

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated interim financial statements and related disclosures at September 30, 2011 together with independent auditor's review report

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

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at September 30, 2011 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 period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations on account and booking system and accounting and independent audit principles set out as per the Banking Act No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to applying analytical procedures to financial data and making inquiries of the Group's management, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at September 30, 2011 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

Selim Elhadeif, SMMM
Partner

Istanbul, November 3, 2011

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

**The consolidated interim financial report of
Yapı ve Kredi Bankası A.Ş. as of September 30, 2011**

Yapı ve Kredi Bankası A.Ş.
Head Quarters
Yapı Kredi Plaza D Blok
Levent 34330 İstanbul
Phone: (0212) 339 70 00
Fax: (0212) 339 60 00
www.yapikredi.com.tr
E-Mail: financialreports@yapikredi.com.tr

The consolidated financial report includes the following sections in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as sanctioned by the Banking Regulation and Supervision Agency.

- **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 review 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.	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı 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		

Additionally, although, Yapı Kredi Diversified Payment Rights Finance Company, a "Special Purpose Entity", is not a subsidiary of the Bank, as our Bank has a control of 100% it has been included in the consolidation.

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

M. Gökmen UÇAR
Financial Reporting
and Accounting
Executive Vice President

Gianni F. G. PAPA
President of Audit Committee

Francesco GIORDANO
Member of Audit Committee

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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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at September 30, 2011

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

Section one

General information about the Group

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 in London Stock Exchange. As of September 30, 2011, 18,20% of the shares of the Bank are publicly traded (December 31, 2010 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCI") 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 UCI 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	July 2, 2007	Yapı Kredi NV
	Nederland N.V.		

After the merger and the share transfer procedures in 2007 and the capital increase by TL 920 million in 2008, KFS owns 81,80% of the shares of the 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 at September 30, 2011 (continued)

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

General information about the Group (continued)

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

As of September 30, 2011, the Parent Bank's Board of Directors, Members of the Audit Committee and 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
Füsun Akkal BOZOK	Member
Francesco GIORDANO	Member
O. Turgay DURAK	Member
Massimiliano FOSSATI	Member
Vittorio G.M. OGLIENGO	Member

General Manager and Assistant General Managers:

Name	Responsibility
H. Faik AÇIKALIN	General Manager
Carlo VIVALDI	Deputy General Manager
Mehmet Güray ALPKAYA	Corporate Sales Management
Marco CRAVARIO	Financial Planning and Administration Management
Yakup DOĞAN	Alternative Distribution Channels
Mehmet Murat ERMERT	Corporate Communication Management
Mert GÜVENEN	Corporate and Commercial Banking Management
Süleyman Cihangir KAVUNCU	Human Resources Management
Mert ÖNCÜ	Treasury Management
Mehmet Erkan ÖZDEMİR	Compliance Officer
Stefano PERAZZINI	Internal Audit
Yüksel RİZELİ	Information Systems and Operation Management
Cemal Aybars SANAL	Legal Activities Management
Wolfgang SCHILK	Risk Management
Zeynep Nazan SOMER	Retail Banking Management
Feza TAN	Corporate and Commercial Credit Management
Selim Hakkı TEZEL	Consumer and SME Credit Management
Mert YAZICIOĞLU	Private Banking and Asset Management

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at September 30, 2011 (continued)

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

General information about the Group (continued)

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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	-

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.

As of September 30, 2011, the Parent Bank has 893 branches operating in Turkey and 1 branch in off-shore region (December 31, 2010 - 867 branches operating in Turkey, 1 branch in off-shore region).

As of September 30, 2011, the Parent Bank has 14.704 employees (December 31, 2010 - 14.411 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of September 30, 2011 the Group has 17.106 employees (December 31, 2010 - 16.780 employees).

(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 September 30, 2011 and December 31, 2010

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

Section two Consolidated financial statements

I. Consolidated balance sheet

		(30/09/2011)			(31/12/2010)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	5.971.630	5.678.462	11.650.092	2.558.311	3.476.115	6.034.426
II. Financial assets at fair value through profit or (loss) (net)	I-b	623.581	95.625	719.206	938.171	131.944	1.070.115
2.1 Trading financial assets		623.581	95.625	719.206	938.171	131.944	1.070.115
2.1.1 Government debt securities		217.960	5.580	223.540	239.553	60.999	300.552
2.1.2 Share certificates		2.933	-	2.933	6.448	-	6.448
2.1.3 Derivative financial assets held for trading		333.724	89.122	422.846	622.779	70.745	693.524
2.1.4 Other marketable securities		68.964	923	69.887	69.391	200	69.591
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-c	719.071	2.833.315	3.552.386	708.938	1.854.792	2.563.730
IV. Money markets		34.483	-	34.483	970.970	-	970.970
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		14.083	-	14.083	-	-	-
4.3 Receivables from reverse repurchase agreements		20.400	-	20.400	970.970	-	970.970
V. Financial assets available-for-sale (net)	I-d	6.229.245	1.465.790	7.695.035	4.422.875	1.453.105	5.875.980
5.1 Share certificates		17.100	329	17.429	16.331	269	16.600
5.2 Government debt securities		4.716.134	1.018.940	5.735.074	3.339.007	1.077.982	4.416.989
5.3 Other marketable securities		1.496.011	446.521	1.942.532	1.067.537	374.854	1.442.391
VI. Loans and receivables	I-e	43.008.245	25.417.019	68.425.264	34.957.515	19.718.347	54.675.862
6.1 Loans and receivables		42.522.406	25.304.982	67.827.388	34.562.909	19.680.071	54.242.980
6.1.1 Loans to Bank's risk group		418.788	744.057	1.162.845	733.913	494.603	1.228.516
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		42.103.618	24.560.925	66.664.543	33.828.996	19.185.468	53.014.464
6.2 Loans under follow-up		1.883.199	217.410	2.100.609	1.766.342	141.624	1.907.966
6.3 Specific provisions (-)		(1.397.360)	(105.373)	(1.502.733)	(1.371.736)	(103.348)	(1.475.084)
VII. Factoring receivables		786.462	968.243	1.754.705	1.082.586	742.306	1.824.892
VIII. Held-to-maturity investments (net)	I-f	3.450.405	9.140.525	12.590.930	5.319.830	7.655.114	12.974.944
8.1 Government debt securities		3.450.405	9.140.525	12.590.930	5.319.830	7.655.114	12.974.944
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-g	4.503	98.505	103.008	3.940	71.906	75.846
9.1 Consolidated based on equity method		-	98.505	98.505	-	71.906	71.906
9.2 Unconsolidated		4.503	-	4.503	3.940	-	3.940
9.2.1 Investments in financial associates		4.503	-	4.503	3.940	-	3.940
9.2.2 Investments in non-financial associates		-	-	-	-	-	-
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-i	19.963	-	19.963	22.265	-	22.265
11.1 Accounted based on equity method		19.963	-	19.963	22.265	-	22.265
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-j	512.335	2.163.840	2.676.175	384.445	1.605.169	1.989.614
12.1 Financial lease receivables		614.582	2.517.944	3.132.526	461.940	1.869.514	2.331.454
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(102.247)	(354.104)	(456.351)	(77.495)	(264.345)	(341.840)
XIII. Derivative financial assets held for hedging	I-k	212.345	136	212.481	34.463	3.738	38.201
13.1 Fair value hedge		212.345	-	212.345	34.463	-	34.463
13.2 Cash flow hedge		-	136	136	-	3.738	3.738
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)		1.176.576	18.179	1.194.755	1.139.529	16.986	1.156.515
XV. Intangible assets (net)	I-l	1.249.724	1.485	1.251.209	1.241.866	1.214	1.243.080
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		270.231	1.485	271.716	262.373	1.214	263.587
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		407.382	2.129	409.511	317.180	2.248	319.428
17.1 Current tax asset		-	560	560	-	1.223	1.223
17.2 Deferred tax asset		407.382	1.569	408.951	317.180	1.025	318.205
XVIII. Assets held for resale and related to discontinued operations (net)	I-n	91.607	-	91.607	82.416	-	82.416
18.1 Held for sale		91.607	-	91.607	82.416	-	82.416
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-o	1.302.993	2.211.691	3.514.684	957.024	936.450	1.893.474
Total assets		65.802.850	50.094.944	115.897.794	55.144.624	37.669.434	92.814.058

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 September 30, 2011 and December 31, 2010

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

I. Consolidated balance sheet

		(30/09/2011)			(31/12/2010)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
1.1 Deposits of the Bank's risk group		4.014.729	4.016.640	8.031.369	3.707.671	3.157.886	6.865.557
1.2 Other		29.990.849	27.832.426	57.823.275	28.553.504	19.787.941	48.341.445
II. Derivative financial liabilities held for trading	II-b	416.367	139.799	556.166	294.227	64.941	359.168
III. Funds Borrowed	II-c	1.209.953	11.667.939	12.877.892	2.026.611	8.046.459	10.073.070
IV. Money markets		2.761.028	5.097.969	7.858.997	469.580	3.181.436	3.651.016
4.1 Funds from interbank money market		-	23.397	23.397	-	29.843	29.843
4.2 Funds from Istanbul Stock Exchange Money Market		814.725	-	814.725	401.755	-	401.755
4.3 Funds provided under repurchase agreements		1.946.303	5.074.572	7.020.875	67.825	3.151.593	3.219.418
V. Marketable securities issued (net)	II-d	930.372	2.260.572	3.190.944	-	1.394.904	1.394.904
5.1 Bonds		930.372	6.078	936.450	-	19.485	19.485
5.2 Asset backed securities		-	2.254.494	2.254.494	-	1.375.419	1.375.419
5.3 Bills		-	-	-	-	-	-
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		4.028.722	568.039	4.596.761	3.421.542	784.429	4.205.971
VIII. Other liabilities	II-e	1.252.176	662.664	1.914.840	703.682	340.801	1.044.483
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables	II-f	-	-	-	-	-	-
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-g	254.512	449.155	703.667	352.025	101.638	453.663
11.1 Fair value hedge		66.164	-	66.164	313.917	-	313.917
11.2 Cash flow hedge		188.348	449.155	637.503	38.108	101.638	139.746
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-h	2.673.263	793.153	3.466.416	2.576.902	702.836	3.279.738
12.1 General loan loss provision		601.385	370.936	972.321	520.460	306.393	826.853
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		181.480	4.089	185.569	178.753	3.214	181.967
12.4 Insurance technical provisions (net)		699.339	345.249	1.044.588	614.469	316.238	930.707
12.5 Other provisions		1.191.059	72.879	1.263.938	1.263.220	76.991	1.340.211
XIII. Tax liability	II-i	270.101	-	270.101	286.688	2.312	289.000
13.1 Current tax liability		270.101	-	270.101	286.688	180	286.868
13.2 Deferred tax liability		-	-	-	-	2.132	2.132
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-j	-	2.598.485	2.598.485	-	2.110.274	2.110.274
XVI. Shareholders' equity	II-k	12.536.167	(527.286)	12.008.881	10.824.482	(78.713)	10.745.769
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		939.542	(527.286)	412.256	812.686	(78.713)	733.973
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		251.746	22.517	274.263	187.262	65.535	252.797
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)		(2.726)	(549.803)	(552.529)	812	(144.248)	(143.436)
16.2.9 Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		146.641	-	146.641	80.731	-	80.731
16.3 Profit reserves		5.197.101	-	5.197.101	3.202.502	-	3.202.502
16.3.1 Legal reserves		266.973	-	266.973	163.959	-	163.959
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		4.930.128	-	4.930.128	3.038.543	-	3.038.543
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Income or (loss)		1.986.540	-	1.986.540	2.399.148	-	2.399.148
16.4.1 Prior years' income or (loss)		338.858	-	338.858	151.117	-	151.117
16.4.2 Current year income or (loss)		1.647.682	-	1.647.682	2.248.031	-	2.248.031
16.5 Minority interest	II-l	65.933	-	65.933	63.095	-	63.095
Total liabilities and shareholders' equity		60.338.239	55.559.555	115.897.794	53.216.914	39.597.144	92.814.058

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 September 30, 2011 and December 31, 2010

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

II. Consolidated off-balance sheet commitments

		(30/09/2011)			(31/12/2010)			
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I+II+III)		56.850.076	81.362.152	138.212.228	46.872.065	56.333.943	103.206.008
I	Guarantees and warranties	III-a-2, 3	10.208.663	15.972.759	26.181.422	7.798.109	11.894.444	19.692.553
1.1	Letters of guarantee		9.390.926	9.011.621	18.402.547	7.790.097	7.167.366	14.947.463
1.1.1	Guarantees subject to state tender law		497.109	672.703	1.169.812	510.007	596.097	1.106.104
1.1.2	Guarantees given for foreign trade operations		1.086.139	8.202.864	9.269.003	840.037	6.434.849	7.274.886
1.1.3	Other letters of guarantee		7.827.678	136.054	7.963.732	6.430.053	136.420	6.566.473
1.2	Bank acceptances		-	163.360	163.360	-	165.797	165.797
1.2.1	Import letter of acceptance		-	163.360	163.360	-	165.797	165.797
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		8.007	5.308.246	5.316.253	12.337	3.987.536	3.999.873
1.3.1	Documentary letters of credit		8.007	5.297.344	5.305.351	12.337	3.974.126	3.986.463
1.3.2	Other letters of credit		-	10.902	10.902	-	13.410	13.410
1.4	Prefinancing given as guarantee		143	2.461	2.604	143	2.062	2.205
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		809.587	541.358	1.350.945	5.532	269.072	274.604
1.9	Other warranties		-	945.713	945.713	-	302.611	302.611
II	Commitments	III-a-1	23.236.008	3.420.248	26.656.256	19.805.392	2.819.338	22.624.730
2.1	Irrevocable commitments		23.236.008	3.420.248	26.656.256	19.805.392	2.819.338	22.624.730
2.1.1	Asset purchase and sale commitments		368.136	2.337.733	2.705.869	2.544.040	2.544.040	2.544.040
2.1.2	Deposit purchase and sales commitments		1.069	-	1.069	44	9.797	9.841
2.1.3	Share capital commitments to associates and subsidiaries		1.000	-	1.000	2.000	-	2.000
2.1.4	Loan granting commitments		3.915.094	1.044.640	4.959.734	3.070.259	233.241	3.303.500
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		4.141.074	-	4.141.074	3.653.626	-	3.653.626
2.1.8	Tax and fund liabilities from export commitments		36.127	-	36.127	39.486	-	39.486
2.1.9	Commitments for credit card limits		13.352.994	37.845	13.390.839	11.706.172	21.507	11.727.679
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		1.420.514	30	1.420.544	1.333.805	10.753	1.344.558
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III	Derivative financial instruments		23.405.405	61.969.145	85.374.550	19.268.564	41.620.161	60.888.725
3.1	Derivative financial instruments for hedging purposes		8.902.828	28.872.827	37.775.655	3.446.632	9.397.626	12.844.258
3.1.1	Transactions for fair value hedge		2.811.228	3.385.890	6.197.118	2.106.632	2.210.606	4.317.238
3.1.2	Transactions for cash flow hedge		6.091.600	25.486.937	31.578.537	1.340.000	7.187.020	8.527.020
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		14.502.577	33.096.318	47.598.895	15.821.932	32.222.535	48.044.467
3.2.1	Forward foreign currency buy/sell transactions		2.087.111	5.438.598	7.525.709	2.081.770	3.206.163	5.287.933
3.2.1.1	Forward foreign currency transactions-buy		406.647	3.355.409	3.762.056	637.179	2.004.987	2.642.166
3.2.1.2	Forward foreign currency transactions-sell		1.680.464	2.083.189	3.763.653	1.444.591	1.201.176	2.645.767
3.2.2	Swap transactions related to foreign currency and interest rates		6.144.088	16.911.645	23.055.733	8.030.332	21.979.345	30.009.677
3.2.2.1	Foreign currency swap-buy		4.720.008	4.699.285	9.419.293	5.869.467	7.636.788	13.506.255
3.2.2.2	Foreign currency swap-sell		1.424.080	8.087.524	9.511.604	1.960.865	11.000.959	12.961.824
3.2.2.3	Interest rate swap-buy		-	2.062.418	2.062.418	100.000	1.670.799	1.770.799
3.2.2.4	Interest rate swap-sell		-	2.062.418	2.062.418	100.000	1.670.799	1.770.799
3.2.3	Foreign currency, interest rate and securities options		5.564.378	10.193.927	15.758.305	5.159.829	6.683.197	11.843.026
3.2.3.1	Foreign currency options-buy		2.393.924	3.141.060	5.534.984	2.330.226	3.125.062	5.455.288
3.2.3.2	Foreign currency options-sell		2.619.828	2.896.852	5.516.680	2.524.459	2.944.966	5.469.425
3.2.3.3	Interest rate options-buy		262.350	2.363.118	2.625.468	-	-	-
3.2.3.4	Interest rate options-sell		187.350	1.691.375	1.878.725	-	-	-
3.2.3.5	Securities options-buy		50.463	50.761	101.224	152.572	340.122	492.694
3.2.3.6	Securities options-sell		50.463	50.761	101.224	152.572	273.047	425.619
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		-	-	-	1	-	1
3.2.5.1	Interest rate futures-buy		-	-	-	1	-	1
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		707.000	552.148	1.259.148	550.000	353.830	903.830
B	Custody and pledges received (IV+V+VI)		102.946.065	26.976.906	129.922.971	105.034.734	20.439.132	125.473.866
IV	Items held in custody		52.922.803	4.097.261	57.020.064	63.860.271	3.846.300	67.706.571
4.1	Customer fund and portfolio balances		24.776	125	24.901	5.569	102	5.671
4.2	Investment securities held in custody		42.721.693	3.490.014	46.211.707	55.522.712	3.387.712	58.910.424
4.3	Checks received for collection		8.395.270	91.475	8.486.745	6.615.323	62.224	6.677.547
4.4	Commercial notes received for collection		1.775.836	490.110	2.265.946	1.713.892	375.385	2.089.277
4.5	Other assets received for collection		-	25.537	25.537	-	20.877	20.877
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		5.228	-	5.228	2.775	-	2.775
4.8	Custodians		-	-	-	-	-	-
V	Pledges received		48.988.767	22.202.552	71.191.319	40.304.331	15.999.918	56.304.249
5.1	Marketable securities		204.017	200	204.217	281.601	167	281.768
5.2	Guarantee notes		550.789	454.002	1.004.791	433.773	380.268	814.041
5.3	Commodity		40.961	-	40.961	58.680	-	58.680
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		33.794.180	16.825.018	50.619.198	27.491.727	11.473.952	38.965.679
5.6	Other pledged items		14.398.820	4.920.044	19.318.864	12.038.550	4.142.785	16.181.335
5.7	Pledged items-depository		-	3.288	3.288	-	2.746	2.746
VI	Accepted independent guarantees and warranties		1.034.495	677.093	1.711.588	870.132	592.914	1.463.046
Total off-balance sheet commitments (A+B)			159.796.141	108.339.058	268.135.199	151.906.799	76.773.075	228.679.874

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements at September 30, 2011 and 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. Consolidated income statement

Income and expense items		Note (Section five)	01/01-30/09/2011	01/01-30/09/2010
I.	Interest income	IV-a	5.625.324	4.767.607
1.1	Interest on loans	IV-a-1	4.080.165	3.444.447
1.2	Interest received from reserve deposits		373	55.291
1.3	Interest received from banks	IV-a-2	84.699	49.205
1.4	Interest received from money market transactions		3.247	43.020
1.5	Interest received from marketable securities portfolio	IV-a-3	1.186.823	947.468
1.5.1	Trading financial assets		27.739	12.756
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		423.030	144.776
1.5.4	Held to maturity investments		736.054	789.936
1.6	Financial lease income		163.229	151.551
1.7	Other interest income		106.788	76.625
II.	Interest expense	IV-b	(2.927.970)	(2.063.901)
2.1	Interest on deposits	IV-b-3	(2.251.948)	(1.729.424)
2.2	Interest on funds borrowed	IV-b-1	(388.902)	(266.527)
2.3	Interest expense on money market transactions		(236.354)	(46.102)
2.4	Interest on securities issued		(41.242)	(19.505)
2.5	Other interest expenses		(9.524)	(2.343)
III.	Net interest income (I + II)		2.697.354	2.703.706
IV.	Net fees and commissions income		1.434.418	1.270.993
4.1	Fees and commissions received		1.775.418	1.514.554
4.1.1	Non-cash loans		174.432	165.999
4.1.2	Other	IV-k	1.600.986	1.348.555
4.2	Fees and commissions paid		(341.000)	(243.561)
4.2.1	Non-cash loans		(3.490)	(2.629)
4.2.2	Other		(337.510)	(240.932)
V.	Dividend income		5.891	1.082
VI.	Trading gain/(loss) (net)	IV-c	(67.703)	(1.829)
6.1	Trading gains/(losses) on securities		31.443	67.792
6.2	Derivative financial transactions gains/(losses)	IV-d	(338.999)	(445.421)
6.3	Foreign exchange gains/(losses)		239.853	375.800
VII.	Other operating income	IV-e	722.845	868.500
VIII.	Total operating income (III+IV+V+VI+VII)		4.792.805	4.842.452
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(641.620)	(589.051)
X.	Other operating expenses (-)	IV-g	(2.113.760)	(1.954.095)
XI.	Net operating income/(loss) (VIII+IX+X)		2.037.425	2.299.306
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		10.803	3.994
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-h	2.048.228	2.303.300
XVI.	Tax provisions for continuing operations (±)	IV-i	(395.532)	(433.006)
16.1	Current tax provision		(376.575)	(421.368)
16.2	Deferred tax provision		(18.957)	(11.638)
XVII.	Net profit/loss from continuing operations (XV±XVI)		1.652.696	1.870.294
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 /loss 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-j	1.652.696	1.870.294
23.1	Group's profit/loss		1.647.682	1.865.817
23.2	Minority interest profit/losses (-)	IV-l	5.014	4.477
	Earnings/(loss) per share (in TL full)		0,0038	0,0043

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements at September 30, 2011 and 2010
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

III. Consolidated income statement

Income and expense items		Note (Section five)	01/07-30/09/2011	01/07-30/09/2010
I.	Interest income	IV-a	2.101.197	1.648.493
1.1	Interest on loans	IV-a-1	1.525.535	1.188.153
1.2	Interest received from reserve deposits		146	20.195
1.3	Interest received from banks	IV-a-2	33.770	22.116
1.4	Interest received from money market transactions		939	9.166
1.5	Interest received from marketable securities portfolio	IV-a-3	439.906	329.132
1.5.1	Trading financial assets		13.446	5.505
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		141.433	46.360
1.5.4	Held to maturity investments		285.027	277.267
1.6	Financial lease income		58.427	51.834
1.7	Other interest income		42.474	27.897
II.	Interest expense	IV-b	(1.122.280)	(763.148)
2.1	Interest on deposits	IV-b-3	(857.711)	(635.924)
2.2	Interest on funds borrowed	IV-b-1	(144.104)	(93.739)
2.3	Interest expense on money market transactions		(88.347)	(25.483)
2.4	Interest on securities issued		(26.918)	(6.184)
2.5	Other interest expenses		(5.200)	(1.818)
III.	Net interest income (I + II)		978.917	885.345
IV.	Net fees and commissions income		512.400	440.619
4.1	Fees and commissions received		634.588	544.448
4.1.1	Non-cash loans		49.804	56.629
4.1.2	Other	IV-k	584.784	487.819
4.2	Fees and commissions paid		(122.188)	(103.829)
4.2.1	Non-cash loans		(1.128)	(2.509)
4.2.2	Other		(121.060)	(101.320)
V.	Dividend income		-	155
VI.	Trading gain/(loss) (net)	IV-c	(95.486)	50.755
6.1	Trading gains/(losses) on securities		22.208	32.302
6.2	Derivative financial transactions gains/(losses)	IV-d	(160.154)	446.805
6.3	Foreign exchange gains/(losses)		42.460	(428.352)
VII.	Other operating income	IV-e	186.590	328.600
VIII.	Total operating income (III+IV+V+VI+VII)		1.582.421	1.705.474
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(191.003)	(236.439)
X.	Other operating expenses (-)	IV-g	(715.014)	(642.138)
XI.	Net operating income/(loss) (VIII+IX+X)		676.404	826.897
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		2.899	1.401
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-h	679.303	828.298
XVI.	Tax provisions for continuing operations (±)	IV-i	(127.327)	(129.627)
16.1	Current tax provision		(106.947)	(39.652)
16.2	Deferred tax provision		(20.380)	(89.975)
XVII.	Net profit/loss from continuing operations (XV±XVI)		551.976	698.671
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-j	551.976	698.671
23.1	Group's profit/loss		549.223	696.523
23.2	Minority interest profit/losses (-)	IV-l	2.753	2.148
	Earnings/(loss) per share (in TL full)		0,0013	0,0016

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 September 30, 2011 and 2010

(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		(30/09/2011)	(30/09/2010)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	(155.538)	48.158
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	149.212	(44.871)
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	(389.677)	(176.006)
VI.	Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(103.826)	34.081
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	219	-
IX.	Deferred tax on valuation differences	111.834	21.704
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(387.776)	(116.934)
XI.	Current year profit/loss	1.652.696	1.870.294
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	8.172	3.745
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(128.422)	(38.903)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	1.772.946	1.905.452
XII.	Total profit/loss related to the current period (X+XI)	1.264.920	1.753.360

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 at September 30, 2010

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

V. Consolidated statement of changes in shareholders' equity

September 30, 2010	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 and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	To shareholde equ
I. Period opening balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.1
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	-	96.220	-	1.769.658	61.969	1.542.948	(37.054)	161.401	-	-	(57.195)	-	8.428.879	57.261	8.486.1
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	41.644	-	-	-	-	41.644	(167)	41.4
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(113.540)	-	(113.540)	-	(113.54
3.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(140.805)	-	(140.805)	-	(140.80
3.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	27.265	-	27.265	-	27.21
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		-	-	-	-	-	-	-	-	-	-	(44.871)	-	-	-	-	(44.871)	-	(44.87
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current year income or loss		-	-	-	-	-	-	-	-	1.865.817	-	-	-	-	-	-	1.865.817	4.477	1.870.21
XX. Profit distribution		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	(693)	(69
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(693)	(69
20.2 Transfers to reserves		-	-	-	-	67.739	-	1.268.885	18.153	(1.542.948)	188.171	-	-	-	-	-	-	-	(65
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+V+.....+VIII+XIX+XX)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.122	1.865.817	151.117	158.174	-	-	(170.735)	-	10.177.929	60.878	10.238.8

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 380.805 and TL 3.367.865 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 at September 30, 2011

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

V. Consolidated statement of changes in shareholders' equity

September 30, 2011	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 and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Prior period-end balance		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.248.031	151.117	252.797	-	-	(143.436)	-	10.682.674	63.095	10.745.769
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(142.036)	-	-	-	-	(142.036)	(368)	(142.404)
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(394.803)	-	(394.803)	-	(394.803)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(311.742)	-	(311.742)	-	(311.742)
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(83.061)	-	(83.061)	-	(83.061)
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		-	-	-	-	-	-	-	-	-	-	163.502	-	-	(14.290)	-	149.212	-	149.212
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219	-	219
XVII. Current year income or loss		-	-	-	-	-	-	-	-	1.647.682	-	-	-	-	-	-	1.647.682	5.014	1.652.696
XVIII. Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	(1.808)	(1.808)
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.808)	(1.808)
18.2 Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (+II+III+.....+XVII+XVIII)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.647.682	338.858	274.263	-	-	(552.529)	-	11.942.948	65.933	12.008.881

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 502.769 and TL 5.425.773 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 cash flows at September 30, 2011 and 2010

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

VI. Consolidated statement of cash flows

	Note (Section five)	(30/09/2011)	(30/09/2010)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		1.029.150	1.782.007
1.1.1 Interest received		5.181.015	4.869.796
1.1.2 Interest paid		(2.788.737)	(2.076.609)
1.1.3 Dividend received		5.891	1.082
1.1.4 Fees and commissions received		1.779.770	1.514.598
1.1.5 Other income		341.065	(627.940)
1.1.6 Collections from previously written-off loans and other receivables		1.041.988	1.169.258
1.1.7 Payments to personnel and service suppliers		(1.965.983)	(1.779.083)
1.1.8 Taxes paid		(487.270)	(547.680)
1.1.9 Other	V-c	(2.078.589)	(741.415)
1.2 Changes in operating assets and liabilities		684.021	482.210
1.2.1 Net (increase)/decrease in trading securities		49.154	43.336
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(1.543.631)	370.497
1.2.4 Net (increase)/decrease in loans		(14.908.970)	(8.467.179)
1.2.5 Net (increase)/decrease in other assets		(1.586.502)	(545.160)
1.2.6 Net increase /(decrease) in bank deposits		(195.530)	65.762
1.2.7 Net increase /(decrease) in other deposits		10.758.722	5.871.632
1.2.8 Net increase /(decrease) in funds borrowed		6.361.592	1.998.001
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	V-c	1.749.186	1.145.321
I. Net cash flows from banking operations		1.713.171	2.264.217
B. Cash flows from investing activities			
II. Net cash flows from investing activities		(323.053)	(626.621)
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(139.764)	(122.951)
2.4 Disposals of property and equipment		7.500	20.314
2.5 Purchase of investments available-for-sale		(3.182.850)	(4.811.312)
2.6 Sale of investments available-for -sale		1.315.582	2.980.497
2.7 Purchase of investment securities		(625.867)	(615.545)
2.8 Sale of investment securities		2.302.346	1.922.376
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		2.105.732	(751.187)
3.1 Cash obtained from funds borrowed and securities issued		3.968.483	1.453.705
3.2 Cash used for repayment of funds borrowed and securities issued		(1.860.943)	(2.204.086)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(1.808)	(693)
3.5 Payments for finance leases		-	(113)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	V-c	636.809	(184.053)
V. Net increase in cash and cash equivalents (I+II+III+IV)		4.132.659	702.356
VI. Cash and cash equivalents at beginning of the period	V-a	6.105.032	5.047.843
VII. Cash and cash equivalents at end of the period	V-a	10.237.691	5.750.199

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011

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

Section three

Explanations on accounting policies

I. 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 Turkish Accounting Standards Board ("TASB") 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 consolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated February 10, 2007.

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 consolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments applied until December 31, 2004, except for the trading and available for sale financial assets, trading and hedging derivative financial assets and financial liabilities carried at fair value. 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 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, 2010. TAS/TFRS changes (TFRIC 14 (Change) "Repayments of a Minimum Funding Instrument"; TAS 32 (Change), "Classification on Rights Issue"; TFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments; TAS 24, "Related Party Disclosures", Improvements to TFRS (Published in 2010) (effective from January 1, 2011) do not have an effect on the Group's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXIX. below.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

TFRS 9, "Financial Instruments" which will be compulsory for periods beginning on or after January 1, 2013, is allowed for the volunteering banks for early adoption starting as of December 31, 2010 as announced in "Change in Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette numbered 27824 dated January 23, 2011. The standard which the Bank did not early adopt for 2010, 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 these 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 subsidiaries and foreign currency non-performing loans. Since the foreign currency investments and unconsolidated 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 realised. 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on 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.

(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 September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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 (%) September 30, 2011	Direct and indirect rates (%) September 30, 2011
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	98,85	98,85
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.

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 September 30, 2011	Direct and indirect rates September 30, 2011
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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	Direct and
			rates (%)	indirect
			September 30,	September 30,
			2011	2011
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	GYO	30,45	30,45

4. Principles applied during share transfer, merger and acquisition:

It is explained in more detail in Note VI. of Section Five.

5. 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 unconsolidated associates, subsidiaries and joint ventures are accounted for at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Consolidated and Unconsolidated Financial Statements" ("TAS 27") in the consolidated financial statements.

Foreign currency denominated unconsolidated associates, subsidiaries and joint ventures are booked 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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 values of derivatives are 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 recognised 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, the adjustments made to the carrying value (amortised cost) of the hedged item 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 within this context 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.

Certain 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

Options in the Bank's portfolio are valued on a daily basis. Parameters vary according to the type of option (barrier/digital etc.).

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, 2011, 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 default swaps are the contracts, in which the seller commits to pay the contract value to the buyer in cases of certain credit risk events in return for the premium paid by the buyer for the contract.

As of September 30, 2011 credit derivative portfolio included in the off balance sheet is composed of credit default swaps arising from direct protection sale and credit linked notes. 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 fair valued using the valuation model adopted by the Bank. Credit default swaps are contracts, in which the seller commits to pay the contract value to the buyer in cases 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 modelling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, 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 the collection is made according to the related regulation.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

VI. Explanations on fee and commission income and expenses:

All fees and commission income/expenses are recognized on an accrual basis, certain commission income and fees from various banking services are recorded as income at the time of realization. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method. Contract-based fees or fees received in return for services like the purchase and sale of assets on behalf of a third party are recognized as income at the time of collection.

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 the same manner as acquired 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on 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 cost plus transaction costs. 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.

c. Loans and receivables:

Loans and receivables are non-derivative financial assets that are not quoted in a market or classified as held for trading, at fair value through profit or loss or available for sale, and which have fixed or determinable payments. 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.

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" 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. General provisions are determined in accordance with the "incurred loss" model taking into consideration the factors listed above and the principles of TAS 39. The parameters of the incurred loss model are reviewed regularly and the effects of the changes are reflected in the income statement accordingly. The general loan loss provision determined through this methodology is higher than the minimum amount required by the related regulations.

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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 asset 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.

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 a the difference between the purchase cost (after deduction of principal repayment 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 Uniform Chart of Accounts ("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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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 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 sale" 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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 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").

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 other intangible assets at the end of each reporting period. If there is an evidence of impairment, the Group estimates the recoverable amount. 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%

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Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

XIII. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. 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.

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 the 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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.

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.

XV. Explanations on provisions and contingent asset 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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.

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 dated May 8, 2008, No. 26870 and came into force. 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 is 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.

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% 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 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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Explanations on accounting policies (continued)

The main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalized. The Constitutional Court announced that it has rejected the cancellation request with the decision taken in the meeting dated March 30, 2011. The decision with reasoning is not yet published in the Official Gazette. 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. Defined contribution plans:

The Group 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:

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.

The corporate tax rate in Turkey is 20% and it is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on 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.

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, 2011 are as follows:

Netherlands	25,50%
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 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 deferred tax asset and deferred tax liability are presented as separate in these financial statements.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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.

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" 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 Bank has started to obtain funds by issuing bonds at the current period.

XIX. Explanations on issuance of share certificates:

At capital increases, the Parent Bank accounts for the difference between the issued value and nominal value as share premium under shareholders' equity, in cases where the issued value is higher than the nominal value.

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 September 30,2011 the Group received government grant from TÜBİTAK amounting to TL 828 (December 31, 2010 - TL 609).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on 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 for the year to the weighted average number of shares outstanding during the period concerned.

	September 30, 2011	September 30, 2010
Group's profit	1.647.682	1.865.817
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0038	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 2011. (December 31, 2010 - 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. Cash and cash equivalents:

For the purposes of the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include money market placements and time deposits at banks with original maturity periods of less than three months.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

XXVI. 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 VII. of Section Four.

XXVII. Reclassifications:

Reclassifications have been made on comparative figures as of December 31, 2010 and September 30, 2010, to conform to changes in presentation in the September 30, 2011 financials.

XXVIII. 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".

XXIX. 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, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not yet certain, and for the incurred but not reported claims. Reinsurance share of outstanding and paid claims is netted off in mentioned reserves.

Explanations related to insurance technical reserves

Insurance companies, according to the insurance regulation in force, are required to account unearned premium reserves, outstanding claims provision, mathematical reserves, provision for bonuses and rebates.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

Non-life

Unearned premium reserve ("UPR") is calculated on a daily basis for all policies in force for unearned portions of premiums written, except for earthquake premiums issued before September 14, 2007. For marine policies, UPR is calculated as 50% of the last three months' premiums.

Outstanding claims is set for the estimated cost of claims notified but not settled and incurred but not reported claims ("IBNR") at the balance sheet date, less amounts recoverable from reinsurers.

The unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premiums are recorded on a daily basis for all policies in force.

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 guaranteed rate of return 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).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations on accounting policies (continued)

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 September 30, 2011 (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 capital adequacy ratio of the Group is 13,62 % (December 31, 2010 - 15,43%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006 (together referred as "Regulation Regarding Capital Adequacy"). The following tables show the details of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

c. Information related to capital adequacy ratio:

	Risk weights ⁽¹⁾					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	26.699.369	3.614.684	10.856.146	54.217.573	825.010	1.263.109
Cash	1.249.578	439	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	6.552.408	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	1.719.201	-	148.807	-	-
Interbank money market placements	14.000	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements	3.679.970	-	-	-	-	-
Loans	2.466.558	1.048.798	10.615.699	47.764.476	825.010	1.263.109
Non-performing receivables (net)	-	-	-	587.783	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	12.258.977	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	32.386	-	-
Miscellaneous receivables	-	784.331	-	977.424	-	-
Interest and income accruals	188.377	27.494	240.447	1.095.248	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.801.223	-	-
Fixed assets	-	-	-	1.148.813	-	-
Other assets	289.501	34.421	-	661.413	-	-
Off-balance sheet items	940.722	3.495.595	483.578	17.263.996	-	-
Non-cash loans and commitments	940.722	2.032.635	483.578	17.107.581	-	-
Derivative financial instruments	-	1.462.960	-	156.415	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets⁽²⁾	27.640.091	7.110.279	11.339.724	71.481.569	825.010	1.263.109

(1) There are no assets weighted with 10% risk.

(2) Not weighted.

(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 September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

	Risk weights ⁽¹⁾					
	Consolidated					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	28.509.867	5.605.103	11.293.522	58.169.582	825.010	1.263.109
Cash	1.685.648	439	-	11.664	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	6.552.408	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	3.296.781	-	236.152	-	-
Interbank money market placements	14.000	-	-	-	-	-
Receivables from reverse repurchase transactions	-	20.400	-	-	-	-
Reserve requirements	3.679.970	-	-	-	-	-
Loans	3.190.385	1.407.463	10.894.597	50.428.763	825.010	1.263.109
Non-performing receivables (net)	-	-	-	597.876	-	-
Lease receivables	8.770	7.632	155.737	2.474.561	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	12.453.073	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	32.386	-	-
Miscellaneous receivables	300.889	784.319	-	1.214.573	-	-
Interest and income accruals	203.338	44.441	243.188	1.143.960	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	2.300	-	-
Fixed assets	-	-	-	1.193.652	-	-
Other assets	421.386	43.628	-	833.695	-	-
Off-balance sheet items	958.177	3.560.599	526.883	17.524.015	-	-
Non-cash loans and commitments	958.177	2.079.265	526.883	17.340.195	-	-
Derivative financial instruments	-	1.481.334	-	183.820	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets ⁽²⁾	29.468.044	9.165.702	11.820.405	75.693.597	825.010	1.263.109

(1) There are no assets weighted with 10% risk.

(2) Not weighted.

d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Amount subject to credit risk (ASCR)	82.337.220	64.043.140	87.200.673	68.300.334
Amount subject to market risk (ASMR)	3.582.850	1.410.150	4.295.150	1.949.350
Amount subject to operational risk (ASOR)	8.842.703	7.806.018	9.764.669	8.999.966
Shareholders' equity	13.120.803	11.820.819	13.791.177	12.227.770
Shareholders' equity/(ASCR+ASMR+ASOR)*100	13,85	16,14	13,62	15,43

(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 September 30, 2011 (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:

	September 30, 2011	December 31, 2010
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	266.973	163.959
First legal reserve (Turkish Commercial Code 466/1)	266.973	163.959
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	4.930.128	3.038.543
Reserves allocated by the general assembly	4.930.128	3.038.543
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	1.986.540	2.399.148
Current period net profit	1.647.682	2.248.031
Prior periods profit	338.858	151.117
Provisions for possible risks up to 25% of core capital	149.448	124.712
Profit on disposal of associates, subsidiaries and immovables	146.641	80.731
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	65.933	63.095
Uncovered portion of loss with reserves (-)	-	-
Current period net loss	-	-
Prior periods loss	-	-
Leasehold improvements (-)	83.977	102.899
Prepaid expenses (-) ⁽¹⁾	-	138.650
Intangible assets (-)	1.251.209	1.243.080
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
Total core capital	11.101.409	9.276.491

(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 September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

	September 30, 2011	December 31, 2010
Supplementary capital		
General provisions	972.321	826.853
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans ⁽²⁾	1.863.722	2.097.218
45% of marketable securities valuation differences	123.418	113.759
Investments in associates and subsidiaries	75.022	5.269
Available-for-sale financial assets	48.396	108.490
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-	-
Total supplementary capital	2.959.461	3.037.830
Tier III capital		
Capital	14.060.870	12.314.321
Deductions from the capital	269.693	86.551
Investments in unconsolidated financial institutions and banks	4.503	3.940
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	118.468	71.906
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	8.733	10.705
Other	137.989	-
Total shareholders' equity	13.791.177	12.227.770

(1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No. 27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

II. Explanations on consolidated market risk:

The Parent Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on and off-balance-sheet positions and exchange positions are taken into consideration in the Value-at-risk calculations. The results are presented daily to the senior management and monthly to the Executive Committee as a result of its Asset and Liability Management function. The below table represents the details of market risk calculation as of September 30, 2011 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333, dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

a. Information on market risk:

	September 30, 2011	December 31, 2010
(I) Capital to be employed for general market risk - standard method	230.685	78.386
(II) Capital to be employed for specific risk – standard method	53.921	62.568
(III) Capital to be employed for currency risk – standard method	48.660	13.723
(IV) Capital to be employed for commodity risk – standard method	1.996	390
(V) Capital to be employed for settlement risk – standard method	-	-
(VI) Capital to be employed for market risk due to options - standard method	8.350	881
(VII) Capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	343.612	155.948
(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)	4.295.150	1.949.350

III. Explanations on consolidated operational risk:

The Group calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Group, 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 September 30, 2011, the total amount subject to operational risk is TL 9.764.669 (December 31, 2010 –TL 8.999.966) and the amount of the related capital requirement is TL 781.174 (December 31, 2010 - TL 719.998).

IV. Explanations on consolidated currency risk:

The difference between the Parent 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. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in "Net foreign currency position" (cross currency risk).

(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 September 30, 2011 (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 keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. Notwithstanding, the internal exchange position limit is minimal when compared to the related legal limit, internal position limits are not exceeded during the period. As a tool 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.

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	Yen
Balance sheet evaluation rate:	TL 1,79920	TL 2,45280	TL 0,02345
September 29, 2011 bid rate	TL 1,79160	TL 2,44320	TL 0,02340
September 28, 2011 bid rate	TL 1,79500	TL 2,42880	TL 0,02344
September 27, 2011 bid rate	TL 1,79640	TL 2,42010	TL 0,02349
September 26, 2011 bid rate	TL 1,78050	TL 2,40300	TL 0,02331
September 23, 2011 bid rate	TL 1,77280	TL 2,39110	TL 0,02317

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown in below:

USD : TL 1,73782

Euro : TL 2,40230

Yen : TL 0,02259

As of December 31, 2010;

	USD	EUR	Yen
Balance sheet evaluation rate:	TL 1,50730	TL 1,99780	TL 0,01845

Information on currency risk of the Group:

The foreign currency position of the Group is disclosed in terms of the material currencies in the following table. Foreign currency indexed assets, classified as Turkish Lira assets according to Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of the net foreign currency position. In addition, foreign currency general provisions in the balance sheet, specific provision for non cash loans, prepaid expenses, marketable securities valuation differences and non-performing loans are considered as Turkish Lira in the calculation of the net currency position regarding the related regulation. Therefore, there is a difference between the sum of the foreign currency assets and liabilities in the following table and in the balance sheet. The Group's real position, both in financial and economic terms, is presented in the table below:

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Notes to consolidated financial statements September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

September 30, 2011	EURO	USD	Yen	Other FC	Total
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.776.849	1.844.187	1.195	56.231	5.678.462
Banks	1.242.653	1.487.556	22.782	80.324	2.833.315
Financial assets at fair value through profit or loss	7.962	85.213	1.131	1.319	95.625
Money market placements	-	-	-	-	-
Available-for-sale financial assets	291.510	1.112.301	-	61.979	1.465.790
Loans ⁽¹⁾	9.589.172	18.635.951	82.315	830.652	29.138.090
Investments in associates, subsidiaries and joint ventures	-	-	-	98.505	98.505
Held-to-maturity investments	649.544	8.490.981	-	-	9.140.525
Hedging derivative financial assets	-	136	-	-	136
Tangible assets	611	-	-	17.568	18.179
Intangible assets	-	-	-	1.485	1.485
Other assets	2.209.933	2.010.703	1.425	1.100.573	5.322.634
Total assets	17.768.234	33.667.028	108.848	2.248.636	53.792.746
Liabilities					
Bank deposits	773.954	214.705	17	76.248	1.064.924
Foreign currency deposits	8.475.005	20.449.863	10.386	1.848.888	30.784.142
Funds from money market	712.536	4.371.040	-	14.393	5.097.969
Funds borrowed from other financial institutions	6.738.093	4.857.325	49.106	23.415	11.667.939
Marketable securities issued	1.058.122	1.202.450	-	-	2.260.572
Miscellaneous payables	345.868	208.818	251	13.102	568.039
Hedging derivative financial liabilities	60.360	388.795	-	-	449.155
Other liabilities	3.017.284	721.786	1.867	5.260	3.746.197
Total liabilities	21.181.222	32.414.782	61.627	1.981.306	55.638.937
Net on balance sheet position	(3.412.988)	1.252.246	47.221	267.330	(1.846.191)
Net off balance sheet position⁽²⁾	4.036.523	(2.174.117)	(31.645)	(106.902)	1.723.859
Financial derivative assets	9.666.956	21.682.601	88.500	408.445	31.846.502
Financial derivative liabilities	5.630.433	23.856.718	120.145	515.347	30.122.643
Non-cash loans	5.159.935	10.151.672	430.559	230.593	15.972.759
December 31, 2010					
Total assets	13.016.015	25.494.815	90.329	1.169.013	39.770.172
Total liabilities	16.460.431	21.750.270	55.503	1.023.055	39.289.259
Net on-balance sheet position	(3.444.416)	3.744.545	34.826	145.958	480.913
Net off-balance sheet position	4.390.714	(4.821.403)	(49.169)	27.141	(452.717)
Financial derivative assets	7.702.003	12.339.276	140.930	401.513	20.583.722
Financial derivative liabilities	3.311.289	17.160.679	190.099	374.372	21.036.439
Non-cash loans	3.989.735	7.344.613	324.972	235.124	11.894.444

(1) Includes FX indexed loans amounting to TL 3.833.108 (December 31, 2010 – TL 2.161.909) which have been disclosed as TL in the financial statements.

(2) Foreign exchange purchase commitments with the future value dates amounting to TL 131.374 booked under commitments are not included

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Notes to consolidated financial statements September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

V. Explanations on consolidated interest rate risk:

The monitoring of interest rate sensitive assets and liabilities and sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements are performed by the risk management department for all interest sensitive instruments. The results are presented monthly to the Executive Committee as a result of its Asset and Liability Management function. By using sensitivity and scenario analyses, the possible effects due to the 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):

September 30, 2011	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	-	-	-	-	-	11.650.092	11.650.092
Banks	1.068.468	515.062	935.868	270.294	-	762.694	3.552.386
Financial assets at fair value through profit/loss	108.938	158.218	223.973	155.603	11.707	60.767	719.206
Money market placements	34.483	-	-	-	-	-	34.483
Available-for-sale financial assets	711.941	755.627	886.194	2.731.199	2.592.645	17.429	7.695.035
Loans	8.693.984	7.636.328	15.590.384	21.160.302	13.444.205	1.900.061	68.425.264
Held-to-maturity investments	423.767	1.039.055	1.986.328	2.641.672	6.500.108	-	12.590.930
Other assets	753.571	1.284.864	1.122.512	1.390.386	133.300	6.545.765	11.230.398
Total assets	11.795.152	11.389.154	20.745.259	28.349.456	22.681.965	20.936.808	115.897.794
Liabilities							
Bank deposits	318.686	315.724	461.179	62.545	111.241	319.936	1.589.311
Other deposits	41.116.691	8.914.852	2.610.295	574.552	26.996	11.021.947	64.265.333
Funds from money market	3.714.210	1.555.467	2.589.320	-	-	-	7.858.997
Miscellaneous payables	54	-	-	-	-	4.596.707	4.596.761
Marketable securities issued	450	3.185.332	5.162	-	-	-	3.190.944
Funds borrowed from other financial institutions	3.746.840	3.653.953	3.382.013	1.505.551	584.577	4.958	12.877.892
Other liabilities and shareholders' equity	1.190.317	1.025.043	1.703.956	391.097	134.579	17.073.564	21.518.556
Total liabilities	50.087.248	18.650.371	10.751.925	2.533.745	857.393	33.017.112	115.897.794
Balance sheet long position	-	-	9.993.334	25.815.711	21.824.572	-	57.633.617
Balance sheet short position	(38.292.096)	(7.261.217)	-	-	-	(12.080.304)	(57.633.617)
Off-balance sheet long position	5.892.416	12.982.952	-	-	-	-	18.875.368
Off-balance sheet short position	-	-	(393.989)	(17.872.889)	(531.650)	-	(18.798.528)
Total position	(32.399.680)	5.721.735	9.599.345	7.942.822	21.292.922	(12.080.304)	76.840

(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 September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

December 31, 2010	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	-	-	-	-	-	6.034.426	6.034.426
Banks	540.361	755.486	385.433	402.066	-	480.384	2.563.730
Financial assets at fair value through profit/loss	282.589	377.955	132.778	85.728	126.666	64.399	1.070.115
Money market placements	970.970	-	-	-	-	-	970.970
Available-for-sale financial assets	670.127	167.152	793.347	2.234.836	1.989.900	20.618	5.875.980
Loans	10.327.087	5.869.082	13.962.312	15.694.640	7.841.257	981.484	54.675.862
Held-to-maturity investments	2.020.451	2.173.896	822.733	2.169.162	5.788.702	-	12.974.944
Other assets	1.013.925	1.502.890	754.359	986.972	39.670	4.350.215	8.648.031
Total assets	15.825.510	10.846.461	16.850.962	21.573.404	15.786.195	11.931.526	92.814.058
Liabilities							
Bank deposits	571.638	367.371	219.328	328.878	103.660	193.023	1.783.898
Other deposits	36.476.310	6.290.441	933.054	366.958	30.530	9.325.811	53.423.104
Funds from money market	1.378.265	1.892.553	380.198	-	-	-	3.651.016
Miscellaneous payables	2.606.114	1.166	-	-	-	1.598.691	4.205.971
Marketable securities issued	-	1.375.419	-	-	19.033	452	1.394.904
Funds borrowed from other financial institutions	5.645.591	735.268	2.846.779	312.164	533.095	173	10.073.070
Other liabilities and shareholders' equity	159.008	1.198.528	1.678.196	313.473	123.616	14.809.274	18.282.095
Total liabilities	46.836.926	11.860.746	6.057.555	1.321.473	809.934	25.927.424	92.814.058
Balance sheet long position	-	-	10.793.407	20.251.931	14.976.261	-	46.021.599
Balance sheet short position	(31.011.416)	(1.014.285)	-	-	-	(13.995.898)	(46.021.599)
Off-balance sheet long position	3.042.205	4.589.973	423.157	-	-	-	8.055.335
Off-balance sheet short position	-	-	-	(7.757.173)	(500.565)	-	(8.257.738)
Total position	(27.969.211)	3.575.688	11.216.564	12.494.758	14.475.696	(13.995.898)	(202.403)

b. Average interest rates for monetary financial instruments:

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

September 30, 2011 ⁽¹⁾	EURO	USD	Yen	TL
	%	%	%	%
Assets⁽³⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,80	1,00	-	7,88
Financial assets at fair value through profit/loss	6,44	4,34	-	8,03
Money market placements	-	-	-	8,83
Available-for-sale financial assets	7,87	6,45	-	9,16
Loans ⁽²⁾	5,59	4,62	4,85	13,40
Held-to-maturity investments	5,26	6,71	-	9,68
Liabilities⁽³⁾				
Bank deposits	-	1,60	-	6,74
Other deposits	3,54	4,24	0,30	9,15
Funds from money market	2,27	1,70	-	5,90
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	8,86
Funds borrowed from other financial institutions	3,16	2,30	2,34	10,28

(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 September 30, 2011 (continued)

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

Information related to financial position of the Group (continued)

December 31, 2010 ⁽¹⁾	EURO	USD	Yen	TL
	%	%	%	%
Assets ⁽³⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,19	-	7,91
Financial assets at fair value through profit/loss	8,02	4,62	-	8,24
Money market placements	-	-	-	6,02
Available-for-sale financial assets	6,89	6,81	-	7,72
Loans ⁽²⁾	4,95	4,35	4,72	12,87
Held-to-maturity Investments	5,23	6,76	-	9,98
Liabilities ⁽³⁾				
Bank deposits	0,55	1,05	-	8,13
Other deposits	2,54	2,78	0,30	8,71
Funds from money market	1,75	1,49	-	5,42
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,44	2,46	2,38	10,74

(1) The average interest rates disclosed above are those of the Parent Bank.

(2) Does not include credit card receivables.

(3) Does not include demand/non-interest transactions

VI. Explanations on consolidated liquidity risk:

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. The liquidity risk is managed within the Asset and Liability Management strategy of the Group in accordance with the policies of the market risk. In this scope, the funding sources are being diversified, and sufficient cash and cash equivalents are held, the liquidity position of the Parent Bank in the short and the long term is followed. During the monthly meetings of the Executive Committee as Asset and Liability Management, the liquidity position of the Parent Bank is evaluated and it is ensured that the required actions are taken when considered necessary.

Off-balance-sheet derivative instruments and bonds issued are used in order to extend the short-term funding structure in the banking sector.

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(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:

September 30, 2011	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified ^{(1), (2)}	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	7.970.121	3.679.971	-	-	-	-	-	11.650.092
Banks	762.694	1.044.378	538.614	842.090	364.610	-	-	3.552.386
Financial assets at fair value through profit or loss	57.834	103.938	130.145	202.193	181.528	40.635	2.933	719.206
Money market placements	-	34.483	-	-	-	-	-	34.483
Available-for-sale financial assets	77.543	4.610	97.539	256.041	3.132.385	4.109.488	17.429	7.695.035
Loans	-	9.871.882	7.558.523	15.573.610	21.123.852	13.699.521	597.876	68.425.264
Held-to-maturity investments	-	-	2	433.866	4.617.898	7.539.164	-	12.590.930
Other assets ⁽¹⁾	1.196.117	2.354.894	1.381.907	1.201.276	1.675.741	166.976	3.253.487	11.230.398
Total assets	10.064.309	17.094.156	9.706.730	18.509.076	31.096.014	25.555.784	3.871.725	115.897.794
Liabilities								
Bank deposits	319.936	318.686	315.724	461.179	62.545	111.241	-	1.589.311
Other deposits	11.021.947	39.857.598	8.862.690	3.802.670	693.425	27.003	-	64.265.333
Funds borrowed from other financial institutions	4.958	3.334.592	70.307	5.648.136	2.785.661	1.034.238	-	12.877.892
Funds from money market	-	3.347.529	1.464.210	2.427.744	619.514	-	-	7.858.997
Marketable securities issued	-	450	1.040.620	320.844	1.700.258	128.772	-	3.190.944
Miscellaneous payables	538.061	3.857.409	11.381	88.345	133	107	101.325	4.596.761
Other liabilities ⁽²⁾	2.109.943	249.208	412.726	900.898	4.407.736	990.710	12.447.335	21.518.556
Total liabilities	13.994.845	50.965.472	12.177.658	13.649.816	10.269.272	2.292.071	12.548.660	115.897.794
Net liquidity gap	(3.930.536)	(33.871.316)	(2.470.928)	4.859.260	20.826.742	23.263.713	(8.676.935)	-
December 31, 2010								
Total assets	4.906.941	17.015.258	7.824.814	14.252.544	25.241.212	19.943.555	3.629.734	92.814.058
Total liabilities	10.148.828	45.325.130	8.930.873	7.119.134	6.493.608	3.611.710	11.184.775	92.814.058
Net liquidity gap	(5.241.887)	(28.309.872)	(1.106.059)	7.133.410	18.747.604	16.331.845	(7.555.041)	-

(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.

VII. Explanations on consolidated operating segments:

The Group carries out its banking operations through three main business units: (1) Retail Banking (including card payment systems and SME banking), (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

The Group's Retail Banking activities include credit cards, 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 and mortgages), commercial instalment loans, SME loans, time and demand deposits, investment accounts, life and non-life insurance products and payroll services. Credit card operations cover the management of products and services for member merchants as well as the sales and marketing operations 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 cards and a prepaid card named World Hediye Card.

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Information related to financial position of the Group (continued)

Corporate and Commercial Banking is organised into two sub-segments: Commercial Banking, which serves mid-sized companies; and Corporate Banking, which serves large local and multinational companies. Corporate and Commercial Banking provides products and services including working capital financing, foreign trade finance, project finance, leasing and factoring, domestic and international non-cash credit line facilities such as letters of credit and guarantees, cash management and e-banking services.

Through its Private Banking and Wealth Management activities, the Group 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 deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private Banking services are enhanced by investment advisory and portfolio management services provided by the Parent Bank and its portfolio management and brokerage subsidiaries.

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 transactions, operations of supporting business units, insurance operations and other unallocated transactions.

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Information related to financial position of the Group (continued)

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

September 30, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other ⁽¹⁾	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue	1.928.827	1.392.861	204.232	122.090	1.088.386	50.518	4.786.914
Operating expenses	(1.082.965)	(368.012)	(83.256)	(71.125)	(1.205.258)	55.236	(2.755.380)
Net operating income	845.862	1.024.849	120.976	50.965	(116.872)	105.754	2.031.534
Dividend income ⁽³⁾ ,	-	-	-	-	5.891	-	5.891
Income/Loss from Investments accounted based on equity method	-	-	-	-	10.803	-	10.803
Profit before tax	845.862	1.024.849	120.976	50.965	(100.178)	105.754	2.048.228
Tax provision ⁽³⁾ ,	-	-	-	-	(395.532)	-	(395.532)
Net Profit	845.862	1.024.849	120.976	50.965	(495.710)	105.754	1.652.696
Minority interest ⁽⁴⁾	-	-	-	-	(5.014)	-	(5.014)
Group income/loss	845.862	1.024.849	120.976	50.965	(500.724)	105.754	1.647.682
Segment assets ⁽⁴⁾	28.714.119	37.178.013	1.572.802	5.167.896	44.797.193	(1.657.500)	115.772.523
Investments in associates, subsidiaries and joint ventures	-	-	-	-	125.271	-	125.271
Total assets	28.714.119	37.178.013	1.572.802	5.167.896	44.922.464	(1.657.500)	115.897.794
Segment liabilities ⁽⁴⁾	25.508.870	27.335.689	15.871.839	4.355.211	32.469.081	(1.651.777)	103.888.913
Shareholders' equity	-	-	-	-	12.008.881	-	12.008.881
Total liabilities	25.508.870	27.335.689	15.871.839	4.355.211	44.477.962	(1.651.777)	115.897.794

(1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.

(2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

(3) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.

(4) Segment assets and liabilities figures are prepared according to Management Information Systems.

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

Information related to financial position of the Group (continued)

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other ⁽¹⁾	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue ⁽⁴⁾	2.051.955	990.375	254.005	132.920	1.475.534	(63.419)	4.841.370
Operating expenses	(806.894)	(393.895)	(77.214)	(34.219)	(1.260.439)	29.515	(2.543.146)
Net operating income	1.245.061	596.480	176.791	98.701	215.095	(33.904)	2.298.224
Dividend income ^{(3), (4)}					1.082		1.082
Income/Loss from Investments accounted based on equity method ^{(3), (4)}					3.994		3.994
Income before tax	1.245.061	596.480	176.791	98.701	220.171	(33.904)	2.303.300
Tax provision ^{(3), (4)}					(433.006)		(433.006)
Net Profit	1.245.061	596.480	176.791	98.701	(212.835)	(33.904)	1.870.294
Minority interest ⁽⁴⁾					(4.477)		(4.477)
Group income/loss⁽⁴⁾	1.245.061	596.480	176.791	98.701	(217.312)	(33.904)	1.865.817
Segment assets	26.522.965	33.129.240	1.275.280	4.193.536	28.578.708	(986.082)	92.713.647
Investments in associates, subsidiaries and joint ventures					100.411		100.411
Total assets	26.522.965	33.129.240	1.275.280	4.193.536	28.679.119	(986.082)	92.814.058
Segment liabilities	23.676.641	21.843.565	11.257.345	3.551.013	22.718.162	(978.437)	82.068.289
Shareholders' equity					10.745.769		10.745.769
Total liabilities	23.676.641	21.843.565	11.257.345	3.551.013	33.463.931	(978.437)	92.814.058

- (1) Other segment, mainly includes Treasury management results, activities of business support units, insurance operations and the other undistributed operations.
- (2) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
- (3) Dividend income and tax expenses have not been distributed based on operating segments and have been presented under "Other" column.
- (4) Income statement figures represent balances for the 9 months period ended September 30, 2010.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 of the Republic of Turkey

1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Cash	729.416	268.792	513.679	188.190
The CBRT	5.242.214	4.990.164	2.044.632	3.172.303
Other	-	419.506	-	115.622
Total	5.971.630	5.678.462	2.558.311	3.476.115

2. Information on the account of the Central Bank of the Republic of Turkey:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Demand unrestricted account ⁽¹⁾	5.242.214	1.310.194	2.044.632	865.256
Time unrestricted account	-	-	-	-
Reserve requirement	-	3.679.970	-	2.307.047
Total	5.242.214	4.990.164	2.044.632	3.172.303

- (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.

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, the banks operating in Turkey place reserves in the CBRT for their TL and foreign currency liabilities according to the maturities stated below as of September 30, 2011.

- a) TL liabilities;
- Demand, notice deposits and private current accounts 16%,
 - Up to 1 month time deposit accounts (1 month included) 16%,
 - Up to 3 months time deposit accounts (3 months included) 13%,
 - Up to 6 months time deposit accounts (6 months included) 9%,
 - Up to 1 year time deposit accounts 6%,
 - 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
 - Liabilities excluding deposit 13%.
- b) Foreign currency liabilities;
- Demand, notice FC deposits and private current accounts and up to 1 month, up to 3 months, up to 6 months, and up to 1 year time FC deposits 11,5%
 - 1 year time and more than 1 year time FC deposits 9,5 %,
 - Up to 1 year time FC liabilities (1 year included) 11,5%,
 - Up to 3 years time FC liabilities (3 years included) 9,5%,
 - More than 3 years time FC liabilities 8,5%.

As of September 30, 2011, the Group's reserve deposits, including those at foreign banks, amount to TL 10.623.437 (December 31, 2010 – TL 5.255.231).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 financial assets at fair value through profit and loss:

1. As of September 30, 2011, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2010 - TL 43.734) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 70.455 (December 31, 2010 – TL 72.723).
2. Positive differences related to trading derivative financial assets:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	100.074	5.842	27.563	1.723
Swap transactions	87.916	58.966	541.681	37.956
Futures transactions	-	-	-	-
Options	145.734	24.314	53.535	31.066
Other	-	-	-	-
Total	333.724	89.122	622.779	70.745

c. Information on banks:

1. Information on banks:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	719.071	2.833.315	708.938	1.854.792
Domestic	676.851	1.126.682	682.482	658.248
Foreign	42.220	1.706.633	26.456	1.196.544
Head quarters and branches abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	719.071	2.833.315	708.938	1.854.792

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

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:

As of September 30, 2011, available-for-sale financial assets given as collateral/blocked amount to TL 566.127 (December 31, 2010 – TL 512.549) and available for sale financial assets subject to repo transactions amount to TL 1.112.225 (December 31, 2010 – TL 196.783).

(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 September 30, 2011 (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 available-for-sale financial assets:

	September 30, 2011	December 31, 2010
Debt securities	7.664.587	5.804.928
Quoted in stock exchange ⁽¹⁾	5.891.505	4.494.573
Not quoted ⁽²⁾	1.773.082	1.310.355
Share certificates	62.730	58.401
Quoted in stock exchange	137	354
Not quoted	62.593	58.047
Impairment provision (-)	(109.825)	(44.332)
Other ⁽³⁾	77.543	56.983
Total	7.695.035	5.875.980

(1) As of September 30, 2011, Eurobonds amounting to TL 943.518 (December 31, 2010 – TL 809.457) have been classified under debt securities quoted on stock exchange, even though they are not quoted on a stock exchange since they are traded in the secondary market.

(2) As of September 30, 2011, not quoted debt securities amounting to TL 1.009.814 (December 31, 2010 – TL 729.227) are credit linked notes.

(3) As of September 30, 2011, other available-for-sale financial assets include mutual funds amounting to TL 77.543 (December 31, 2010 – TL 56.983).

e. Explanations on loans:

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

	September 30, 2011		December 31, 2010	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	9.504	215.072	7.962	81.282
Loans granted to employees	90.658	71	85.204	83
Total	100.162	215.143	93.166	81.365

(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 September 30, 2011 (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 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	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Non-specialised loans	66.430.168	-	1.319.979	77.241
Discount and purchase notes	985.219	-	3.941	-
Export loans	7.684.983	-	196.524	-
Import loans	-	-	-	-
Loans granted to financial sector	1.459.832	-	-	-
Foreign loans	1.965.252	-	6.205	-
Consumer loans	11.946.445	-	374.245	2.658
Credit cards	9.305.000	-	201.115	16.642
Precious metal loans	374.752	-	5.188	-
Other ⁽¹⁾	32.708.685	-	532.761	57.941
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Total	66.430.168	-	1.319.979	77.241

- (1) As explained in the Note I.k of Section V, TL 237.147 of fair value difference of hedged items is classified under other 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 September 30, 2011 (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 consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TL	80.985	11.800.114	11.881.099
Real estate loans	3.276	6.000.882	6.004.158
Automotive loans	6.258	1.095.043	1.101.301
Consumer loans	351	42.107	42.458
Other	71.100	4.662.082	4.733.182
Consumer loans-FC indexed	-	194.837	194.837
Real estate loans	-	186.604	186.604
Automotive loans	-	963	963
Consumer loans	-	4.739	4.739
Other	-	2.531	2.531
Consumer loans-FC	6.579	42.799	49.378
Real estate loans	-	-	-
Automotive loans	461	3.358	3.819
Consumer loans	2.530	22.781	25.311
Other	3.588	16.660	20.248
Individual credit cards-TL	8.803.327	203.708	9.007.035
With installments	4.674.851	195.589	4.870.440
Without installments	4.128.476	8.119	4.136.595
Individual credit cards-FC	920	-	920
With installments	920	-	920
Without installments	-	-	-
Personnel loans-TL	2.804	38.295	41.099
Real estate loans	4	1.332	1.336
Automotive loans	12	910	922
Consumer loans	-	-	-
Other	2.788	36.053	38.841
Personnel loans-FC indexed	-	6	6
Real estate loans	-	6	6
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	160	169	329
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	160	169	329
Personnel credit cards-TL	47.973	423	48.396
With installments	27.494	423	27.917
Without installments	20.479	-	20.479
Personnel credit cards-FC	53	-	53
With installments	53	-	53
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	156.379	-	156.379
Credit deposit account-FC (real person)	221	-	221
Total	9.099.401	12.280.351	21.379.752

(1) TL 775 of the credit deposit account belongs to the loans used by personnel.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	779.420	5.046.034	5.825.454
Business loans	1.115	294.537	295.652
Automotive loans	28.311	1.617.844	1.646.155
Consumer loans	-	182	182
Other	749.994	3.133.471	3.883.465
Commercial installments loans-FC indexed	27.503	553.430	580.933
Business loans	-	33.536	33.536
Automotive loans	1.055	118.567	119.622
Consumer loans	-	-	-
Other	26.448	401.327	427.775
Commercial installments loans-FC	1.291.443	823.907	2.115.350
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	112.625	61.011	173.636
Other	1.178.818	762.896	1.941.714
Corporate credit cards-TL	464.424	1.929	466.353
With installment	177.058	1.929	178.987
Without installment	287.366	-	287.366
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	521.109	-	521.109
Credit deposit account-FC (legal person)	3.335	-	3.335
Total	3.087.234	6.425.300	9.512.534

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

	September 30, 2011	December 31, 2010
Domestic loans	65.855.931	52.677.468
Foreign loans	1.971.457	1.565.512
Total	67.827.388	54.242.980

6. Loans granted to associates and subsidiaries:

	September 30, 2011	December 31, 2010
Direct loans granted to associates and subsidiaries	26.691	25.085
Indirect loans granted to associates and subsidiaries	-	-
Total	26.691	25.085

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

7. Specific provisions provided against loans:

	September 30, 2011	December 31, 2010
Loans and other receivables with limited collectability	66.357	54.980
Loans and other receivables with doubtful collectability	176.880	340.240
Uncollectible loans and other receivables	1.259.496	1.079.864
Total	1.502.733	1.475.084

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
September 30, 2011			
(Gross amounts before specific reserves)	33.952	28.290	81.083
Restructured loans and other receivables	33.952	28.290	81.083
Rescheduled loans and other receivables	-	-	-
December 31, 2010			
(Gross amounts before specific reserves)	28.592	34.388	50.390
Restructured loans and other receivables	28.592	34.388	50.390
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
December 31, 2010	247.452	374.080	1.286.434
Additions (+)	1.077.797	44.210	104.390
Transfers from other categories of non- performing loans (+)	-	524.990	430.038
Transfer to other categories of non-performing loans (-)	(524.990)	(430.038)	-
Collections (-)	(419.608)	(193.181)	(429.199)
FX valuation differences	2.530	137	5.675
Write-offs (-)	-	-	(108)
Corporate and commercial loans	-	-	(108)
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
September 30, 2011	383.181	320.198	1.397.230
Specific provision (-)	(66.357)	(176.880)	(1.259.496)
Net balance on balance sheet	316.824	143.318	137.734

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
September 30, 2011			
Period end balance	120.094	2.544	94.772
Specific provision (-)	(19.833)	(1.269)	(84.271)
Net balance on-balance sheet	100.261	1.275	10.501
December 31, 2010			
Period end balance	13.651	662	127.311
Specific provision (-)	(7.433)	(219)	(95.696)
Net balance on-balance sheet	6.218	443	31.615

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
September 30, 2011 (net)			
Loans granted to real persons and corporate entities (gross)	383.181	295.208	1.313.224
Specific provision amount (-)	(66.357)	(151.890)	(1.175.490)
Loans granted to real persons and corporate entities (net)	316.824	143.318	137.734
Banks (gross)	-	24.990	-
Specific provision amount (-)	-	(24.990)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.006
Specific provision amount (-)	-	-	(84.006)
Other loans and receivables (net)	-	-	-
December 31, 2010 (net)	192.472	33.840	206.570
Loans granted to real persons and corporate entities (gross)	247.452	373.357	1.201.042
Specific provision amount (-)	(54.980)	(339.517)	(994.472)
Loans granted to real persons and corporate entities (net)	192.472	33.840	206.570
Banks (gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

9. Information on the performing loans the maturity of which were extended:

Renewed Agreement	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
1	80.996	156.580	120.319	14.901	6.052	378.848
2	106.842	25.332	32.750	612	24	165.560
3 and more	85.831	18.999	1.536	1.960	-	108.326
Total	273.669	200.911	154.605	17.473	6.076	652.734

f. Information on held-to-maturity investments:

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

	September 30, 2011	December 31, 2010
Government bond	12.590.930	12.974.944
Treasury bill	-	-
Other debt securities	-	-
Total	12.590.930	12.974.944

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

	September 30, 2011	December 31, 2010
Debt securities	12.784.522	13.053.379
Quoted on stock exchange ⁽¹⁾	12.784.522	13.053.379
Not quoted	-	-
Impairment provision (-) ⁽²⁾	(193.592)	(78.435)
Total	12.590.930	12.974.944

(1) As of September 30, 2011, Eurobonds amounting to TL 8.995.179 (December 31, 2010 – TL 7.665.114) have been classified under debt securities quoted on stock exchange, even though they are not quoted on a stock exchange because they are traded in the secondary market.

(2) Necessary impairment provision has been provided for foreign government securities held in Group companies.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	September 30, 2011	December 31, 2010
Beginning balance	12.974.944	13.318.719
Foreign currency differences on monetary assets ⁽¹⁾	1.407.622	33.702
Purchases during year	625.867	3.020.222
Disposals through sales and redemptions	(2.302.346)	(3.383.510)
Impairment provision (-)	(115.157)	(14.189)
Period end balance	12.590.930	12.974.944

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

4. Characteristics and carrying values of held-to-maturity investments given as collateral:

As of September 30 2011, held-to-maturity investments given as collateral/blocked amount to TL 3.345.249 (December 31, 2010 – TL 1.463.634). Held-to-maturity investments subject to repo transactions amount to TL 7.010.890 (December 31, 2010- TL 3.464.024).

g. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu ⁽¹⁾	Istanbul/Turkey	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽²⁾	Istanbul/Turkey	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	39.034	27.914	2.552	1.933	4	12.265	9.905	-
2	21.526	17.174	6.364	430	-	1.309	2.525	-

(1) Financial statement information disclosed above shows September 30, 2011 results.

(2) Financial statement information disclosed above shows June 30, 2011 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 September 30, 2011 (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 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	5.263.368	321.216	7.458	64.499	11.346	42.741	48.211	-

Financial statement information disclosed above shows September 30, 2011 results.

2 (iii). Movement of consolidated investments in associates:

	September 30, 2011	December 31, 2010
Balance at the beginning of the period	71.906	58.939
Movements during the period	26.599	12.967
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	13.105	8.744
Sales	-	-
Revaluation (decrease)/increase ⁽¹⁾	13.494	4.223
Impairment provision	-	-
Balance at the end of the period	98.505	71.906
Capital commitments	-	-
Share holding percentage at the end of the period (%)	30,67	30,67

⁽¹⁾ Includes TL 2.489 (December 31, 2010 – TL 2.069) of dividend received in the current period.

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2 (iv). Information on sectors and the carrying amounts of consolidated investments in associates:

	September 30, 2011	December 31, 2010
Banks	98.505	71.906
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	98.505	71.906

2 (v). Investments in associates quoted in a stock exchange: None.

h. Information on subsidiaries (net):

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

1 (ii). Main financial figures of the subsidiaries in the 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	12.485	10.445	171	37	-	884	867	-
2	37.378	23.274	3.960	757	3	577	1.085	-

Financial statement information disclosed above shows September 30, 2011 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 September 30, 2011 (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 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
2	Yapı Kredi Menkul	Istanbul/Turkey	99,98
3	Yapı Kredi Faktoring	Istanbul/Turkey	99,95
4	Yapı Kredi Moscow	Moscow/Russia	99,84
5	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01
6	Yapı Kredi Leasing	Istanbul/Turkey	98,85
7	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	11,09
8	Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-
9	Yapı Kredi Portföy	Istanbul/Turkey	12,65
10	Yapı Kredi Bank NV ⁽¹⁾	Amsterdam/Netherlands	67,24
11	Yapı Kredi Azerbaijan ⁽²⁾	Baku/Azerbaijan	99,80

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.

2 (ii). Main financial figures of the consolidated subsidiaries in the order of the table below:

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⁾
1	111.441	111.350	-	-	(93)	999	-
2	1.245.893	281.764	5.526	56.734	9.902	75.738	66.920
3	1.786.641	115.889	561	94.738	-	32.584	16.151
4	336.101	105.001	9.755	14.812	1.620	7.678	6.472
5	947.050	346.445	18.841	26.344	17.390	42.619	45.428
6	2.987.934	843.014	2.898	164.073	-	107.808	70.675
7	80.032	77.716	29	2.086	(646)	77	3.557
8	813.861	138.967	19.110	12.196	6.611	27.944	15.747
9	75.682	67.450	773	4.708	39	31.513	39.414
10	4.337.794	536.236	611	122.543	16.977	23.214	58.653
11	446.980	124.518	9.299	18.035	781	10.375	10.952

(1) Calculated with the ISE market prices as of September 30, 2011 considering the total number of shares.

Financial statement information disclosed above has been obtained from the financial statements of subsidiaries as at September 30, 2011.

(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 September 30, 2011 (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:

	September 30, 2011	December 31, 2010
Balance at the beginning of the period	1.787.541	1.779.648
Movements during the period	11.382	7.893
Purchases	-	-
Transfers	-	-
Bonus shares obtained ^{(1) (2)}	11.382	7.893
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
Balance at the end of the period	1.798.923	1.787.541
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(1) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 30, 2010; capital was increased by 4.392 thousand AZN from the profit of 2009.

(2) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by 6.499 thousand AZN from the profit of 2010.

2 (iv). Sectoral information on financial subsidiaries and the related carrying amounts:

	September 30, 2011	December 31, 2010
Financial subsidiaries		
Banks	297.519	286.137
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	447.569	447.569
Total financial subsidiaries	1.798.923	1.787.541

2 (v). Subsidiaries quoted to stock exchange:

	September 30, 2011	December 31, 2010
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	876.095	876.095

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 liabilities	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	84.442	20.592	362	16.392	(23.609)

Financial statement information disclosed above shows September 30, 2011 results.

j. Information on lease receivables (net):

1) Breakdown according to maturities:

	September 30, 2011		December 31, 2010	
	Gross	Net	Gross	Net
Less than 1 year	1.115.838	921.379	881.135	714.985
Between 1- 4 years	1.604.241	1.381.927	1.151.085	991.929
More than 4 years	412.447	372.869	299.234	282.700
Total	3.132.526	2.676.175	2.331.454	1.989.614

2) Information for net investments in finance leases:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Gross lease receivables	614.582	2.517.944	461.940	1.869.514
Unearned financial income from leases (-)	(102.247)	(354.104)	(77.495)	(264.345)
Amount of cancelled leases (-)	-	-	-	-
Total	512.335	2.163.840	384.445	1.605.169

(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 September 30, 2011 (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 hedging derivative financial assets:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge	212.345	-	34.463	-
Cash flow hedge	-	136	-	3.738
Foreign net investment hedge	-	-	-	-
Total	212.345	136	34.463	3.738

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 funds using cross-currency interest rate swaps. The net carrying value of hedging instruments at September 30, 2011 is an asset amounting to TL 146.181 (December 31, 2010 - TL 279.454 liability) At September 30, 2011, the fair value difference of the hedging instruments since the inception date is TL 249.181 (December 31, 2010 - TL 240.233) and the fair value difference of the hedged loans is TL 237.147 (December 31, 2010 - TL 224.429)

In order to hedge its cash flow risk from liabilities, the Bank started to apply cash flow hedge accounting from January 1, 2010 onwards. 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 and repos.

l. Information on intangible assets:

	September 30, 2011	December 31, 2010
Net book value at the beginning of the period	1.243.080	1.194.649
Additions during the period	51.955	90.675
Unused and disposed items (-)	-	(159)
Impairment reversal	-	4.015
Amortisation expenses (-)	(44.039)	(46.100)
Foreign exchange valuation differences	213	-
Net book value at the closing of the period	1.251.209	1.243.080

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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	September 30, 2011	December 31, 2010
Net book value at the beginning of the period	82.416	88.680
Additions	44.904	58.076
Disposals, net (-)	(34.652)	(64.936)
Impairment reversal	844	2.752
Impairment (-)	(169)	(219)
Depreciation (-)	(1.736)	(1.937)
Net book value at the end of the period	91.607	82.416
Cost at the end of the period	98.579	88.875
Accumulated depreciation at the end of the period (-)	(6.972)	(6.459)
Net book value at the end of the period	91.607	82.416

As of September 30, 2011, the Parent Bank booked impairment provision on assets held for resale with an amount of TL10.258 (December 31, 2010 - TL 10.933).

o. Information on other assets:

As of September 30, 2011, 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 September 30, 2011 (continued)

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

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

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

1 (i). September 30, 2011:

	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	2.017.654	1.553	1.710.019	13.853.567	761.678	736.453	1.619.699	20.700.623
Foreign currency deposits	4.820.782	125.935	4.155.064	17.379.102	1.191.649	336.630	1.411.324	29.420.486
Residents in Turkey	4.065.152	18.230	3.973.677	15.822.106	862.082	109.282	717.667	25.568.196
Residents abroad	755.630	107.705	181.387	1.556.996	329.567	227.348	693.657	3.852.290
Public sector deposits	610.683	-	465	108.772	-	154	571	720.645
Commercial deposits	2.530.507	3.429	1.962.668	4.961.183	1.603.052	256.165	105.232	11.422.236
Other institutions deposits	34.126	-	16.824	454.958	83.213	187	48.379	637.687
Precious metals vault	1.008.195	-	304.180	16.149	14.994	20.138	-	1.363.656
Bank deposits	319.936	95.817	263.629	274.761	210.642	247.703	176.823	1.589.311
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	159.481	-	115.490	17.330	-	-	3.037	295.338
Foreign banks	152.901	95.817	148.139	257.431	210.642	247.703	173.786	1.286.419
Participation banks	7.554	-	-	-	-	-	-	7.554
Other	-	-	-	-	-	-	-	-
Total	11.341.883	226.734	8.412.849	37.048.492	3.865.228	1.597.430	3.362.028	65.854.644

1 (ii). December 31, 2010:

	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	1.812.754	22.181	4.586.189	10.872.860	210.498	37.412	114.112	17.656.006
Foreign currency deposits	4.514.769	30.503	4.023.430	11.273.139	528.832	262.680	722.673	21.356.026
Residents in Turkey	3.838.021	16.092	3.864.195	9.765.581	250.273	149.836	341.088	18.225.086
Residents abroad	676.748	14.411	159.235	1.507.558	278.559	112.844	381.585	3.130.940
Public sector deposits	320.906	-	14.937	60.880	543	-	-	397.266
Commercial deposits	2.404.752	-	3.069.321	6.377.905	143.864	3.206	70.318	12.069.366
Other institutions deposits	34.853	-	85.306	1.478.796	288	65	990	1.600.298
Precious metals vault	237.777	-	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	193.023	149.383	419.083	163.480	196.727	229.668	432.534	1.783.898
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	68.087	-	357.762	4.022	-	-	246.138	676.009
Foreign banks	110.663	149.383	61.321	159.458	196.727	229.668	186.396	1.093.616
Participation banks	14.273	-	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-	-
Total	9.518.834	202.067	12.198.266	30.272.482	1.097.526	550.948	1.366.879	55.207.002

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 (Represents information regarding the Parent Bank):

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Saving deposits	8.590.442	8.779.823	12.073.646	8.651.347
Foreign currency savings deposit	2.205.699	2.448.173	8.124.654	5.572.934
Other deposits in the form of savings deposits	575.854	117.017	628.690	196.827
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 (Represents information regarding the Parent Bank):

	September 30, 2011	December 31, 2010
Foreign branches' deposits and other accounts	-	-
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	32.194	21.080
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	11.672	116.231

b. Information on trading derivative financial liabilities:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	56.920	15.167	38.372	321
Swap transactions	242.708	76.988	203.768	31.881
Futures transactions	-	-	-	-
Options	116.739	47.644	52.087	32.739
Other	-	-	-	-
Total	416.367	139.799	294.227	64.941

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Information on borrowings:

1. Information on borrowings:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	715.922	331.792	1.078.428	360.655
From foreign banks, institutions and funds	494.031	11.336.147	948.183	7.685.804
Total	1.209.953	11.667.939	2.026.611	8.046.459

2. Information on maturity structure of borrowings:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term	780.967	4.519.371	1.510.635	4.099.579
Medium and long-term	428.986	7.148.568	515.976	3.946.880
Total	1.209.953	11.667.939	2.026.611	8.046.459

d. Information on marketable securities issued

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 441 million and EUR 225 million, the equivalent of TL 1.344.689 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 2011, a total of TL 284.928 is paid (2010 – TL 345.191).

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 909.805 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.

On June 8,9,10, 2011, the Parent Bank issued bonds amounting to TL 1.000.000 (nominal) at an interest rate of 8,67% with 175 days to maturity. As per the related legislation these bonds could be re-purchased and net outstanding balances are reflected on the accompanying financial statements.

e. Information on other liabilities:

As of September 30, 2011, other liabilities do not exceed 10% of the total balance sheet commitments.

f. Information on lease payables:

1. Information on financial leasing agreements:
None (December 31, 2010 - None).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 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.

g. Information on hedging derivative financial liabilities:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	66.164	-	313.917	-
Cash flow hedge ⁽¹⁾	188.348	449.155	38.108	101.638
Foreign net investment hedge	-	-	-	-
Total	254.512	449.155	352.025	101.638

(1) Represented as explained in Note I.k of Section Five

h. Information on provisions:

1. Information on general provisions:

	September 30, 2011	December 31, 2010
Provisions for Group I loans and receivables	717.873	596.325
Provisions for Group II loans and receivables	87.700	108.673
Provisions for non cash loans	65.907	61.702
Other	100.841	60.153
Total	972.321	826.853

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:

	September 30, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
Possibility of being eligible for retirement (%)	94,48	94,71

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 2.731,85 effective from July 1, 2011 (July 1, 2010 - full TL 2.517.01) has been taken into consideration in calculating the reserve for employment termination benefits.

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

Movement of employment termination benefits liability in the balance sheet:

	September 30, 2011	December 31, 2010
Prior period ending balance	101.700	100.482
Changes during the period	22.871	19.705
Paid during the period	(21.234)	(18.385)
Foreign currency differences	623	(102)
Balance at the end of the period	103.960	101.700

In addition, the Group has accounted for unused vacation rights provision amounting to TL 81.609 as of September 30, 2011 (December 31, 2010 - TL 80.267).

3. Other provisions:

	September 30, 2011	December 31, 2010
Pension fund provision	838.036	838.036
Non-cash loan provision	119.366	127.958
Provision for possible risks ⁽¹⁾	105.412	88.826
Provisions on credit cards and promotion campaigns related to banking services	37.449	39.697
Legal risk provision ⁽¹⁾	44.036	35.886
Provision on export commitment estimated tax and funds liability	36.127	39.486
Other	83.512	170.322
Total	1.263.938	1.340.211

⁽¹⁾ Considered as provisions for possible risks and charges.

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

As of September 30, 2011, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 4.809 (December 31, 2010 – TL 21.327). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 taxes payable:

(i) Information on taxes payable:

	September 30, 2011	December 31, 2010
Corporate Tax Payable	97.474	122.306
Taxation of Marketable Securities	75.505	81.688
Property Tax	1.507	1.359
Banking Insurance Transaction Tax ("BITT")	42.795	35.985
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.767	3.437
Other	30.051	23.497
Total	249.099	268.272

As at September 30, 2011, the Bank has submitted its application to Boğaziçi Corporate Tax Authority and Taxpayers Office to claim for the benefit of the tax amnesty (the Law numbered 6111) regarding 6 tax penalties resulting from tax inspectors' review of 2005, 2006, 2007, 2009 and 2010 fiscal years. As a result of this application, the restructured tax payable amounting to TL 1.332 is paid on due date at once.

In addition, Group companies which have submitted application regarding this law have paid amounts of no significance.

(ii) Information on premium payables:

	September 30, 2011	December 31, 2010
Social security premiums – employee	926	962
Social security premiums – employer	1.090	995
Bank pension fund premiums – employee	8.330	7.291
Bank pension fund premiums – employer	8.687	7.604
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	655	581
Unemployment insurance – employer	1.314	1.163
Other	-	-
Total	21.002	18.596

(iii) Information on deferred tax liability:

There is no deferred tax liability (December 31, 2010 – TL 2.132) 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

j. Information on subordinated loans:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.598.485	-	2.110.274
From other foreign institutions	-	-	-	-
Total	-	2.598.485	-	2.110.274

At March 31, 2006, Yapı Kredi 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 Parent Bank obtained a subordinated loan on June 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. 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 June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Capital Adequacy Regulation. 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 80% as the remaining maturity of these loans is less than 5 years.

k. Information on shareholders' equity:

1. Presentation of paid-in capital

	September 30, 2011	December 31, 2010
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 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 Bank has switched to the registered capital system and the registered share capital ceiling is TL 5.000.000.

3. Information on the share capital increases during the period and the sources:
None (December 31, 2010 - None).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

4. Information on transfers from capital reserves to capital during the current period: None.
5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.
6. Information on prior periods indicators on the Group's income, profitability, liquidity, and possible effects of these future assumptions on the Group'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 marketable securities valuation differences:

	September 30, 2011		December 31, 2010	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	37.319	6.245	108.075	63.235
Foreign currency difference ⁽¹⁾	214.427	16.272	79.187	2.300
Total	251.746	22.517	187.262	65.535

(1) Includes current period foreign currency differences.

I. Information on minority interest:

	September 30, 2011	September 30, 2010
Period opening balance	63.095	57.261
Current period income/(loss)	5.014	4.477
Dividends paid	(1.808)	(693)
Translation differences	(368)	(167)
Period ending balance	65.933	60.878

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

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:

	September 30, 2011	December 31, 2010
Commitments on credit card limits	13.390.839	11.727.679
Loan granting commitments	4.959.734	3.303.500
Commitments for cheques	4.141.074	3.653.626
Other irrevocable commitments	4.164.609	3.939.925
Total	26.656.256	22.624.730

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no material 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 has recorded a general provision for its non-cash loans amounting to TL 65.907 (December 31, 2010 – TL 61.702) and a specific provision regarding non-cash loans amounting to TL 119.366 (December 31, 2010 – TL 127.958).

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

	September 30, 2011	December 31, 2010
Bank acceptance loans	163.360	165.797
Letter of credits	5.316.253	3.999.873
Other guarantees and collaterals	2.299.262	579.420
Total	7.778.875	4.745.090

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

	September 30, 2011	December 31, 2010
Temporary letter of guarantees	1.638.299	1.020.700
Definite letter of guarantees	12.950.611	10.637.897
Advance letter of guarantees	2.324.971	2.100.373
Letter of guarantees given to customs	1.015.278	807.679
Other letter of guarantees	473.388	380.814
Total	18.402.547	14.947.463

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	September 30, 2011	December 31, 2010
Non-cash loans given against cash loans	335.780	297.715
With original maturity of 1 year or less than 1 year	36.234	84.962
With original maturity of more than 1 year	299.546	212.753
Other non-cash loans	25.845.642	19.394.838
Total	26.181.422	19.692.553

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

September 30, 2011	Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	9.293.925	8.968.999	97.001	42.622
Bank acceptances	-	161.368	-	1.992
Letters of credit	8.007	5.307.775	-	471
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	809.730	1.485.139	-	4.393
Total	10.111.662	15.923.281	97.001	49.478

December 31, 2010	Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	7.698.324	7.133.344	81.773	34.022
Bank acceptances	-	165.797	-	-
Letters of credit	12.337	3.987.368	-	168
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.675	571.843	-	1.902
Total	7.716.336	11.858.352	81.773	36.092

(1) Also includes balances of the Groups III., IV. and V.

b. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 44.036 (December 31, 2010 – TL 35.886) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account.

c. 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	September 30, 2011		September 30, 2010	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	1.680.030	159.498	1.636.432	200.396
Medium/long-term loans ⁽¹⁾	1.476.985	689.679	1.142.357	404.707
Interest on loans under follow-up	73.876	97	60.519	36
Premiums received from resource utilisation support fund	-	-	-	-
Total	3.230.891	849.274	2.839.308	605.139

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

2. Information on interest income on banks:

	September 30, 2011		September 30, 2010	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	43.940	18.559	18.564	10.367
From foreign banks	1.938	20.262	5.363	14.911
Headquarters and branches abroad	-	-	-	-
Total	45.878	38.821	23.927	25.278

3. Information on interest income on marketable securities:

	September 30, 2011		September 30, 2010	
	TL	FC	TL	FC
From trading financial assets	26.960	779	7.272	5.484
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	373.126	49.904	103.299	41.477
From held-to-maturity investments	275.110	460.944	415.355	374.581
Total	675.196	511.627	525.926	421.542

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	September 30, 2011	September 30, 2010
Interests received from associates and subsidiaries	944	546

b. Information on interest expense:

1. Information on interest expense on borrowings:

	September 30, 2011		September 30, 2010	
	TL	FC	TL	FC
Banks	112.074	276.724	115.594	150.789
The CBRT	-	-	-	-
Domestic banks	23.046	8.467	47.786	9.119
Foreign banks	89.028	268.257	67.808	141.670
Headquarters and branches abroad	-	-	-	-
Other institutions	-	104	-	144
Total⁽¹⁾	112.074	276.828	115.594	150.933

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	September 30, 2011	September 30, 2010
Interests paid to associates and subsidiaries	393	1.020

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	September 30, 2010
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposits	157	3.509	9.493	-	-	483	-	13.642	12.088
Saving deposits	27	136.117	810.473	33.116	24.535	70.454	-	1.074.722	959.280
Public sector deposits	-	135	690	429	9	21	-	1.284	4.412
Commercial deposits	43	105.987	371.762	53.773	5.648	6.846	-	544.059	377.889
Other deposits	-	4.906	37.317	11.276	7	468	-	53.974	39.019
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	227	250.654	1.229.735	98.594	30.199	78.272	-	1.687.681	1.392.688
FC									
Foreign currency deposits	1.596	128.293	351.182	31.131	7.149	20.625	454	540.430	314.126
Bank deposits	-	2.689	5.010	5.616	5.764	4.089	-	23.168	22.305
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	529	29	34	43	34	-	669	305
Total	1.596	131.511	356.221	36.781	12.956	24.748	454	564.267	336.736
Grand total	1.823	382.165	1.585.956	135.375	43.155	103.020	454	2.251.948	1.729.424

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

	September 30, 2011	September 30, 2010
Gain	15.363.767	13.728.583
Gain from capital market transactions	53.398	72.602
Derivative financial transaction gains	10.488.904	7.929.409
Foreign exchange gains	4.821.465	5.726.572
Loss(-)	(15.431.470)	(13.730.412)
Loss from capital market transactions	(21.955)	(4.810)
Derivative financial transaction losses	(10.827.903)	(8.374.830)
Foreign exchange loss	(4.581.612)	(5.350.772)
Net gain/loss	(67.703)	(1.829)

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

Net gain from foreign exchange rates related to derivative financial transactions is TL 39.040 (September, 30 2010 – TL 72.544 loss).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (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 other operating income:

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

f. Provision for impairment of loans and other receivables:

	September 30, 2011	September 30, 2010
Specific provisions for loans and other receivables	341.963	504.256
III. Group loans and receivables	124.512	4.892
IV. Group loans and receivables	20.834	3.400
V. Group loans and receivables	196.617	495.964
General provision expenses	167.885	1.126
Provision expense for possible risks	19.448	27.137
Marketable securities impairment expenses	433	807
Financial assets at fair value through profit or loss	-	807
Available-for-sale financial assets	433	-
Impairment of investments in associates, subsidiaries and held-to-maturity securities	111.216	49.556
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	111.216	49.556
Other	675	6.169
Total	641.620	589.051

g. Information related to other operating expenses:

	September 30, 2011	September 30, 2010
Personnel expenses	955.408	833.430
Reserve for employee termination benefits	1.973	3.414
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	29
Depreciation expenses of property and equipment	113.566	106.590
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	44.039	32.879
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	169	179
Depreciation expenses of assets held for resale	1.736	1.382
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	657.765	632.154
Operational lease expenses	95.823	85.152
Repair and maintenance expenses	20.437	18.193
Advertising expenses	47.716	63.660
Other expense	493.789	465.149
Loss on sales of assets	662	1.932
Other	338.442	342.106
Total	2.113.760	1.954.095

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

h. Explanations on income/loss from continuing operations before tax:

Income before tax includes net interest income amounting to TL 2.697.354 (September 30, 2010 – TL 2.703.706), net fee and commission income amounting to TL 1.434.418 (September 30, 2010 – TL 1.270.993) and total other operating expense amounting TL 2.113.760 (September 30, 2010 – TL 1.954.095).

i. Provision for taxes on income from continuing operations:

As of September 30, 2011, the Group has current tax expense amounting to TL 376.575 (September 30, 2010 – TL 421.368) and deferred tax expense amounting to TL 18.957 (September 30, 2010 – TL 11.638).

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

	September 30, 2011	September 30, 2010
Income before tax provision	2.048.228	2.303.300
Tax calculated with tax rate of 20%	409.646	460.660
Disallowables, deductions and other, net	(15.821)	(32.037)
Tax rate difference	1.707	4.383
Total provision for taxes on income	395.532	433.006

j. 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. (September 30, 2010 - as a result of changes in the internal composition of the loan portfolio, the Parent Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. As a result of the revision, TL 114 million is recorded as income. Apart from this income, 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

k. Other items in income statement:

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

l. Income/loss of minority interest:

	September 30, 2011	September 30, 2010
Income/(loss) of minority interest	5.014	4.477

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

V. Explanations and notes related to consolidated 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 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:

	September 30, 2011	September 30, 2010
Cash	4.127.914	2.032.372
Cash and effectives	702.227	655.382
Demand deposits in banks	3.425.687	1.376.990
Cash equivalents	1.977.118	3.015.471
Money market	970.536	1.581.164
Time deposits in banks	1.006.582	1.434.307
Total cash and cash equivalents	6.105.032	5.047.843

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

	September 30, 2011	September 30, 2010
Cash	8.732.815	3.920.040
Cash and effectives	998.646	667.700
Demand deposits in banks	7.734.169	3.252.340
Cash equivalents	1.504.876	1.830.159
Money market	34.397	24.325
Time deposits in banks	1.470.479	1.805.834
Total cash and cash equivalents	10.237.691	5.750.199

b Information on cash and cash equivalents that are not in use due to legal limitations and other reasons:

As of September 30, 2011, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 10.623.243 (September 30, 2010 - TL 4.484.201 TL). There is also TL 105.277 blocked amount in foreign banks account.

(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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated 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:

Decrease in "Other account" amounting to TL 2.078.589 (September 30, 2010 - TL - 741.415 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 1.749.186 (September 30, 2010 - TL 1.145.321 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 an increase approximately of TL 636.809 as of September 30, 2011 (September 30, 2010-TL 184.053 decrease).

VI. 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 September 30, 2011 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

VII. 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:

September 30, 2011	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	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	26.691	1.039	301.383	215.072	875.661	836.326
Interest and commission income received	944	10	5.325	783	48.196	4.078

(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.

December 31, 2010	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
Groups' risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	5.128	1.281	68.674	54.926	545.598	550.074
Balance at the end of the period	25.085	3.271	258.251	81.282	951.016	671.337
Interest and commission income received ⁽³⁾	546	34	3.417	717	63.530	2.879

(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.

(3) Income statement figures represent the balances for the 9 months period ended at September 30, 2010.

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 Group		Other real and legal persons that have been included in the risk group	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Deposit						
Beginning of the period	11.699	41.731	4.367.079	3.060.980	5.279.564	2.330.627
End of the period	11.895	11.699	6.303.837	4.367.079	5.870.215	5.279.564
Interest expense on deposits ⁽³⁾	393	1.020	196.928	138.668	189.937	100.810

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

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

(3) December 31, 2010 columns represent balances for the 9 months period ended September 30, 2010.

(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 September 30, 2011 (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 Group		Other real and legal persons that have been included in the risk group	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	38.038	-	187.782	378.169	642.637	710.036
End of the period ⁽³⁾	295.157	38.038	43.979	187.782	672.948	642.637
Total profit / loss⁽⁴⁾	(4.768)	-	1.508	(15.737)	(55.988)	(19.015)
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.

(4) December 31, 2010 columns represent profit / loss figures for the 9months period ended September 30, 2010.

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

Salaries and benefits paid to the Group's top management amount to TL 25.252 as of September 30, 2011(September 30, 2010 – TL 24.875).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements September 30, 2011 (continued)

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

VIII. Explanations and notes related to subsequent event

1. In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette dated October 5, 2011; reserve requirement ratios for foreign currency liabilities are regulated as stated below. The new ratios are going to be valid starting from September 30, 2011.

Foreign currency liabilities;

- Demand, call deposits, private checking accounts, up to 1 month time deposit accounts, up to 3 months time deposit accounts, up to 6 months time deposit accounts and up to 1 year time deposit accounts 11%
- 1 year and over 1 year time deposit accounts 9%,
- Up to 1 year liabilities excluding deposit (1 year included) 11%,
- Up to 3 years liabilities excluding deposit (3 years included) 9%,
- Over 3 years liabilities excluding deposit 6%

2. In accordance with the "Change in communiqué regarding the reserve requirements" published in the Official gazette dated October 27, 2011; reserve requirement ratios for TL liabilities are regulated as stated below. The new ratios are going to be valid starting from October 28, 2011.

TL liabilities;

- Demand, notice deposits and private current accounts, up to 1 month time deposit accounts (1 month included) 11%,
- Up to 3 months time deposit accounts (3 months included) 11%,
- Up to 6 months time deposit accounts (6 months included) 8%,
- Up to 1 year time deposit accounts (1 year included) 6%,
- 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
- Up to 1 year liabilities excluding deposit (1 year included) 11%,
- Up to 3 year liabilities excluding deposit (3 year included) 8%,
- Over 3 year liabilities excluding deposit 5%

3. The Bank has completed the issuance of bonds with a nominal value of 150.000 TL, interest rate of 9.08% and maturity of 368 days (coupon payments on every 92 days) on October 5-6-7, 2011.
4. The Bank obtained a syndicated loan from participation of 42 international banks from 18 different countries, consisting of 2 credit tranches with 1 year maturity; one tranche amounting to USD 285 million with total cost of Libor+1% and the other tranche amounting to EUR 687 million with total cost of Euribor+1%. The agreement was signed on September 29, 2011. And the loan was available for usage of the Bank as at October 4, 2011.
5. On October 23rd 2011, an earthquake with 7.2 magnitude struck the city of Van. As of the date of these financial statements Yapı Kredi Sigorta A.Ş. has not been able to receive reliable claim information from policy holders in the area and the Group will be able to start the damage assessment process when ongoing search and rescue operations in the area are finalized.

(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 September 30, 2011 (continued)

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

Section six

Other explanations and notes

I. Other explanations on the 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 September 30, 2011 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated November 3, 2011 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.