Information on currency risk of the Group:**

	EURO	USD	Other FC	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.137.276	6.247.407	1.482.453	9.867.136
Banks	1.386.565	1.263.648	591.717	3.241.930
Financial assets at fair value through profit or loss	42.680	206.608	1.007	250.295
Money market placements	-	111.234	-	111.234
Available-for-sale financial assets	441.374	7.122.856	36.043	7.600.273
Loans ⁽¹⁾	8.487.116	17.249.373	1.005.895	26.742.384
Investments in associates, subsidiaries and joint ventures	-	-	193.934	193.934
Held-to-maturity investments	227.237	2.281.950	-	2.509.187
Hedging derivative financial assets	-	-	-	-
Tangible assets	1.376	-	32.976	34.352
Intangible assets	-	-	7.427	7.427
Other assets ⁽²⁾	2.279.373	1.817.321	195.644	4.292.338
Total assets	15.002.997	36.300.397	3.547.096	54.850.490
Liabilities				
Bank deposits	537.326	313.551	92.004	942.881
Foreign currency deposits	9.738.974	17.455.225	1.990.046	29.184.245
Funds from money market	229.655	2.878.198	-	3.107.853
Funds borrowed from other financial institutions	6.625.576	6.231.463	96.730	12.953.769
Marketable securities issued	791.762	1.735.336	-	2.527.098
Miscellaneous payables	378.281	347.672	41.874	767.827
Hedging derivative financial liabilities	101.488	391.198	-	492.686
Other liabilities	3.188.761	3.525.678	9.355	6.723.794
Total liabilities	21.591.823	32.878.321	2.230.009	56.700.153
Net on balance sheet position	(6.588.826)	3.422.076	1.317.087	(1.849.663)
Net off balance sheet position⁽²⁾	6.793.461	(2.450.573)	(1.125.486)	3.217.402
Financial derivative assets	8.414.043	8.012.504	498.265	16.924.812
Financial derivative liabilities	1.620.582	10.463.077	1.623.751	13.707.410
Non-cash loans	6.646.932	10.302.197	319.151	17.268.280
December 31, 2011				
Total assets	17.210.270	33.171.768	2.572.881	52.954.919
Total liabilities	22.184.070	32.385.364	2.154.678	56.724.112
Net on-balance sheet position	(4.973.800)	786.404	418.203	(3.769.193)
Net off-balance sheet position	6.151.489	(2.580.679)	(45.548)	3.525.262
Financial derivative assets	7.405.899	7.682.168	375.922	15.463.989
Financial derivative liabilities	1.254.410	10.262.847	421.470	11.938.727
Non-cash loans	4.852.200	10.223.512	601.405	15.677.117

(1) Includes FX indexed loans amounting to TL 3.221.773 (December 31, 2011 - TL 3.920.053) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 42.186 (December 31, 2011 - TL 34.204).

Currency risk sensitivity analysis⁽¹⁾:

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

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

	Current Period	Prior Period
Change in currency exchange rates	Profit/loss effect ⁽¹⁾	Profit/loss effect ⁽¹⁾
(+) 15%	(27.818)	(39.850)
(-) 15%	27.818	39.850

(1) Disclosed above is that of the Parent Bank.

(2) Excluding tax effect.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

VI. Explanations on consolidated interest rate risk:

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	11.487.948	11.487.948
Banks	2.392.151	432.471	554.909	234.203	-	1.728.763	5.342.497
Financial assets at fair value through profit/loss	143.366	129.234	226.709	131.175	297.895	74.616	1.002.995
Money market placements	2.664.118	109.118	-	-	-	-	2.773.236
Available-for-sale financial assets	1.687.065	1.608.723	2.450.574	3.206.361	6.679.098	18.627	15.650.448
Loans	17.633.269	18.762.035	20.163.124	15.503.331	4.821.813	1.905.275	78.788.847
Held-to-maturity investments	17.390	1.614.522	1.462.174	326.880	2.406.728	-	5.827.694
Other assets	1.565.677	733.369	981.945	1.489.414	123.421	5.730.270	10.624.096
Total assets	26.103.036	23.389.472	25.839.435	20.891.364	14.328.955	20.945.499	131.497.761
Liabilities							
Bank deposits	173.294	363.879	406.122	124.776	66.040	315.172	1.449.283
Other deposits	42.197.427	12.674.271	2.692.833	669.909	9.385	11.450.283	69.694.108
Funds from money market	4.871.821	1.601.854	-	-	-	-	6.473.675
Miscellaneous payables	31	-	-	-	-	5.775.451	5.775.482
Marketable securities issued	170.578	1.673.832	1.233.009	869.086	-	-	3.946.505
Funds borrowed from other financial institutions	1.528.821	3.746.112	6.369.533	2.032.146	617.719	-	14.294.331
Other liabilities and shareholders' equity	319.467	2.780.837	1.750.754	350.692	1.877.374	22.785.253	29.864.377
Total liabilities	49.261.439	22.840.785	12.452.251	4.046.609	2.570.518	40.326.159	131.497.761
Balance sheet long position	-	548.687	13.387.184	16.844.755	11.758.437	-	42.539.063
Balance sheet short position	(23.158.403)	-	-	-	-	(19.380.660)	(42.539.063)
Off-balance sheet long position	4.790.681	13.604.142	-	-	-	-	18.394.823
Off-balance sheet short position	-	-	(1.488.734)	(16.149.146)	(1.356.983)	-	(18.994.863)
Total position	(18.367.722)	14.152.829	11.898.450	695.609	10.401.454	(19.380.660)	(600.040)

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Information related to financial position of the Group (continued)

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 Turkey	-	-	-	-	-	10.081.703	10.081.703
Banks	1.593.147	289.844	268.240	272.225	-	1.005.068	3.428.524
Financial assets at fair value through profit/loss	68.260	74.433	259.683	95.613	17.804	41.037	556.830
Money market placements	2.173.561	-	-	-	-	-	2.173.561
Available-for-sale financial assets	957.834	165.745	2.389.281	1.768.348	2.712.642	17.426	8.011.276
Loans	10.043.452	5.959.171	16.055.788	21.506.848	14.213.791	2.291.864	70.070.914
Held-to-maturity investments	423.296	1.671.715	1.212.450	2.721.385	6.681.776	-	12.710.622
Other assets	696.809	1.599.063	1.068.662	1.457.089	195.030	5.400.048	10.416.701
Total assets	15.956.359	9.759.971	21.254.104	27.821.508	23.821.043	18.837.146	117.450.131
Liabilities							
Bank deposits	665.788	295.368	284.029	43.102	95.463	178.739	1.562.489
Other deposits	37.568.281	13.004.721	2.626.054	556.390	20.032	10.848.583	64.624.061
Funds from money market	3.767.886	2.039.669	1.078.338	-	-	-	6.885.893
Miscellaneous payables	20	-	-	-	-	4.795.480	4.795.500
Marketable securities issued	145.048	2.146.847	956.822	-	-	-	3.248.717
Funds borrowed from other financial institutions	2.029.221	4.652.783	5.954.420	1.462.084	584.394	-	14.682.902
Other liabilities and shareholders' equity	326.274	1.731.901	1.587.816	400.887	135.494	17.468.197	21.650.569
Total liabilities	44.502.518	23.871.289	12.487.479	2.462.463	835.383	33.290.999	117.450.131
Balance sheet long position	-	-	8.766.625	25.359.045	22.985.660	-	57.111.330
Balance sheet short position	(28.546.159)	(14.111.318)	-	-	-	(14.453.853)	(57.111.330)
Off-balance sheet long position	4.590.724	12.445.139	1.162.079	-	-	-	18.197.942
Off-balance sheet short position	-	-	-	(17.481.361)	(658.792)	-	(18.140.153)
Total position	(23.955.435)	(1.666.179)	9.928.704	7.877.684	22.326.868	(14.453.853)	57.789

b. Average interest rates for monetary financial instruments:

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

Current Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,15	-	-	-
Banks	0,68	2,17	-	7,92
Financial assets at fair value through profit/loss	0,89	3,80	-	6,81
Money market placements	-	0,60	-	6,16
Available-for-sale financial assets	4,49	7,05	-	9,16
Loans	5,24	5,15	4,40	12,48
Held-to-maturity investments	4,68	5,51	-	8,97
Liabilities				
Bank deposits	3,49	0,90	-	6,23
Other deposits	2,98	2,95	0,30	8,34
Funds from money market	0,71	1,41	-	6,21
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,34	3,81	2,46	8,29

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	0,07	-	-	-
Banks	1,52	3,39	-	11,59
Financial assets at fair value through profit/loss	5,76	4,20	-	8,32
Money market placements	-	0,50	-	12,48
Available-for-sale financial assets	5,83	6,80	-	9,80
Loans	5,61	4,92	4,02	13,74
Held-to-maturity Investments	5,00	6,70	-	9,91
Liabilities				
Bank deposits	3,00	1,89	-	9,46
Other deposits	3,97	4,70	0,30	10,91
Funds from money market	2,45	1,95	-	9,19
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,20	3,00	-	10,40
Funds borrowed from other financial institutions	3,09	2,44	2,21	11,45

c. Interest rate risk arising from banking accounts:

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

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

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

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

Economic value differences resulting from interest rate fluctuations as of December 31, 2012 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

Currency ⁽¹⁾	Applied shock (+/- x basis points)	Gains/ Losses	Gains/SE- Losses/SE
TRY	(+)500 bp	(1.128.662)	% (5,82)
TRY	(-)400 bp	1.133.925	%5,85
EURO	(+)200 bp	16.022	%0,08
EURO	(-)200 bp	(2.965)	% (0,02)
USD	(+)200 bp	(846.215)	% (4,36)
USD	(-)200 bp	1.209.228	%6,23
Total (for negative shock)		2.340.188	%12,06
Total (for positive shock)		(1.958.855)	% (10,10)

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

VII. Information about position risk of equity shares in banking book:

1. Information on realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Group has no unconsolidated subsidiaries and joint venture quoted in Istanbul Stock Exchange as of December 31, 2012.

2. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals:

None.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

VIII. Explanations on consolidated liquidity risk:

Liquidity risk covers the inability to fund increases in assets or to meet liabilities when they are due and other risks arising from transactions undertaken in illiquid markets. These risks contain maturity mismatch risk, emergency risk and market liquidity risk.

The main objective of the Parent Bank's overall liquidity management is to ensure the continuity of the Bank's payment obligations and sustain the level of payments availability in crisis time without risking the value and the brand name of the Bank. For this reason, two different models are defined: the current situation liquidity management and emergency situation liquidity management.

The current situation liquidity risk is monitored by the reports of short and long term liquidity. Short-term liquidity position is monitored on a daily basis including the legal Liquidity Adequacy Reports as to whether the position is within legal limits. Long-term liquidity position aims to ensure the financial stability of the balance sheet and is monitored on a monthly basis. On a monthly basis, the Asset and Liability Management function within the scope of the meetings of the Executive Board evaluates the Parent Bank's liquidity position and actions are taken when necessary.

In cases when the future financial events require more liquidity than the Bank's daily liquidity needs, "Emergency Situation Liquidity Plan" is activated where duties and responsibilities are defined in detail. Liquidity stress test scenarios are used to measure the Bank's resistance to unexpected situations.

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

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2012 and 2011 are disclosed below.

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

	First-term period (Weekly)		Second-term period (Monthly)	
	FC	Total	FC	Total
Prior Period				
Average %	146,26	154,79	101,83	113,56
Highest %	187,20	189,05	128,50	126,62
Lowest %	115,02	135,55	83,91	100,74

(1) The table disclosed above is that of the Parent Bank.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified ⁽¹⁾⁽²⁾	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	3.657.400	7.830.548	-	-	-	-	-	11.487.948
Banks	1.728.763	2.392.153	431.164	553.508	236.909	-	-	5.342.497
Financial assets at fair value through profit or loss	39.901	123.651	100.733	224.895	142.727	336.373	34.715	1.002.995
Money market placements	-	2.664.118	109.118	-	-	-	-	2.773.236
Available-for-sale financial assets	80.940	862.895	323.454	273.382	4.840.883	9.250.267	18.627	15.650.448
Loans	-	14.216.810	8.351.301	19.661.444	22.011.620	13.571.483	976.189	78.788.847
Held-to-maturity Investments	-	17.390	28.963	24.094	3.350.519	2.406.728	-	5.827.694
Other assets ⁽¹⁾	2.023.819	1.690.833	723.694	1.183.599	1.835.099	178.219	2.988.833	10.624.096
Total assets	7.530.823	29.798.398	10.068.427	21.920.922	32.417.757	25.743.070	4.018.364	131.497.761
Liabilities								
Bank deposits	315.172	173.294	363.879	406.122	124.776	66.040	-	1.449.283
Other deposits	11.450.283	41.911.199	12.704.904	2.711.973	906.364	9.385	-	69.694.108
Funds borrowed from other financial institutions	-	1.386.088	533.132	7.838.842	3.324.978	1.211.291	-	14.294.331
Funds from money market	-	4.871.821	1.601.854	-	-	-	-	6.473.675
Marketable securities issued	-	170.578	110.590	1.217.897	2.335.267	112.173	-	3.946.505
Miscellaneous payables	713.649	4.832.424	52.776	83.762	5.509	64	87.298	5.775.482
Other liabilities ⁽²⁾	382.727	362.910	342.635	1.172.764	4.867.694	3.396.861	19.338.786	29.864.377
Total liabilities	12.861.831	53.708.314	15.709.770	13.431.360	11.564.588	4.795.814	19.426.084	131.497.761
Net liquidity gap	(5.331.008)	(23.909.916)	(5.641.343)	8.489.562	20.853.169	20.947.256	(15.407.720)	-
Prior Period								
Total assets	8.800.029	20.271.069	7.646.772	19.435.121	30.964.178	26.505.875	3.827.087	117.450.131
Total liabilities	13.264.260	47.158.808	16.145.014	15.457.901	9.726.194	2.422.734	13.275.220	117.450.131
Net liquidity gap	(4.464.231)	(26.887.739)	(8.498.242)	3.977.220	21.237.984	24.083.141	(9.448.133)	-

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

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

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

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

Current Period ⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	54.142.891	13.250.322	3.220.517	1.122.603	83.901	71.820.234
Funds borrowed from other financial institutions	1.389.694	673.331	8.081.360	3.734.421	1.316.431	15.195.237
Funds from money market	4.883.739	1.605.242	-	-	-	6.488.981
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	219.245	1.247.226	2.540.568	112.173	4.289.790
Total	60.586.902	15.790.378	12.809.772	10.918.280	5.130.746	105.236.078

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

Prior Period ⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	48.631.002	13.429.422	3.674.818	696.942	145.030	66.577.214
Funds borrowed from other financial institutions	1.799.739	649.283	9.104.618	3.235.131	827.007	15.615.778
Funds from money market	3.529.197	1.647.208	1.096.668	663.952	-	6.937.025
Subordinated loans	-	28.585	100.180	2.534.617	491.272	3.154.654
Marketable securities issued	700	116.212	1.457.768	1.692.192	133.264	3.400.136
Total	53.960.638	15.870.710	15.434.052	8.822.834	1.596.573	95.684.807

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

IX Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

For the guarantees that are taken to mitigate the credit risk; credit worthiness of the guarantor is measured.

The Parent Bank carries out its activities in accordance with the BRSA Communiqué for the valuation of the loans granted for financing of a real estate.

Cheques and notes in connection with a real business transaction are taken into consideration to mitigate the credit risk.

In order to use bank guarantee as collateral for a credit risk; it is required to have a counterparty limit on behalf of the guarantor bank and not to have mismatch of the maturity and the amount of the guarantee and the credit risk.

In the process of credit allocation, cash blockage guarantees, pledges, mortgages, guarantees and warranties are considered as risk-reducing collaterals.

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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Information related to financial position of the Group (continued)

The Group's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international and local regulations and internal policies. With regards to the limitation of risks, also internal limits are employed besides regulatory limits. Possible changes that may occur in the economic environment are taken into account for determining these limits.

Information about guaranties according to risk classifications:

Risk classifications ⁽¹⁾	Amount ⁽¹⁾	Financial guaranties ⁽²⁾	Other / Physical guaranties ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	34.908.557	-	-	-
Conditional and unconditional receivables from regional or local governments	2.257	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	16.558	-	-	-
Conditional and unconditional receivables from multilateral development banks	139.548	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	53.195.501	35.649	-	-
Conditional and unconditional receivables from corporates	186.894.338	2.468.165	-	110.424
Conditional and unconditional retail receivables	74.958.666	253.163	-	9.112
Conditional and unconditional receivables secured by mortgages	8.663.206	-	-	-
Past due receivables	1.187.932	-	-	-
Receivables defined in high risk category by the Regulator	7.069.530	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	8.792.805	-	-	-
Total	375.828.898	2.756.977	-	119.536

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

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

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

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

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	108.382.722	96.394.897	110.127.482	98.662.117
Due from money market	2.773.236	2.173.561	2.773.236	2.173.561
Banks	5.342.497	3.428.524	5.366.421	3.445.199
Available-for-sale financial assets	15.650.448	8.011.276	15.650.448	8.011.276
Held-to-maturity investments	5.827.694	12.710.622	6.192.442	12.975.342
Loans	78.788.847	70.070.914	80.144.935	72.056.739
Financial liabilities	100.355.351	91.437.485	101.538.028	91.381.062
Bank deposits	1.449.283	1.562.489	1.546.848	1.565.177
Other deposits	69.694.108	64.624.061	69.694.108	64.624.061
Funds borrowed from other financial institutions	14.294.331	14.682.902	14.377.989	14.623.791
Subordinated loans	5.195.642	2.523.816	6.166.951	2.523.816
Marketable securities issued	3.946.505	3.248.717	3.976.650	3.248.717
Miscellaneous payables	5.775.482	4.795.500	5.775.482	4.795.500

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

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

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

The fair value of other deposits due to the short maturity is assumed to approximate their carrying value.

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

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

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	565.441	437.554	-	1.002.995
Government debt securities	493.996	-	-	493.996
Share certificates	31.365	3.350	-	34.715
Trading derivative financial assets	-	420.483	-	420.483
Other marketable securities	40.080	13.721	-	53.801
Available-for-sale financial assets	13.967.588	1.664.233	18.627	15.650.448
Government debt securities	13.704.705	5.740	-	13.710.445
Other marketable securities ⁽¹⁾	262.883	1.658.493	18.627	1.940.003
Hedging derivative financial assets	-	94.166	-	94.166
Total assets	14.533.029	2.195.953	18.627	16.747.609
Trading derivative financial liabilities	-	384.481	-	384.481
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	-	1.289.168	-	1.289.168

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	268.127	288.703	-	556.830
Government debt securities	227.090	-	-	227.090
Share certificates	-	-	-	-
Trading derivative financial assets	-	274.618	-	274.618
Other marketable securities	41.037	14.085	-	55.122
Available-for-sale financial assets	6.352.710	1.641.140	17.426	8.011.276
Government debt securities	6.236.030	-	-	6.236.030
Other marketable securities ⁽¹⁾	116.680	1.641.140	17.426	1.775.246
Hedging derivative financial assets	-	377.335	-	377.335
Total assets	6.620.837	2.307.178	17.426	8.945.441
Trading derivative financial liabilities	-	540.339	-	540.339
Hedging derivative financial liabilities	-	502.841	-	502.841
Total liabilities	-	1.043.180	-	1.043.180

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

In the current year, there is no transfer between Level 1 and Level 2.

The increase in the current year on Level 3 amounting to TL 1.201 is due to capital increases in non-public equity shares.

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of September 30, 2012;

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")
- Net Investment Hedge ("NIH")

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

Contractual amounts and the fair values as at December 31, 2012 and December 31, 2011 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	18.479.953	170	814.454	16.218.598	7.588	483.882
Cross currency interest rate swap	1.772.858	93.996	90.233	2.782.807	369.747	18.959
Total	20.252.811	94.166	904.687	19.001.405	377.335	502.841

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 20.528.904 (December 31, 2011 - TL 19.642.646) the total notional of derivative financial assets amounting to TL 40.781.715 (December 31, 2011 - TL 38.644.051) 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 detail in the accounting principles section of these financial statements in Section III. Part IV.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Fair value hedge accounting:

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

The impact of application of FVH accounting is summarized below;

Current Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

(1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency 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 5.689.

Prion Period

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	107.204	369.747	18.959	(117.225)

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 4.426.

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Cash flow hedge accounting:

The Parent Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps 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 FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	7.588	483.882	(308.530)	(206.702)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 1.076.

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur.

Net Investment Hedge

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2012 is EUR 264 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 96.731 net-off tax (December 31, 2011 - TL 112.775 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

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

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

XV. Explanations on consolidated operating segments:

The Group carries out its banking operations through three main business units: (1) Retail Banking (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

The Parent Bank's Retail Banking activities include card payment systems, SME (small medium size enterprises) banking and individual banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages and commercial loans), commercial instalment 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 different 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 Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Foreign operations include the Group's banking transactions in the Netherlands, Azerbaijan and Russia. Other operations mainly consist of treasury management's results, operations of supporting business units, insurance operations and other unallocated transactions.

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

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance and retirement	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue	3.003.309	1.565.201	123.909	159.724	434.233	326.476	1.859.785	(91.235)	7.381.402
Operating expenses	(2.283.382)	(424.478)	(67.650)	(72.831)	(173.799)	(192.777)	(1.510.829)	47.586	(4.678.160)
Net operating income	719.927	1.140.723	56.259	86.893	260.434	133.699	348.956	(43.649)	2.703.242
Dividend income ⁽²⁾							1.661		1.661
Income/Loss from Investments accounted based on equity method							17.791		17.791
Profit before tax	719.927	1.140.723	56.259	86.893	260.434	133.699	368.408	(43.649)	2.722.694
Tax provision ⁽²⁾							(624.934)		(624.934)
Net Profit	719.927	1.140.723	56.259	86.893	260.434	133.699	(256.526)	(43.649)	2.097.760
Minority interest (-)							(10.087)		(10.087)
Group income/loss	719.927	1.140.723	56.259	86.893	260.434	133.699	(266.613)	(43.649)	2.087.673
Segment assets	38.170.950	31.191.828	169.225	4.955.523	7.149.217	2.019.163	48.760.496	(1.137.837)	131.278.565
Investments in associates, subsidiaries and joint ventures							219.196		219.196
Toplam varlıklar	38.170.950	31.191.828	169.225	4.955.523	7.149.217	2.019.163	48.979.692	(1.137.837)	131.497.761
Segment liabilities ⁽³⁾	30.189.733	25.936.583	17.125.662	4.095.876	5.626.880	1.578.500	32.066.188	(1.161.199)	115.458.223
Shareholders' equity							16.039.538		16.039.538
Total liabilities	30.189.733	25.936.583	17.125.662	4.095.876	5.626.880	1.578.500	48.105.726	(1.161.199)	131.497.761

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance and retirement	Treasury, Asset- Liability Management and Other	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue	2.685.663	1.325.890	128.391	166.037	419.034	269.858	1.553.626	78.764	6.627.263
Operating expenses	(1.551.352)	(480.026)	(65.899)	(92.821)	(123.717)	(164.068)	(1.369.431)	75.904	(3.771.410)
Net operating income	1.134.311	845.864	62.492	73.216	295.317	105.790	184.195	154.668	2.855.853
Dividend income ⁽²⁾							5.891		5.891
Income/Loss from Investments accounted based on equity method							14.420		14.420
Profit before tax	1.134.311	845.864	62.492	73.216	295.317	105.790	204.506	154.668	2.876.164
Tax provision ⁽²⁾							(584.784)		(584.784)
Net Profit	1.134.311	845.864	62.492	73.216	295.317	105.790	(380.278)	154.668	2.291.380
Minority interest (-)							(6.676)		(6.676)
Group income/loss	1.134.311	845.864	62.492	73.216	295.317	105.790	(386.954)	154.668	2.284.704
Segment assets ⁽³⁾	31.022.708	32.454.527	230.862	5.068.889	6.447.543	1.734.755	42.526.127	(2.245.673)	117.239.738
Investments in associates, subsidiaries and joint ventures							210.393		210.393
Toplam varlıklar	31.022.708	32.454.527	230.862	5.068.889	6.447.543	1.734.755	42.736.520	(2.245.673)	117.450.131
Segment liabilities ⁽³⁾	25.921.556	22.672.713	15.712.099	4.250.605	5.041.952	1.360.840	32.096.423	(2.241.291)	104.814.897
Shareholders' equity							12.635.234		12.635.234
Total liabilities	25.921.556	22.672.713	15.712.099	4.250.605	5.041.952	1.360.840	44.731.657	(2.241.291)	117.450.131

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Section five

Explanations and notes related to consolidated financial statements

I. Explanations and notes related to consolidated assets:

a. Information related to cash and the account of the Central Bank:

1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.206.771	339.996	781.556	251.463
The CBRT ⁽¹⁾	414.040	9.147.081	3.870.730	4.850.192
Other	1	380.059	-	327.762
Total	1.620.812	9.867.136	4.652.286	5.429.417

(1) The balance of gold amounting to TL 1.398.753 is accounted for under the Central Bank foreign currency account as of December 31, 2012 (December 31 2011 – 564.607 TL).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	414.040	1.316.533	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	7.830.548	-	3.439.176
Total	414.040	9.147.081	3.870.730	4.850.192

(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". No interest is applied to reserve deposits.

As of December 31, 2012, the Group's reserve deposits, including those at foreign banks, amount to TL 9.591.973 (December 31, 2011 - TL 8.986.633).

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

1. As of December 31, 2012, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2011 - None) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 43.171 (December 31, 2011 - TL 57.144).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	53.199	13.903	107.654	5.973
Swap transactions ⁽¹⁾	226.076	95.622	34.541	65.637
Futures transactions	-	-	-	-
Options	9.351	22.332	46.405	14.408
Other	-	-	-	-
Total	288.626	131.857	188.600	86.018

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	2.100.562	857.187	221.993	1.355.011
Foreign ⁽¹⁾	5	2.384.743	46.431	1.805.089
Head quarters and branches abroad	-	-	-	-
Total	2.100.567	3.241.930	268.424	3.160.100

(1) As of December 31, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 451.315 (December 31, 2011 – 14.228 TL).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.528.022	1.239.550	100.349	105.538
USA, Canada	488.017	334.092	-	-
OECD countries (1)	46.218	18.001	-	-
Off-shore banking regions	109	213	-	-
Other	191.713	125.120	30.320	29.006
Total	2.254.079	1.716.976	130.669	134.544

(2) OECD countries except EU countries, USA and Canada.

d. Information on available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

1. Carrying values of available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked

As of December 31, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 1.586.077 (December 31, 2011 - TL 555.400) and available-for-sale financial assets subject to repo transactions amount to TL 2.639.269 (December 31, 2011 – TL 705.903).

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

Information on available-for-sale financial assets:

	Current Period	Prior Period
Debt securities	15.703.687	8.046.603
Quoted in stock exchange ⁽¹⁾	14.067.931	6.376.457
Not quoted ⁽²⁾	1.635.756	1.670.146
Share certificates	63.927	64.717
Quoted in stock exchange	133	140
Not quoted	63.794	64.577
Impairment provision (-) ⁽²⁾	(198.106)	(187.463)
Other ⁽³⁾	80.940	87.419
Total	15.650.448	8.011.276

(1) Includes credit linked notes amounting to TL 895.659 (December 31, 2011 - TL 951.989).

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

(3) As of December 31, 2012, other available-for-sale financial assets include mutual funds amounting to TL 80.940 (December 31, 2011 - TL 87.419).

As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the current period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378,400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes.

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Explanations and notes related to consolidated financial statements (continued)**f. Explanations on loans:**

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

	Current Previous		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	5.390	403.915	4.576	230.061
Loans granted to employees	104.931	68	96.504	71
Total	110.321	403.983	101.080	230.132

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	75.229.315	2.759.085	-	2.583.343	348.669	80.262
Loans given to enterprises	26.927.240	143.810	-	401.350	28.375	60.091
Export loans	3.686.363	181.022	-	138.075	36.002	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.656.487	-	-	-	-	-
Consumer loans	14.209.929	2.400.590	-	1.100.817	269.602	10.382
Credit cards	14.143.219	-	-	287.207	-	9.787
Other ⁽¹⁾	13.606.077	33.663	-	655.894	14.690	2
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	75.229.315	2.759.085	-	2.583.343	348.669	80.262

(1) As explained in the Note IV of Section XIII. TL 148.635 of fair value difference of hedged items is classified under other loans.

Number of modifications made to extend payment plan ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	2.703.777	333.337
Extended by 3,4 or 5 times	23.251	2.960
Extended by more than 5 times	32.057	12.372
Total	2.759.085	348.669

Extended period of time ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	261.706	27.209
6 - 12 Months	235.553	25.259
1 - 2 Years	861.630	155.365
2 - 5 Years	1.137.190	136.026
5 Years and over	263.006	4.810
Total	2.759.085	348.669

(1) Four loans which are restructured in accordance with the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated April 9, 2011 have maturities between 6 months to 1 year and 1 year to 5 years.

One loan which is restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 has a maturity between 1 to 5 years.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	34.318.288	497.259	639.779	60.224
Non-specialised loans	34.318.288	497.259	639.779	60.224
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	38.151.943	2.261.825	1.515.936	367.404
Non-specialised loans	38.151.943	2.261.825	1.515.936	367.404
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	46.876.167	14.209.929	14.143.219	2.853.576	1.542.319	79.625.210
Watch list	1.195.319	1.100.817	287.207	131.268	86.760	2.801.371
Loans under legal follow-up	1.580.473	565.084	428.546	251.433	62.048	2.887.584
Specific provisions (-)	(1.042.729)	(291.018)	(264.167)	(139.784)	(51.060)	(1.788.758)
Total	48.609.230	15.584.812	14.594.805	3.096.493	1.640.067	83.525.407

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	44.749.627	12.936.404	10.147.831	2.549.066	1.787.155	72.170.083
Watch list	720.622	525.182	246.351	131.498	-	1.623.653
Loans under legal follow-up	1.452.724	317.376	368.018	264.121	22.836	2.425.075
Specific provisions (-)	(977.538)	(156.082)	(259.601)	(150.202)	(19.230)	(1.562.653)
Total	45.945.435	13.622.880	10.502.599	2.794.483	1.790.761	74.656.158

According to the Board of Directors meeting held on November 22, 2012 Yapı Kredi Leasing sold its TL 37.239 of nonperforming loan portfolio as of October 31, 2012 for TL 82 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., and İstanbul Varlık Yönetimi A.Ş..

According to the Board of Directors meeting held on November 22, 2012 Yapı Kredi Factoring sold its TL 19.303 of nonperforming loan portfolio as of December 5, 2012 for TL 70 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., and İstanbul Varlık Yönetimi A.Ş..

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	378.696	541.309	-	65.429	-	985.434
Loans under legal follow-up ⁽¹⁾	293.403	37.981	-	94.300	-	425.684
Toplam	672.099	579.290	-	159.729	-	1.411.118

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	333.927	232.157	-	59.312	-	625.396
Loans under legal follow-up ⁽¹⁾	302.664	52.892	-	91.951	-	447.507
Toplam	636.591	285.049	-	151.263	-	1.072.903

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	142.421	14.591.464	14.733.885
Real estate loans	2.663	7.109.226	7.111.889
Automotive loans	8.359	1.133.691	1.142.050
Consumer loans	2.874	50.990	53.864
Other	128.525	6.297.557	6.426.082
Consumer loans-FC indexed	-	120.968	120.968
Real estate loans	-	118.013	118.013
Automotive loans	-	21	21
Consumer loans	-	2.416	2.416
Other	-	518	518
Consumer loans-FC	18.166	104.901	123.067
Real estate loans	44	62	106
Automotive loans	2.542	22.375	24.917
Consumer loans	7.005	65.885	72.890
Other	8.575	16.579	25.154
Individual credit cards-TL	12.222.373	507.555	12.729.928
With installments	7.747.931	501.303	8.249.234
Without installments	4.474.442	6.252	4.480.694
Individual credit cards-FC	166	10.255	10.421
With installments	166	10.255	10.421
Without installments	-	-	-
Personnel loans-TL	4.781	40.106	44.887
Real estate loans	-	930	930
Automotive loans	78	1.280	1.358
Consumer loans	-	-	-
Other	4.703	37.896	42.599
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	316	206	522
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	80	60	140
Other	236	146	382
Personnel credit cards-TL	57.325	793	58.118
With installments	35.465	793	36.258
Without installments	21.860	-	21.860
Personnel credit cards-FC	-	153	153
With installments	-	153	153
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	287.279	-	287.279
Credit deposit account-FC (real person)	138	-	138
Total	12.732.965	15.376.401	28.109.366

(1) TL 1.251 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Current Period			
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	447.473	5.233.844	5.681.317
Business loans	1.162	289.995	291.157
Automotive loans	34.409	1.776.186	1.810.595
Consumer loans	-	28	28
Other	411.902	3.167.635	3.579.537
Commercial installments loans-FC indexed	27.885	383.391	411.276
Business loans	-	20.522	20.522
Automotive loans	757	73.257	74.014
Consumer loans	-	-	-
Other	27.128	289.612	316.740
Commercial installments loans-FC	262.843	97.974	360.817
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	135.192	29.160	164.352
Other	127.651	68.814	196.465
Corporate credit cards-TL	1.626.158	5.648	1.631.806
With installment	1.064.384	5.648	1.070.032
Without installment	561.774	-	561.774
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	825.680	-	825.680
Credit deposit account-FC (legal person)	7	-	7
Total	3.190.046	5.720.857	8.910.903

Prior Period			
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	217.164	5.246.725	5.463.889
Business loans	842	291.731	292.573
Automotive loans	30.681	1.868.356	1.899.037
Consumer loans	-	78	78
Other	185.641	3.086.560	3.272.201
Commercial installments loans-FC indexed	20.996	529.262	550.258
Business loans	-	30.519	30.519
Automotive loans	766	115.317	116.083
Consumer loans	-	-	-
Other	20.230	383.426	403.656
Commercial installments loans-FC	245.831	176.342	422.173
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	125.770	63.936	189.706
Other	120.061	112.406	232.467
Corporate credit cards-TL	622.862	1.224	624.086
With installment	238.440	1.224	239.664
Without installment	384.422	-	384.422
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	526.472	-	526.472
Credit deposit account-FC (legal person)	10	-	10
Total	1.633.335	5.953.553	7.586.888

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Explanations and notes related to consolidated financial statements (continued)

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.153.905	1.471.372
Private	76.658.753	67.854.645
Total	77.812.658	69.326.017

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

	Current Period	Prior Period
Domestic loans	76.571.527	67.117.882
Foreign loans	1.241.131	2.208.135
Total	77.812.658	69.326.017

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	35.480	15.079
Indirect loans granted to associates and subsidiaries	-	-
Total	35.480	15.079

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	95.603	75.878
Loans and other receivables with doubtful collectability	360.082	201.954
Uncollectible loans and other receivables	1.142.229	1.115.389
Total	1.597.914	1.393.221

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	977.538	156.082	259.601	1.393.221
Allowance for impairment	579.894	480.246	244.706	1.304.846
Amount recovered during the period	(183.090)	(278.827)	(75.801)	(537.718)
Loans written off during the period as uncollectible ⁽¹⁾	(329.169)	(66.306)	(164.331)	(559.806)
Exchange difference	(2.444)	(177)	(8)	(2.629)
December 31	1.042.729	291.018	264.167	1.597.914

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	850.564	221.947	402.573	1.475.084
Allowance for impairment	345.479	368.826	84.455	798.760
Amount recovered during the period	(226.251)	(361.706)	(45.441)	(633.398)
Loans written off during the period as uncollectible ⁽¹⁾	(103)	(73.646)	(182.003)	(255.752)
Exchange difference	7.849	661	17	8.527
December 31	977.538	156.082	259.601	1.393.221

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	21.912	40.704	142.583
Restructured loans and other receivables	21.912	40.704	142.583
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	116.892	32.509	82.818
Restructured loans and other receivables	116.892	32.509	82.818
Rescheduled loans and other receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period	501.821	355.670	1.280.627
Additions (+)	2.316.593	150.860	121.242
Transfers from other categories of non-performing loans (+)	-	1.580.836	1.094.255
Transfer to other categories of non-performing loans (-)	(1.580.836)	(1.094.255)	-
Collections (-)	(682.301)	(254.161)	(652.128)
FX valuation differences	(753)	(68)	(1.479)
Write-offs (-)	-	(3)	(561.817)
Corporate and commercial loans	-	(3)	(330.234)
Consumer loans	-	-	(66.607)
Credit cards	-	-	(164.976)
Other	-	-	-
Current Period	554.524	738.879	1.280.700
Specific provision (-)	(95.603)	(360.082)	(1.142.229)
Net balance on balance sheet	458.921	378.797	138.471

The Parent Bank sold its TL 626.078 (includes the capital and uncollected interest and other receivables) of nonperforming loan portfolio from Corporate, Commercial, Retail, SME and Credit Card businesses on October 31, 2012 for TL 66.823 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., Anadolu Varlık Yönetim A.Ş. and İstanbul Varlık Yönetimi A.Ş. through tender. The Bank had set aside provision for TL 559.806.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	1.340	3.381	366.866
Specific provision (-)	(184)	(1.952)	(261.285)
Net balance on-balance sheet	1.156	1.429	105.581
Prior Period			
Period end balance	135.453	50.685	116.380
Specific provision (-)	(18.886)	(12.745)	(94.417)
Net balance on-balance sheet	116.567	37.940	21.963

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (net)	458.921	378.797	138.471
Loans granted to real persons and corporate entities (gross)	554.524	738.879	1.172.116
Specific provision amount (-)	(95.603)	(360.082)	(1.033.645)
Loans granted to real persons and corporate entities (net)	458.921	378.797	138.471
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) ⁽¹⁾	-	-	-
Prior Period (net)	425.943	153.716	165.238
Loans granted to real persons and corporate entities (gross)	501.821	331.082	1.196.631
Specific provision amount (-)	(75.878)	(177.366)	(1.031.393)
Loans granted to real persons and corporate entities (Net)	425.943	153.716	165.238
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) ⁽¹⁾	-	-	-

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

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

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

13. Explanation on "Write-off" policies:

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

g. Information on held-to-maturity investments:

1. Characteristics and carrying values of held-to-maturity investments subject to repurchase agreements given as collateral / blocked:

As of December 31, 2012, held-to-maturity investments given as collateral/blocked amount to TL 1.299.927 (December 31, 2011 - TL 2.760.106). Held-to-maturity investments subject to repurchase agreements amount to TL 2.986.312 (December 31, 2011 - TL 6.467.221).

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

	Current Period	Prior Period
Government bond	5.765.659	12.710.622
Treasury bill	-	-
Other debt securities	62.035	-
Total	5.827.694	12.710.622

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Curren Period	Prior Period
Debt securities	5.867.172	12.853.755
Quoted on stock exchange	5.867.172	12.853.755
Not quoted	-	-
Impairment provision (-) ^{(1) (2)}	(39.478)	(143.133)
Total	5.827.694	12.710.622

(1) Necessary impairment provision has been provided for foreign government securities held in Group companies.

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

4. Movement of held-to-maturity investments within the year:

	Curren Period	Prior Period
Beginning balance	12.710.622	12.974.944
Foreign currency differences on monetary assets ⁽¹⁾	(574.402)	1.738.227
Purchases during year	50.325	563.716
Disposals through sales and redemptions	(6.358.851)	(2.501.567)
Impairment provision (-) ⁽²⁾	-	(64.698)
Period end balance	5.827.694	12.710.622

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

(2) Figure also includes the amount transferred to available for sale portfolio.

(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.

As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the current period, in accordance with the requirements of TAS 39 the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378,400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes.

ğ. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu ⁽¹⁾	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	Istanbul/Türkiye	9,98	9,98

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
1	65.251	58.310	4.769	1.395	-	24.044	12.969	-
2	28.465	22.672	13.462	680	-	4.189	3.179	-

(4) Financial statement information disclosed above shows September 30, 2012 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Consolidated investments in associates:

2 (i). Information on consolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	69,33

2 (ii). Main financial figures of the consolidated investments in associates in 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	Market value
1	4.083.595	645.519	5.427	89.247	16.697	57.429	55.033	-

2 (iii). Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	183.940	71.906
Movements during the period	9.994	112.034
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	18.982	17.035
Sales	-	-
Revaluation (decrease)/increase ⁽¹⁾⁽²⁾	(8.988)	94.999
Impairment provision	-	-
Balance at the end of the period	193.934	183.940
Capital commitments	-	-
Share holding percentage at the end of the period (%)	30,67	30,67

(1) Includes TL 2.069 (December 31, 2011 – TL 2.489) of dividend received in the current period.

(2) Includes the effect of updating equity pick-up by an amount of TL 57.469 (in accordance with TAS and TFRS) based on financial statements supplied by the associate prepared in accordance with International Financial Reporting Standards that were made in 2011.

2 (iv). Information on sectors and the carrying amounts of consolidated investments in associates:

	Current Period	Prior Period
Banks	193.934	183.940
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	193.934	183.940

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

h. Information on shareholders' equity of the significant subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Sigorta A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital						
Paid-in capital	98.918	45.599	101.991	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Marketable Securities Valuation Differences	39	-	566	-	-	465
Legal reserves	61.050	23.149	-	72.801	35.235	-
Extraordinary reserves	28.127	-	-	361.394	-	283.753
Other reserves	-	-	-	-	-	115.250
Profit/loss	3.108	45.458	115.057	402.925	23.734	47.712
Current period net profit	75.722	24.861	78.087	130.074	23.734	47.712
Prior period profit	(72.614)	20.597	36.970	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-	-
Intangible assets (-)	752	33	15.039	3.274	291	-
Total core capital	190.490	114.173	202.575	1.223.774	64.385	559.622
Supplementary capital	-	7.883	-	17.995	-	128
Capital	190.490	122.056	202.575	1.241.769	64.385	559.750
Deductions from the capital	-	-	-	-	-	-
Total shareholders' equity	190.490	122.056	202.575	1.241.769	64.385	559.750

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financials of the Bank as of December 31, 2012.

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

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

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

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

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

1. Unconsolidated subsidiaries

1 (i). Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	15.027	12.289	833	48	-	1.405	1.338	-
2	37.672	24.459	3.898	1.539	-	1.141	621	-

2. Consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi Holding B.V.	Amsterdam/Netherlands	100,00	100,00
2 Yapı Kredi Menkul	Istanbul/Turkey	99,98	99,99
3 Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4 Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5 Yapı Kredi Sigorta A.Ş. ⁽³⁾	Istanbul/Turkey	74,01	93,94
6 Yapı Kredi Leasing ⁽⁴⁾	Istanbul/Turkey	99,98	99,98
7 Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ⁽⁵⁾	Istanbul/Turkey	11,09	56,07
8 Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
9 Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
10 Yapı Kredi Bank NV ⁽¹⁾	Amsterdam/Netherlands	67,24	100,00
11 Yapı Kredi Azerbaijan ⁽²⁾	Baku/Azerbaijan	99,80	100,00

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation as the Bank has a control of 100%.

(1) Includes the balances for Sticking Custody Services YKB.

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

(3) On June 27, 2012 the Bank has decided to consider the alternatives to reorganize its operations in insurance business.

(4) The Parent Bank bought the shares of Yapı Kredi Leasing with a nominal value of TL 4.429.167 for a share call price of full 5,02 per share in accordance with the ongoing delisting process, which was started in June '12, of Yapı Kredi leasing. With the Board of Directors decision dated June 7, 2012; the share capital of Yapı Kredi Sigorta has increased by TL 21,992 through other profit reserves.

(5) According to the decision of the Board of Directors of the Parent Bank, dated September 28, 2012, share purchase agreement was signed on September 28, 2012 for Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. of which The Bank owns 11.09% of the issued share capital of TL 31.425.000, representing a total of TL 3.485.661 shares. The Parent Bank owns these shares as of the date of these financial statements and following the permission of the CMB, transfer of the shares will be made.

2 (ii). Main financial figures of the consolidated subsidiaries in the order of the below table ⁽¹⁾ :

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value ⁽²⁾
1	104.127	104.059	-	-	-	(130)	5	143.860
2	2.068.137	299.332	5.356	105.150	4.914	75.722	84.107	626.739
3	1.674.262	114.206	516	138.712	-	24.861	32.584	345.466
4	368.748	120.224	9.999	20.925	1.898	11.033	10.155	94.615
5	1.066.119	383.163	10.495	40.007	14.046	75.773	55.185	1.652.657
6	3.299.283	1.009.944	4.038	244.182	-	130.074	142.736	1.020.597
7	86.958	85.416	8	2.921	415	8.305	(528)	79.506
8	884.219	186.557	24.018	24.086	12.167	64.754	42.433	-
9	71.815	64.676	718	6.083	32	23.734	41.505	219.936
10	4.030.311	559.624	1.376	205.048	8.672	47.712	33.314	305.108
11	512.557	135.960	30.405	40.580	548	7.657	15.478	122.316

(1) The financial information above is extracted from the publicly available financial statements of companies for those which are listed and for those which are not listed the financial information included in the preparation of consolidated financial statements are used.

(2) Determined based on the market prices quoted in organized markets or based on the amounts determined through valuation models.

Financial statement information disclosed above has been obtained from the financial statements of subsidiaries as at December 31, 2012.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2 (iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period⁽⁴⁾	3.349.666	3.286.724
Movements during the period	468.213	62.942
Purchases ⁽¹⁾	22.236	-
Transfers	-	-
Bonus shares obtained ^{(2) (3)}	35.738	11.382
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	410.239	51.560
Impairment provision	-	-
Balance at the end of the period	3.817.879	3.349.666
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(1) Yapı Kredi Leasing has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to %99.98 purchasing the shares of Yapı Kredi Leasing through calling of these shares.

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

(3) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by AZN 6.499 thousand from the profit of 2010.

2 (iv). Sectoral information on financial subsidiaries and the related carrying amounts:

Financial Subsidiaries	Current Period	Prior Period
Banks	421.937	422.081
Insurance companies	1.223.132	728.259
Factoring companies	345.301	327.683
Leasing companies	1.020.417	1.136.774
Finance companies	-	-
Other financial subsidiaries	807.092	734.869
Total financial subsidiaries	3.817.879	3.349.666

2 (v). Subsidiaries quoted to stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges ⁽¹⁾	1.231.950	1.870.121
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	1.231.950	1.870.121

(1) Yapı Kredi Leasing had decided for delisting for its publicly traded shares and completed the necessary legal processes with its own request.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

i. Information on joint ventures (net):

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures :

2 (i). Information on consolidated Joint Ventures:

Joint ventures	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non- current assets	Long term debts	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	71.432	32.448	132	32.210	39.080
Total			71.432	32.448	132	32.210	39.080

Financial statement information disclosed above shows December 31, 2012 results.

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.290.027	1.075.226	1.093.526	893.073
Between 1 - 4 years	1.827.960	1.588.013	1.690.542	1.443.695
More than 4 years	477.931	433.254	514.777	457.715
Total	3.595.918	3.096.493	3.298.845	2.794.483

2) Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	882.245	2.713.673	655.326	2.643.519
Unearned financial income from leases (-)	(146.548)	(352.877)	(114.848)	(389.514)
Amount of cancelled leases (-)	-	-	-	-
Total	735.697	2.360.796	540.478	2.254.005

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	93.996	-	369.747	-
Cash flow hedge ⁽¹⁾	170	-	7.226	362
Foreign net investment hedge	-	-	-	-
Total	94.166	-	376.973	362

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	2.012.485	434.744	3.457	870.019	3.320.705
Accumulated depreciation (-)	(1.323.156)	(297.084)	(3.030)	(634.051)	(2.257.321)
Net book value	689.329	137.660	427	235.968	1.063.384
Current Period					
Net book value at beginning of the period	689.329	137.660	427	235.968	1.063.384
Additions	4.445	34.627	149	120.214	159.435
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(4.065)	(106)	(207)	(1.378)	(5.756)
Reversal of impairment, net	1.015	-	-	-	1.015
Impairment (-)	-	-	-	-	-
Depreciation (-)	(40.511)	(41.799)	(188)	(79.699)	(162.197)
Foreign exchange differences, net	(6)	(400)	77	(89)	(418)
Net book value at end of the period	650.207	129.982	258	275.016	1.055.463
Cost at the end of the period	2.005.413	457.338	2.612	922.153	3.387.516
Accumulated depreciation at the period end (-)	(1.355.206)	(327.356)	(2.354)	(647.137)	(2.332.053)
December 31, 2012	650.207	129.982	258	275.016	1.055.463

As of December 31, 2012, the Parent Bank had total provision for impairment amounting to TL 327.804 (December 31, 2011 – TL 328.682) for the property and equipment.

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	1.284.165	1.243.080
Additions during the period	157.074	104.367
Unused and disposed items (-)	(6.762)	(3.666)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(72.957)	(60.014)
Foreign exchange valuation differences	(129)	398
Balance at the end of the period	1.361.391	1.284.165

m. Information on investment property:

None (December 31, 2010 - None).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	246.395	49.590	206.341	41.332
Provision for the actuarial deficit of the pension fund	827.177	165.435	775.286	155.057
Derivative financial liabilities	1.299.005	248.606	1.050.724	204.298
Securities portfolio valuation differences	642.366	128.474	198.453	39.691
Subsidiaries, investment in associates and share certificates	122.587	24.517	123.072	24.614
Other	614.870	122.521	699.127	139.283
Total deferred tax asset	3.752.400	739.143	3.053.003	604.275
Derivative financial assets	(767.365)	(137.826)	(821.361)	(159.232)
Valuation difference of securities portfolio	(1.887.272)	(377.192)	(179.761)	(35.952)
Property, equipment and intangibles, net	(258.926)	(41.322)	(264.371)	(42.255)
Other	(76.509)	(15.325)	(25.940)	(4.958)
Total deferred tax liability	(2.990.072)	(571.665)	(1.291.433)	(242.397)
Deferred tax asset, net	762.328	167.478	1.761.570	361.878

Deferred tax income amounting to TL 146,971 was recognized in profit and loss statements, whereas deferred tax expense amounting to TL 341,371 was recognized directly in equity accounts for the period ended December 31, 2012.

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

	Current Period	Prior Period
Net book value at the beginning of the period	103.572	82.416
Additions	72.707	64.432
Disposals (-), net	(33.608)	(42.028)
Impairment provision reversal	983	1.380
Impairment provision (-)	(235)	(238)
Depreciation (-)	(3.766)	(2.390)
Net book value at the end of the period	139.653	103.572
Cost at the end of the period	148.942	110.958
Accumulated depreciation at the end of the period (-)	(9.289)	(7.386)
Net book value at the end of the period	139.653	103.572

As of December 31, 2012, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 9,043 (December 31, 2011 - TL 9,791).

ö. Information on other assets:

As of December 31, 2012, other assets do not exceed 10% of the total assets.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

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

1 (i). Current Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.989.253	21	1.449.688	18.992.918	1.125.611	132.465	409.769	24.099.725
Foreign currency deposits	4.850.304	97.757	3.955.412	13.700.918	1.940.964	389.794	2.936.105	27.871.254
Residents in Turkey	4.072.979	-	3.847.280	12.287.829	1.059.186	264.835	1.098.881	22.630.990
Residents abroad	777.325	97.757	108.132	1.413.089	881.778	124.959	1.837.224	5.240.264
Public sector deposits	598.082	-	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.124.645	2.602	1.941.039	6.355.783	2.049.293	156.353	191.445	13.821.160
Other institutions deposits	31.789	-	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	315.172	87.454	71.838	352.113	68.683	448.365	105.658	1.449.283
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	1.868	-	55.042	155.268	65.190	51.170	6.836	335.374
Foreign banks	209.357	87.454	16.796	196.845	3.493	397.195	98.822	1.009.962
Participation banks	103.947	-	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-	-
Total	11.765.455	187.834	7.573.895	40.363.210	6.258.225	1.206.937	3.787.835	71.143.391

1 (ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.940.416	3.167	1.382.500	15.301.949	1.106.198	302.340	1.272.065	21.308.635
Foreign currency deposits	4.708.743	130.728	3.832.802	15.696.455	2.330.317	357.924	1.507.173	28.564.142
Residents in Turkey	4.045.617	50.442	3.445.831	13.773.807	2.046.671	123.073	723.724	24.209.165
Residents abroad	663.126	80.286	386.971	1.922.648	283.646	234.851	783.449	4.354.977
Public sector deposits	136.025	-	281	101.058	564	139	17	238.084
Commercial deposits	3.038.540	4.968	1.263.337	5.506.015	1.750.784	199.152	159.582	11.922.378
Other institutions deposits	31.314	-	23.494	584.712	485.866	7.940	48.570	1.181.896
Precious metals vault	993.545	-	380	166.607	132.281	64.377	51.736	1.408.926
Bank deposits	178.739	77.714	685.174	165.957	279.759	33.559	141.587	1.562.489
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	12.673	-	391.434	-	-	-	3.104	407.211
Foreign banks	117.216	77.714	293.740	165.957	279.759	33.559	138.483	1.106.428
Participation banks	48.850	-	-	-	-	-	-	48.850
Other	-	-	-	-	-	-	-	-
Total	11.027.322	216.577	7.187.968	37.522.753	6.085.769	965.431	3.180.730	66.186.550

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits				
Saving deposits	9,048.545	8,566.760	15,038.237	12,781.415
Foreign currency savings deposit	2,458.309	2,775.243	8,934.590	7,657.333
Other deposits in the form of savings deposits	527.019	607.610	663.011	633.098
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.128	9.026
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	43.604	38.330
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

b. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	90.951	3.526	94.915	8.414
Swap transactions ⁽¹⁾	177.425	68.929	285.853	91.283
Futures transactions	-	-	-	17
Options	18.602	25.048	29.149	30.708
Other	-	-	-	-
Total	286.978	97.503	409.917	130.422

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

c. Information on borrowings:

1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	830.303	259.396	713.873	394.273
From foreign banks, institutions and funds	510.259	12.694.373	653.211	12.921.545
Total	1.340.562	12.953.769	1.367.084	13.315.818

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	918.643	5.999.319	915.891	6.938.501
Medium and long-term	421.919	6.954.450	451.193	6.377.317
Total	1.340.562	12.953.769	1.367.084	13.315.818

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	716.171	-	951.004	5.582
Asset backed securities	-	1.641.731	-	2.147.781
Bonds	703.236	885.367	144.350	-
<i>Collateralized securities</i>	462.720	-	-	-
Toplam	1.419.407	2.527.098	1.095.354	2.153.363

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 264 million and EUR 139 million, the equivalent of TL 778.703 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010, and during 2012, a total of TL 396.868 is paid (December 31, 2011 - TL 387.701)

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 863.027 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

d. Information on other liabilities:

As of December 31, 2012, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

None (December 31, 2011 - None).

2. Information on operational leasing agreements:

The Parent Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets". The Bank has no liability that stems from operational leasing agreements.

f. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	90.233	-	18.959	-
Cash flow hedge ⁽¹⁾	321.768	492.686	43.693	440.189
Foreign net investment hedge	-	-	-	-
Total	412.001	492.686	62.652	440.189

(1) Explained in Note VI of Section XIII.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for Group I loans and receivables	974.242	783.800
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	149.950	60.151
Provisions for Group II loans and receivables	123.769	73.036
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	16.103	1.540
Provisions for non cash loans	73.205	67.095
Other	168.465	128.337
Total	1.339.681	1.052.268

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Information on reserve for employee rights:

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

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

	Current Period	Prior Period
Discount rate (%)	3,86	4,66
Possibility of being eligible for retirement (%)	94,94	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.129,25 effective from January 1, 2013 (January 1, 2012 - full TL 2.805,04) 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	113.983	101.701
Changes during the period	60.055	36.817
Paid during the period	(31.673)	(25.063)
Foreign currency differences	(158)	528
Balance at the end of the period	142.207	113.983

In addition, the Group has accounted for unused vacation rights provision amounting to TL 104.188 as of December 31, 2012 (December 31, 2011 - TL 92.358).

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

As of December 31, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 65.231 (December 31, 2011 - TL 17.520). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

(i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	827.177	775.286
Non-cash loan provision	125.749	108.232
Provisions on credit cards and promotion campaigns related to banking services	36.708	33.905
Provision on export commitment estimated tax and funds liability	38.106	37.251
Other	154.847	115.768
Total	1.182.587	1.070.442

(ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	246.317	151.960
Total	246.317	151.960

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

5. Pension fund provision:

The Parent Bank provided provision amounting to TL 827.177 (December 31, 2011 – TL 775.286) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	Current Period	Prior Period
Income statement (charge)/benefit	(51.891)	62.750

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

	Current Period	Prior Period
Present value of funded obligations	1.538.766	1.293.105
– Pension benefits transferable to SSI	1.564.411	1.250.572
– Post employment medical benefits transferable to SSI	(25.645)	42.533
Fair value of plan assets	(711.589)	(517.819)
Provision for the actuarial deficit of the pension fund	827.177	775.286

The principal actuarial assumptions used were as follows:

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

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

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Government bonds and treasury bills	173.291	24	195.456	38
Premises and equipment	229.547	32	116.055	22
Bank placements	265.346	37	167.717	32
Short term receivables	19.000	3	19.367	4
Other	24.405	4	19.224	4
Total	711.589	100	517.819	100

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	231.592	112.576
Taxation of Marketable Securities	80.757	71.281
Property Tax	1.709	1.489
Banking Insurance Transaction Tax ("BITT")	64.110	56.607
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.870	3.759
Other	30.658	24.848
Total	415.696	270.560

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	1.218	1.864
Social security premiums - employer	1.435	2.196
Bank pension fund premiums - employee	8.946	8.097
Bank pension fund premiums - employer	9.327	8.471
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	719	710
Unemployment insurance - employer	1.440	1.427
Other	-	-
Total	23.085	22.765

(iii) Information on deferred tax liability:

There is no deferred tax liability of TL as of December 31, 2012 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been net off in their standalone financial statements as per TAS 12 (December 31, 2011 - none).

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	5.195.642	-	2.523.816
From other foreign institutions	-	-	-	-
Total	-	5.195.642	-	2.523.816

At March 31, 2006, the Parent Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. The Parent Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements. In addition, the Bank obtained a subordinated loan on September 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with Unicredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and September 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation and Goldman Sachs International Bank are considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of these loans is less than 4 years. Subordinated loans obtained from Citibank, N.A.London Branch is considered in the supplementary capital calculation at the rate of 80% since the remaining maturity of this loan is less than 5 years.

As of February 22, 2012 the bank obtained a subordinated loan from UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of 5 years, at an interest rate of 3 months LIBOR + 8,30%. According to the authorization of BRSA dated February 20, 2012, this loan has been utilised as subordinated loan in compliance with the conditions of Regulation Regarding Banks' Shareholders' Equity.

Subordinated borrowing through bond issuance amounting to USD 1 billion with an interest rate of 5.50% and maturity of 10 years was finalized on December 6, 2012 and considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

i. Information on shareholders' equity:

1. Presentation of paid-in capital

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

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

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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Explanations and notes related to consolidated financial statements (continued)

The Parent Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Parent Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

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

None (December 31, 2011 - None).

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

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

6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	135.262	1.352.161	(131.975)	17.109
Valuation differences	117.657	1.354.153	(129.398)	2.195
Foreign currency differences ⁽¹⁾	17.605	(1.992)	(2.577)	14.914
Total	135.262	1.352.161	(131.975)	17.109

(1) Includes current period foreign currency differences.

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	67.178	63.095
Current period income/(loss)	10.087	6.676
Dividends paid	(3.066)	(1.808)
Translation differences	595	(785)
Transaction done with minority	(10.002)	-
Period ending balance	64.792	67.178

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

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	17.900.797	13.713.682
Loan granting commitments	5.378.252	5.160.785
Commitments for cheques	5.258.480	4.220.740
Other irrevocable commitments	8.489.052	7.551.981
Total	37.026.581	30.647.188

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its non-cash loans amounting to TL 73.205 (December 31, 2011 - TL 67.095) and specific provision for TL 125.749 (December 31, 2011 - TL 108.232) for non-cash loans which are not indemnified yet for TL 258.609 (December 31, 2011 - TL 182.752).

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

	Current Period	Prior Period
Bank acceptance loans	121.325	158.915
Letter of credits	5.783.925	5.006.984
Other guarantees and collaterals	2.119.199	2.391.897
Total	8.024.449	7.557.796

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

	Current Period	Prior Period
Temporary letter of guarantees	1.572.512	1.789.616
Definite letter of guarantees	14.503.571	13.020.400
Advance letter of guarantees	2.677.145	2.476.742
Letter of guarantees given to customs	1.032.686	1.048.085
Other letter of guarantees	834.038	479.870
Total	20.619.952	18.814.713

3. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	635.957	342.946
With original maturity of 1 year or less than 1 year	103.986	32.580
With original maturity of more than 1 year	531.971	310.366
Other non-cash loans	28.008.444	26.029.563
Total	28.644.401	26.372.509

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	167.706	1,48	336.850	1,95	153.475	1,44	254.661	1,62
Farming and raising livestock	133.845	1,18	315.460	1,83	115.608	1,08	241.083	1,54
Forestry	29.706	0,26	16.222	0,09	33.968	0,32	8.424	0,05
Fishing	4.155	0,04	5.168	0,03	3.899	0,04	5.154	0,03
Manufacturing	4.363.236	38,35	8.093.851	46,87	3.966.462	37,09	7.464.265	47,64
Mining	528.278	4,64	1.018.901	5,90	474.401	4,44	650.116	4,15
Production	3.313.134	29,12	5.904.088	34,19	3.058.194	28,59	5.661.873	36,14
Electric, gas and water	521.824	4,59	1.170.862	6,78	433.867	4,06	1.152.276	7,35
Construction	3.264.824	28,70	3.901.814	22,60	3.164.314	29,59	3.788.942	24,17
Services	2.475.221	21,76	2.706.915	15,67	2.330.696	21,79	3.931.494	25,08
Wholesale and retail trade	1.095.298	9,63	1.039.520	6,02	1.112.054	10,4	853.137	5,44
Hotel, food and beverage services	122.334	1,08	92.529	0,54	97.522	0,91	127.342	0,81
Transportation and telecommunication	470.803	4,14	351.926	2,04	317.317	2,97	396.460	2,53
Financial institutions	412.537	3,63	510.290	2,96	470.730	4,40	1.949.497	12,44
Real estate and leasing services	99.138	0,87	413.127	2,39	94.246	0,88	277.906	1,77
Self-employment services	-	-	-	-	-	-	-	-
Education services	14.901	0,13	1.495	0,01	15.498	0,14	2.531	0,02
Health and social services	260.210	2,28	298.028	1,71	223.329	2,09	324.621	2,07
Other	1.105.134	9,71	2.228.850	12,91	1.080.445	10,09	237.755	1,49
Total	11.376.121	100,00	17.268.280	100,00	10.695.392	100,00	15.677.117	100,00

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

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Notes to consolidated financial statements as of December 31, 2012 (continued)

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Explanations and notes related to consolidated financial statements (continued)

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	11.136.586	9.286.177	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.769.495	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	11.240.754	17.202.371	135.367	65.909

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	9.846.873	8.818.586	96.691	52.563
Bank acceptances	-	158.915	-	-
Letters of credit	13.687	4.993.297	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	738.141	1.653.756	-	-
Total	10.598.701	15.624.554	96.691	52.563

3(iv) Maturity distribution of non cash loans:

Current Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	3.369.154	2.204.127	210.644	-	5.783.925
Letter of guarantee	9.619.433	3.350.772	6.596.747	1.053.000	20.619.952
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	13.361.776	6.369.761	7.691.851	1.221.013	28.644.401

Prior Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	2.727.074	1.802.256	477.654	-	5.006.984
Letter of guarantee	9.164.695	3.183.647	5.468.158	998.213	18.814.713
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
Total	12.964.606	5.633.649	6.761.100	1.013.154	26.372.509

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

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Explanations and notes related to consolidated financial statements (continued)**b. Information on derivative financial instruments:**

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	46,547.927	36.152.300
FC trading forward transactions	8.262.586	10.638.749
Trading swap transactions	28.529.302	19.227.426
Futures transactions	-	-
Trading option transactions	9.756.039	6.286.125
Interest related derivative transactions (II)	8.077.995	9.038.470
Forward interest rate agreements	-	-
Interest rate swaps	3.695.772	4.579.348
Interest rate options	4.382.223	4.459.122
Interest rate futures	-	-
Other trading derivative transactions (III)	1.688.150	1.646.449
A. Total trading derivative transactions (I+II+III)	56.314.072	46.837.219
Types of hedging derivative transactions		
Transactions for fair value hedge	3.821.809	6.206.854
Cash flow hedges	36.959.906	32.437.197
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	40.781.715	38.644.051
Total derivative transactions (A+B)	97.095.787	85.481.270

c. Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(41.042)	(4.474)	114.882	(528.320)	(157.000)	(615.954)
– Inflow	12.467.989	4.357.347	6.920.444	1.975.186	-	25.720.966
– Outflow	(12.509.031)	(4.361.821)	(6.805.562)	(2.503.506)	(157.000)	(26.336.920)
Interest rate derivatives	259	(2.256)	39.907	53.997	30.600	122.507
– Inflow	23.713	259.367	1.547.445	2.950.139	454.205	5.234.869
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.896.142)	(423.605)	(5.112.362)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(41.305)	9.547	(213.752)	(1.463.759)	(158.052)	(1.867.321)
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	12.513.413	4.790.490	12.563.139	20.118.755	1.640.546	51.626.343
Total cash outflow	(12.595.501)	(4.787.673)	(12.622.102)	(22.056.837)	(1.924.998)	(53.987.111)

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

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Explanations and notes related to consolidated financial statements (continued)

Prior Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(125.298)	(95.077)	92.234	(602.951)	(163.310)	(894.402)
– Inflow	9.136.901	4.156.536	4.805.995	3.000.351	368.340	21.468.123
– Outflow	(9.262.199)	(4.251.613)	(4.713.761)	(3.603.302)	(531.650)	(22.362.525)
Interest rate derivatives	454	2.010	(1.374)	3.017	887	4.994
– Inflow	97.487	5.159	294.006	3.814.968	662.743	4.874.363
– Outflow	(97.033)	(3.149)	(295.380)	(3.811.951)	(661.856)	(4.869.369)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(33.879)	(7.309)	(170.816)	(571.407)	30.649	(752.762)
– Inflow	17.528	263.013	1.481.977	18.229.258	495.315	20.487.091
– Outflow	(51.407)	(270.322)	(1.652.793)	(18.800.665)	(464.666)	(21.239.853)
Total cash inflow	9.251.916	4.424.708	6.581.978	25.044.577	1.526.398	46.829.577
Total cash outflow	(9.410.639)	(4.525.084)	(6.661.934)	(26.215.918)	(1.658.172)	(48.471.747)

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

d. Information on credit derivatives and risk exposures:

Derivative portfolio includes credit default swaps for TL 1.257.334 (31 December 2011 – TL 1.398.767) for the period ended 31 December 2012. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure.

e. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 48.743 (December 31, 2011 – TL 43.528) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054. The investigation and evaluation of the Competition Board is still ongoing.

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

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

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.568.263	246.858	2.384.819	222.848
Medium/long-term loans ⁽¹⁾	2.736.626	1.128.172	2.072.204	961.496
Interest on loans under follow-up	111.893	50	97.260	129
Premiums received from resource utilisation support fund	-	-	-	-
Total	6.416.782	1.375.080	4.554.283	1.184.473

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

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

Yapı ve Kredi Bankası A.Ş.**Notes to consolidated financial statements as of December 31, 2012 (continued)**

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

Explanations and notes related to consolidated financial statements (continued)

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	87.050	18.220	59.367	24.952
From foreign banks	2.620	20.431	2.551	28.745
Headquarters and branches abroad	-	-	-	-
Total	89.670	38.651	61.918	53.697

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	23.936	2.042	41.904	1.591
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	629.871	49.215	531.621	68.294
From held-to-maturity investments	336.554	613.393	348.634	582.327
Total	990.361	664.650	922.159	652.212

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	1.743	1.360

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	98.196	527.160	147.070	390.391
The CBRT	-	-	-	-
Domestic banks	32.486	23.757	37.246	5.824
Foreign banks	65.710	503.403	109.824	384.567
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	104
Total⁽¹⁾	98.196	527.160	147.070	390.495

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	538	489

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued	130.516	89.163	48.042	29.403
Total	130.516	89.163	48.042	29.403

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	December 31, 2011
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposit	228	1.243	2.969	2.436	1.262	257	-	8.395	13.942
Saving deposit	2	86.318	1.817.753	78.248	17.590	68.642	-	2.068.553	1.484.050
Public sector deposit	-	27	332	134	14	3	-	510	1.320
Commercial deposit	24	109.429	641.539	128.322	11.338	22.479	-	913.131	735.621
Other deposit	-	3.254	84.283	56.177	439	9.037	-	153.190	81.571
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	254	200.271	2.546.876	265.317	30.643	100.418	-	3.143.779	2.316.504
FC									
Foreign currency deposit	1.791	183.078	506.219	46.180	12.798	103.077	5.386	858.529	791.579
Bank deposit	174	3.192	7.058	546	15.794	4.523	-	31.287	28.007
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	1.575	927	122	125	47	-	2.796	1.214
Total	1.965	187.845	514.204	46.848	28.717	107.647	5.386	892.612	820.800
Grand total	2.219	388.116	3.061.080	312.165	59.360	208.065	5.386	4.036.391	3.137.304

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	211
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	103	158
Subsidiaries and associates	1.558	5.522
Total	1.661	5.891

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

	Current Period	Prior Period
Gain	47.708.268	23.566.321
Gain from capital market transactions	331.996	60.867
Derivative financial transaction gains	20.117.430	13.831.192
Foreign exchange gains	27.258.842	9.674.262
Loss(-)	(47.674.953)	(23.703.567)
Loss from capital market transactions	(10.736)	(26.137)
Derivative financial transaction losses	(20.884.366)	(14.365.039)
Foreign exchange loss	(26.779.851)	(9.312.391)
Net gain/loss	33.315	(137.246)

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 340.291 (December 31, 2011 - TL 67.798 profit).

e. Information on other operating income:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	867.657	491.825
III. Group loans and receivables	44.004	132.905
IV. Group loans and receivables	175.359	46.837
V. Group loans and receivables	648.294	312.083
General provision expenses	357.507	248.713
Provision expense for possible risks	94.730	24.371
Marketable securities impairment expenses ⁽¹⁾	2.302	29.345
Financial assets at fair value through profit or loss	1.693	1.014
Available-for-sale financial assets	609	28.331
Impairment of investments in associates, subsidiaries and held-to-maturity securities	72.886	62.997
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	72.886	62.997
Other	5.110	3.334
Total	1.400.192	860.585

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

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.424.126	1.281.148
Reserve for employee termination benefits	21.439	11.659
Provision expense for pension fund	51.891	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	162.197	153.433
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	72.957	60.014
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	235	238
Depreciation expenses of assets held for resale	3.766	2.390
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.014.876	908.683
Operational lease expenses	150.179	130.722
Repair and maintenance expenses	55.422	30.856
Advertising expenses	88.015	74.496
Other expense	721.260	672.609
Loss on sales of assets	147	888
Other	526.334	492.372
Total	3.277.968	2.910.825

ğ. Explanations on income/loss from continuing operations and discontinued operations before tax:

Income before tax includes net interest income amounting to TL 4.947.584 (December 31, 2011 - TL 3.745.178), net fee and commission income amounting to TL 1.791.167 (December 31, 2011 - TL 1.969.214) and total other operating expense amounting TL 3.277.968 (December 31, 2011 - TL 2.910.825).

The Group has no discontinued operations.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

As of December 31, 2012, the Group has current tax expense amounting to TL 771.905 (December 31, 2011 - TL 512.317) and deferred tax income amounting to TL 146.971 (December 31, 2011 - TL 72.467 deferred tax expense).

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

	Current Period	Prior Period
Income before tax provision	2.722.694	2.876.164
Tax calculated with tax rate of 20%	544.539	575.233
Disallowables, deductions and other, net	77.222	7.331
Tax rate difference	3.173	2.220
Total provision for taxes on income	624.934	584.784

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

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.

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

i. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	10.087	6.676

j. Other items in income statement:

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

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

a. Information on dividends:

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

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

None.

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

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

d. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EURO and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2012 is TL 560.813 loss. (December 31, 2011 - TL 308.530 loss).

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2012 is EUR 264 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 96.731 (December 31, 2011 - TL 112.775 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, See in note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"])

Explanations and notes related to consolidated financial statements (continued)

e. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to consolidated statement of cash flows

a. Information on cash and cash equivalent :

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change in the accounting policies: None.

3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

3 (i). Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	7.647.595	4.127.914
Cash and effectives	1.033.190	702.227
Demand deposits in banks	6.614.405	3.425.687
Cash equivalents	3.816.780	1.977.118
Interbank money market	2.172.189	970.536
Deposits in bank	1.644.591	1.006.582
Total cash and cash equivalents	11.464.375	6.105.032

3 (ii). Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	5.386.164	7.647.595
Cash and effectives	1.546.923	1.033.190
Demand deposits in banks	3.839.241	6.614.405
Cash equivalents	5.446.125	3.816.780
Interbank money market	2.768.409	2.172.189
Deposits in bank	2.677.716	1.644.591
Total cash and cash equivalents	10.832.289	11.464.375

b. Information on cash and cash equivalents those are not in use due to legal limitations and other reasons:

As of December 31, 2012, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 9.591.973 (December 31, 2011 - TL 8.986.633). There is also TL 130.530 blocked amount in foreign banks account.

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents::

Increase in "Other account" amounting to TL 2.855.116 (December 31, 2011 - TL 2.397.727 decrease) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 4.763.805 (December 31, 2011 - TL 1.575.487 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 233.440 as of December 31, 2012 (December 31, 2011 - TL 653.549 increase).

VII. Explanations and notes related to Group's merger, transfers and companies acquired by Bank

None.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, See in note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"])

Explanations and notes related to consolidated financial statements (continued)

VIII. Explanations and notes related to Group's risk group

a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Information on loans of the Group's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group^{(1) (2)}						
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	35.480	2.559	361.814	403.915	777.335	937.437
Interest and commission income received	1.743	24	12.950	2.215	65.755	14.903

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The information in table above includes loans and due from banks as well as marketable securities.

Prior Period	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
Group's risk group^{(1) (2)}						
Loans and other receivables						
Balance at the beginning of the period	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	15.079	2.053	426.591	230.061	693.445	723.808
Interest and commission income received	1.360	16	8.156	1.191	64.530	5.913

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.

(2) The information in table above includes loans and due from banks as well as marketable securities.

2. Information on deposits of the Group's risk group:

Group's risk group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	10.801	11.699	7.546.932	4.367.079	4.885.191	5.279.564
End of the period	15.788	10.801	8.646.705	7.546.932	8.339.879	4.885.191
Interest expense on deposits	538	489	345.778	275.723	240.433	244.178

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The information in table above includes borrowings, marketable securities issued and repo transactions as well as deposits.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, See in note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"])

Explanations and notes related to consolidated financial statements (continued)

3. Information on forward and option agreements and other derivative instruments with the Group's risk group:

Group's risk group ⁽¹⁾	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	-	38.038	216.174	187.782	97.206	642.637
End of the period ⁽³⁾	-	-	300.627	216.174	432.403	97.206
Total profit / loss⁽⁴⁾	2.224	(3.745)	2.951	3.718	10.317	(17.777)
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The Bank's derivative instruments are classified as "Financial instruments at fair value through profit or loss" or "Derivative financial instruments held for hedging" according to TAS 39.

(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

b. Information regarding benefits provided to the Group's top management:

Salaries and benefits paid to the Group's top management amount to TL 34.709 as of December 31, 2012 (December 31, 2011 - TL 30.299).

IX. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch	927	14.729			
			Country of incorporation		
Foreign Rep. Office	-	-	-		
			Total asset	Statutory share capital	
Foreign Branch	1	4	Bahrain	5.818.342	-
Off-Shore Banking Region Branch ⁽¹⁾	-	-	-	-	-

(1) The values disclosed above are those of the Parent Bank.

X. Explanations and notes related to subsequent events

1) It was decided to appoint Feza Tan as Assistant General Manager responsible for Corporate and Commercial Banking, who was previously responsible for Corporate and Commercial Loans, upon resignation of Mert Güvenen from this position on 4 February 2013 and it was decided to appoint Nurgün Eyüboğlu as Assistant General Manager responsible for Corporate and Commercial Loans, who was previously General Manager of Yapı Kredi Finansal Kiralama A.Ş. with the Board of Directors' decision dated 25 January 2013.

2) By utilizing its early payment option the Bank has repaid the subordinated loan on January 9, 2013 which was obtained from UniCredit Bank Austria AG on February 22, 2012, amounting to USD 585 million. At the same date the Bank obtained a new subordinated loan from UniCredit Bank Austria AG amounting to USD 585 million with 10 years maturity and 5.5% interest rate and a repayment option by the borrower at the end of 5 years.

3) Yapı Kredi Sigorta A.Ş., one of the subsidiaries of the Bank, applied for permission of Capital Market Boards for spinning of Yapı Kredi Emeklilik A.Ş., in which Yapı Kredi Sigorta A.Ş.'s equity stake is 99.9%, by transferring its shares to a newly established joint stock company with the carrying value of these shares as at September 30, 2012.

4) On January 22, 2013, the Parent Bank issued eurobond for non Turkish resident; real person and corporate entities amounting to USD 500 million nominal value with a semi annually coupon at an interest rate of 4% with a maturity of January, 22 2020.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, See in note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012 (continued)

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ["TL"])

Section six

Other Explanations and Notes

I. Other explanations on Group's operations

None

Section Seven

Explanations on independent review report

I. Explanations on independent auditor's review report

The consolidated financial statements for the period ended December 31, 2012 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's report dated February 14, 2013 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.

Yapı Kredi Directory

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<http://www.yapikredi.com.tr>

Branch Information:

Yapı Kredi's branch contact information is available on the Bank's website.

Social Media Information:

Yapı Kredi is active on social media via Facebook, Twitter, LinkedIn, Google+ and YouTube



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