

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced consolidated interim  
financial statements and related disclosures at  
September 30, 2012 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, 2012 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the 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, 2012 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

Ayşe Zeynep Deldağ  
Partner, SMMM

Istanbul, November 13, 2012

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, 2012**

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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** - 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.

<b>Subsidiaries</b>	<b>Associates</b>	<b>Joint Ventures</b>
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. Sticing 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

**B. Seda İKİZLER**  
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  
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## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements at September 30, 2012

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

#### Section one

##### General information

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

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

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

The Parent Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted in London Stock Exchange. As of September 30, 2012, 18,20% of the shares of the Bank are publicly traded (December 31, 2011 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

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

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from ISE and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

After the merger and the share transfer procedures in 2007 and the capital increase by TL 920 million in 2008, KFS owns 81,80% of the shares of the Bank.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements at September 30, 2012 (continued)**

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

**General information (continued)**

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

As of September 30, 2012, 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:

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

Audit Committee Members:

<b>Name</b>	<b>Responsibility</b>
Gianni F.G. PAPA	Chairman
Francesco GIORDANO	Member
Fusun Akkal BOZOK	Member

Statutory Auditors:

<b>Name</b>	<b>Responsibility</b>
Ali Tark UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

<b>Name</b>	<b>Responsibility</b>
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Deputy General Manager

(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, 2012 (continued)**

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

**General information (continued)**

Assistant General Managers:

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

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

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

<b>Name/Commercial title</b>	<b>Share amounts (nominal)</b>	<b>Share percentage</b>	<b>Paid-in capital (nominal)</b>	<b>Unpaid portion</b>
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.

(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, 2012 (continued)**

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

**General information (continued)**

As of September 30, 2012, the Parent Bank has 921 branches operating in Turkey and 1 branch in off-shore region (December 31, 2011 - 906 branches operating in Turkey, 1 branch in overseas).

As of September 30, 2012, the Parent Bank has 14.954 employees (December 31, 2011 - 14.859 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of September 30, 2012 the Group has 17.710 employees (December 31, 2011 - 17.306 employees).

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

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

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

Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş., Enternasyonel Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated since they are not financial institutions and Kredi Kayıt Bürosu, Bankalararası Kart Merkezi which are associates of the Parent Bank, are not consolidated since there are no control over these by the Parent Bank.

All other subsidiaries are fully consolidated.

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

None.



(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Consolidated financial statements at September 30, 2012 and December 31, 2011

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

## Section two Consolidated financial statements

### I. Consolidated balance sheet (Statement of Financial Position)

Assets	Note (Section five)	(30/09/2012)			(31/12/2011)		
		TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	<b>I-a</b>	<b>1.735.895</b>	<b>10.577.401</b>	<b>12.313.296</b>	<b>4.652.286</b>	<b>5.429.417</b>	<b>10.081.703</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	<b>I-b</b>	<b>684.140</b>	<b>193.859</b>	<b>877.999</b>	<b>440.707</b>	<b>116.123</b>	<b>556.830</b>
2.1 Trading financial assets		684.140	193.859	877.999	440.707	116.123	556.830
2.1.1 Government debt securities		363.625	63.905	427.530	199.631	27.459	227.090
2.1.2 Share certificates		1.788	-	1.788	-	-	-
2.1.3 Derivative financial assets held for trading		274.358	123.776	398.134	188.600	86.018	274.618
2.1.4 Other marketable securities		44.369	6.178	50.547	52.476	2.646	55.122
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	<b>I-c</b>	<b>2.160.790</b>	<b>2.866.661</b>	<b>5.027.451</b>	<b>268.424</b>	<b>3.160.100</b>	<b>3.428.524</b>
<b>IV. Money markets</b>		<b>3.596.701</b>	<b>112.241</b>	<b>3.708.942</b>	<b>2.136.726</b>	<b>36.835</b>	<b>2.173.561</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul stock exchange money market		480	112.241	112.721	15.000	36.835	51.835
4.3 Receivables from reverse repurchase agreements		3.596.221	-	3.596.221	2.121.726	-	2.121.726
<b>V. Available-for-sale financial assets (net)</b>	<b>I-d</b>	<b>7.409.060</b>	<b>913.082</b>	<b>8.322.142</b>	<b>6.520.393</b>	<b>1.490.883</b>	<b>8.011.276</b>
5.1 Share certificates		18.104	309	18.413	17.100	326	17.426
5.2 Government debt securities		5.801.360	626.655	6.428.015	5.097.440	1.138.590	6.236.030
5.3 Other marketable securities		1.589.596	286.118	1.875.714	1.405.853	351.967	1.757.820
<b>VI. Loans and receivables</b>	<b>I-e</b>	<b>51.534.684</b>	<b>23.559.828</b>	<b>75.094.512</b>	<b>45.160.589</b>	<b>24.910.325</b>	<b>70.070.914</b>
6.1 Loans and receivables		50.738.717	23.446.825	74.185.542	44.592.162	24.733.855	69.326.017
6.1.1 Loans to bank's risk group		412.199	662.397	1.074.596	336.681	790.617	1.127.298
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		50.326.518	22.784.428	73.110.946	44.255.481	23.943.238	68.198.719
6.2 Loans under follow-up		2.420.266	334.094	2.754.360	1.835.600	302.518	2.138.118
6.3 Specific provisions (-)		(1.624.299)	(221.091)	(1.845.390)	(1.267.173)	(126.048)	(1.393.221)
<b>VII. Factoring receivables</b>		<b>837.054</b>	<b>604.305</b>	<b>1.441.359</b>	<b>795.163</b>	<b>995.598</b>	<b>1.790.761</b>
<b>VIII. Held-to-maturity securities (net)</b>	<b>I-f</b>	<b>3.318.688</b>	<b>8.492.088</b>	<b>11.810.776</b>	<b>3.468.882</b>	<b>9.241.740</b>	<b>12.710.622</b>
8.1 Government debt securities		3.314.715	8.492.088	11.806.803	3.468.882	9.241.740	12.710.622
8.2 Other marketable securities		3.973	-	3.973	-	-	-
<b>IX. Investments in associates (net)</b>	<b>I-g</b>	<b>4.503</b>	<b>185.540</b>	<b>190.043</b>	<b>4.503</b>	<b>183.940</b>	<b>188.443</b>
9.1 Consolidated based on equity method		-	185.540	185.540	-	183.940	183.940
9.2 Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1 Investments in financial associates		-	-	-	-	-	-
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
<b>X. Subsidiaries (net)</b>	<b>I-h</b>	<b>2.300</b>	<b>-</b>	<b>2.300</b>	<b>2.300</b>	<b>-</b>	<b>2.300</b>
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	<b>I-i</b>	<b>18.227</b>	<b>-</b>	<b>18.227</b>	<b>19.650</b>	<b>-</b>	<b>19.650</b>
11.1 Accounted based on equity method		18.227	-	18.227	19.650	-	19.650
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Lease receivables (net)</b>	<b>I-j</b>	<b>701.867</b>	<b>2.151.069</b>	<b>2.852.936</b>	<b>540.478</b>	<b>2.254.005</b>	<b>2.794.483</b>
12.1 Financial lease receivables		845.043	2.484.843	3.329.886	655.326	2.643.519	3.298.845
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(143.176)	(333.774)	(476.950)	(114.848)	(389.514)	(504.362)
<b>XIII. Derivative financial assets held for hedging</b>	<b>I-k</b>	<b>111.149</b>	<b>-</b>	<b>111.149</b>	<b>376.973</b>	<b>362</b>	<b>377.335</b>
13.1 Fair value hedge		111.149	-	111.149	369.747	-	369.747
13.2 Cash flow hedge		-	-	-	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>		<b>977.298</b>	<b>25.499</b>	<b>1.002.797</b>	<b>1.043.112</b>	<b>20.272</b>	<b>1.063.384</b>
<b>XV. Intangible assets (net)</b>		<b>1.310.580</b>	<b>5.158</b>	<b>1.315.738</b>	<b>1.281.233</b>	<b>2.932</b>	<b>1.284.165</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		331.087	5.158	336.245	301.740	2.932	304.672
<b>XVI. Investment property (net)</b>	<b>I-l</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. Tax asset</b>		<b>414.629</b>	<b>1.828</b>	<b>416.457</b>	<b>359.938</b>	<b>4.524</b>	<b>364.462</b>
17.1 Current tax asset		-	24	24	-	2.584	2.584
17.2 Deferred tax asset		414.629	1.804	416.433	359.938	1.940	361.878
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	<b>I-m</b>	<b>124.858</b>	<b>-</b>	<b>124.858</b>	<b>103.572</b>	<b>-</b>	<b>103.572</b>
18.1 Held for sale purposes		124.858	-	124.858	103.572	-	103.572
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>		<b>1.077.489</b>	<b>1.263.227</b>	<b>2.340.716</b>	<b>1.029.662</b>	<b>1.398.484</b>	<b>2.428.146</b>
<b>Total assets</b>		<b>76.019.912</b>	<b>50.951.786</b>	<b>126.971.698</b>	<b>68.204.591</b>	<b>49.245.540</b>	<b>117.450.131</b>

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, 2012 and December 31, 2011

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

#### I. Consolidated balance sheet (Statement of Financial Position)

		(30/09/2012)			(31/12/2011)			
	Liabilities	Note (Section five)	TL	FC	Total	TL	FC	Total
<b>I</b>	<b>Deposits</b>	<b>II-a</b>	<b>39.324.481</b>	<b>29.959.892</b>	<b>69.284.373</b>	<b>35.075.620</b>	<b>31.110.930</b>	<b>66.186.550</b>
1.1	Deposits of the Bank's risk group		3.569.692	4.478.845	8.048.537	3.373.946	3.964.002	7.337.948
1.2	Other		35.754.789	25.481.047	61.235.836	31.701.674	27.146.928	58.848.602
<b>II.</b>	<b>Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>314.756</b>	<b>102.128</b>	<b>416.884</b>	<b>409.917</b>	<b>130.422</b>	<b>540.339</b>
<b>III.</b>	<b>Borrowings</b>	<b>II-c</b>	<b>1.109.083</b>	<b>12.941.802</b>	<b>14.050.885</b>	<b>1.367.084</b>	<b>13.315.818</b>	<b>14.682.902</b>
<b>IV.</b>	<b>Money markets</b>		<b>3.383.580</b>	<b>6.522.271</b>	<b>9.905.851</b>	<b>1.845.799</b>	<b>5.040.094</b>	<b>6.885.893</b>
4.1	Funds from interbank money market		-	-	-	-	19.137	19.137
4.2	Funds from Istanbul stock exchange money market		1.495.731	-	1.495.731	942.043	-	942.043
4.3	Funds provided under repurchase agreements		1.887.849	6.522.271	8.410.120	903.756	5.020.957	5.924.713
<b>V.</b>	<b>Marketable securities issued (net)</b>	<b>II-d</b>	<b>1.154.746</b>	<b>2.603.951</b>	<b>3.758.697</b>	<b>1.095.354</b>	<b>2.153.363</b>	<b>3.248.717</b>
5.1	Bills		754.605	4.637	759.242	951.004	5.582	956.586
5.2	Asset backed securities		-	1.728.340	1.728.340	-	2.147.781	2.147.781
5.3	Bonds		400.141	870.974	1.271.115	144.350	-	144.350
<b>VI.</b>	<b>Funds</b>		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>Miscellaneous payables</b>		<b>4.759.573</b>	<b>580.724</b>	<b>5.340.297</b>	<b>3.961.864</b>	<b>833.636</b>	<b>4.795.500</b>
<b>VIII.</b>	<b>Other liabilities</b>	<b>II-e</b>	<b>510.925</b>	<b>1.005.166</b>	<b>1.516.091</b>	<b>767.922</b>	<b>842.187</b>	<b>1.610.109</b>
<b>IX.</b>	<b>Factoring payables</b>		-	-	-	-	-	-
<b>X.</b>	<b>Lease payables (net)</b>	<b>II-f</b>	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred lease expenses (-)		-	-	-	-	-	-
<b>XI.</b>	<b>Derivative financial liabilities held for hedging</b>	<b>II-g</b>	<b>291.829</b>	<b>541.542</b>	<b>833.371</b>	<b>62.652</b>	<b>440.189</b>	<b>502.841</b>
11.1	Fair value hedge		54.102	-	54.102	18.959	-	18.959
11.2	Cash flow hedge		237.727	541.542	779.269	43.693	440.189	483.882
11.3	Foreign net investment hedge		-	-	-	-	-	-
<b>XII.</b>	<b>Provisions</b>	<b>II-h</b>	<b>3.081.767</b>	<b>768.102</b>	<b>3.849.869</b>	<b>2.760.713</b>	<b>784.192</b>	<b>3.544.905</b>
12.1	General loan loss provision		853.425	399.983	1.253.408	670.146	382.122	1.052.268
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee rights		211.061	4.935	215.996	201.362	4.979	206.341
12.4	Insurance technical provisions (net)		830.110	302.449	1.132.559	731.166	332.728	1.063.894
12.5	Other provisions		1.187.171	60.735	1.247.906	1.158.039	64.363	1.222.402
<b>XIII.</b>	<b>Tax liability</b>	<b>II-i</b>	<b>404.097</b>	<b>1.368</b>	<b>405.465</b>	<b>292.396</b>	<b>929</b>	<b>293.325</b>
13.1	Current tax liability		404.097	1.326	405.423	292.396	929	293.325
13.2	Deferred tax liability		-	42	42	-	-	-
<b>XIV.</b>	<b>Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		-	-	-	-	-	-
14.1	Held for sale purpose		-	-	-	-	-	-
14.2	Related to discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>Subordinated loans</b>	<b>II-j</b>	-	<b>3.408.210</b>	<b>3.408.210</b>	-	<b>2.523.816</b>	<b>2.523.816</b>
<b>XVI.</b>	<b>Shareholders' equity</b>	<b>II-k</b>	<b>14.763.375</b>	<b>(561.670)</b>	<b>14.201.705</b>	<b>13.151.420</b>	<b>(516.186)</b>	<b>12.635.234</b>
16.1	Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2	Capital reserves		1.223.529	(561.670)	661.859	916.528	(516.186)	400.342
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	<b>II-k</b>	<b>408.406</b>	<b>34.292</b>	<b>442.698</b>	<b>114.015</b>	<b>17.109</b>	<b>131.124</b>
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)		(23.290)	(595.962)	(619.252)	111.991	(533.295)	(421.304)
16.2.9	Value increase in property and equipment held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		294.532	-	294.532	146.641	-	146.641
16.3	Profit reserves		6.906.696	-	6.906.696	5.197.101	-	5.197.101
16.3.1	Legal reserves		359.847	-	359.847	266.973	-	266.973
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		6.546.849	-	6.546.849	4.930.128	-	4.930.128
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Income or (loss)		2.224.311	-	2.224.311	2.623.562	-	2.623.562
16.4.1	Prior years' income or (loss)		753.900	-	753.900	338.858	-	338.858
16.4.2	Current year income or (loss)		1.470.411	-	1.470.411	2.284.704	-	2.284.704
16.5	Minority interest	<b>II-l</b>	<b>61.788</b>	-	<b>61.788</b>	<b>67.178</b>	-	<b>67.178</b>
<b>Total liabilities and shareholders' equity</b>			<b>69.098.212</b>	<b>57.873.486</b>	<b>126.971.698</b>	<b>60.790.741</b>	<b>56.659.390</b>	<b>117.450.131</b>

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, 2012 and December 31, 2011

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

## II. Consolidated off-balance sheet commitments

		(30/09/2012)			(31/12/2011)			
		Note (Section five)	TL	FC	Total	TL	FC	Total
<b>A</b>	<b>Off-balance sheet commitments (I+II+III)</b>		<b>96.331.165</b>	<b>124.299.864</b>	<b>220.631.029</b>	<b>81.022.711</b>	<b>111.769.068</b>	<b>192.791.779</b>
<b>I</b>	<b>Guarantees and warranties</b>	<b>III-a-2, 3</b>	<b>11.450.387</b>	<b>17.117.181</b>	<b>28.567.568</b>	<b>10.695.392</b>	<b>15.871.117</b>	<b>26.372.509</b>
1.1	Letters of guarantee		11.315.163	9.265.244	20.580.407	9.943.564	8.871.149	18.814.713
1.1.1	Guarantees subject to state tender law		568.578	561.038	1.129.616	502.263	628.039	1.130.302
1.1.2	Guarantees given for foreign trade operations		1.204.230	8.621.439	9.825.669	1.105.998	8.126.300	9.232.298
1.1.3	Other letters of guarantee		9.542.355	82.767	9.625.122	8.335.303	116.810	8.452.113
1.2	Bank acceptances		-	130.634	130.634	-	158.915	158.915
1.2.1	Import letter of acceptance		-	130.634	130.634	-	158.915	158.915
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		10.437	5.870.812	5.881.249	13.687	4.993.297	5.006.984
1.3.1	Documentary letters of credit		10.437	5.855.100	5.865.537	13.687	4.983.502	4.997.189
1.3.2	Other letters of credit		-	15.712	15.712	-	9.795	9.795
1.4	Prefinancing given as guarantee		143	2.380	2.523	143	2.519	2.662
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		124.644	1.063.764	1.188.408	737.998	614.488	1.352.486
1.9	Other warranties		-	784.347	784.347	-	1.036.749	1.036.749
<b>II</b>	<b>Commitments</b>	<b>III-a-1</b>	<b>57.416.766</b>	<b>34.882.614</b>	<b>92.299.380</b>	<b>50.502.978</b>	<b>30.435.022</b>	<b>80.938.000</b>
2.1	Irrevocable commitments		28.865.453	12.830.606	41.696.059	23.716.890	6.930.298	30.647.188
2.1.1	Asset purchase and sale commitments		313.079	12.430.625	12.743.704	42.700	6.067.378	6.110.078
2.1.2	Deposit purchase and sales commitments		2.097	456	2.553	1.692	301	1.993
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	1.000	-	1.000
2.1.4	Loan granting commitments		5.087.077	388.308	5.475.385	4.345.796	814.989	5.160.785
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		5.326.452	-	5.326.452	4.220.740	-	4.220.740
2.1.8	Tax and fund liabilities from export commitments		-	37.712	37.712	37.251	-	37.251
2.1.9	Commitments for credit card limits		16.255.713	11.217	16.266.930	13.666.113	47.569	13.713.682
2.1.10	Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		1.833.323	-	1.833.323	1.401.598	61	1.401.659
2.2	Revocable commitments		28.561.313	22.052.008	50.613.321	26.786.088	23.504.724	50.290.812
2.2.1	Revocable loan granting commitments		28.561.313	22.047.367	50.608.680	26.786.088	23.504.724	50.290.812
2.2.2	Other revocable commitments		-	4.641	4.641	-	-	-
<b>III</b>	<b>Derivative financial instruments</b>		<b>27.464.012</b>	<b>72.300.069</b>	<b>99.764.081</b>	<b>19.824.341</b>	<b>65.656.929</b>	<b>85.481.270</b>
3.1	Hedging derivative financial instruments		12.969.458	26.938.263	39.907.721	9.094.408	29.549.643	38.644.051
3.1.1	Transactions for fair value hedge		1.947.858	2.254.695	4.202.553	2.782.808	3.424.046	6.206.854
3.1.2	Transactions for cash flow hedge		11.021.600	24.683.568	35.705.168	6.311.600	26.125.597	32.437.197
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		14.494.554	45.361.806	59.856.360	10.729.933	36.107.286	46.837.219
3.2.1	Forward foreign currency buy/sell transactions		3.387.306	6.476.415	9.863.721	3.531.519	7.107.230	10.638.749
3.2.1.1	Forward foreign currency transactions-buy		1.248.912	3.647.671	4.896.583	1.219.066	4.078.821	5.297.887
3.2.1.2	Forward foreign currency transactions-sell		2.138.394	2.828.744	4.967.138	2.312.453	3.028.409	5.340.862
3.2.2	Swap transactions related to foreign currency and interest rates		6.398.749	27.002.005	33.400.754	3.156.690	20.650.084	23.806.774
3.2.2.1	Foreign currency swap-buy		3.014.481	12.215.221	15.229.702	1.915.136	7.568.292	9.483.428
3.2.2.2	Foreign currency swap-sell		3.384.268	11.777.332	15.161.600	1.241.554	8.502.444	9.743.998
3.2.2.3	Interest rate swap-buy		-	1.504.726	1.504.726	-	2.289.674	2.289.674
3.2.2.4	Interest rate swap-sell		-	1.504.726	1.504.726	-	2.289.674	2.289.674
3.2.3	Foreign currency, interest rate and securities options		4.001.499	11.238.222	15.239.721	3.334.724	7.566.881	10.901.605
3.2.3.1	Foreign currency options-buy		1.250.900	3.876.510	5.127.410	1.159.806	1.778.865	2.938.671
3.2.3.2	Foreign currency options-sell		1.931.625	3.326.157	5.257.782	1.643.280	1.704.174	3.347.454
3.2.3.3	Interest rate options-buy		187.350	2.052.815	2.240.165	337.350	2.655.238	2.992.588
3.2.3.4	Interest rate options-sell		262.350	1.982.740	2.245.090	112.350	1.354.184	1.466.534
3.2.3.5	Securities options-buy		224.514	-	224.514	18.044	13.729	31.773
3.2.3.6	Securities options-sell		144.760	-	144.760	63.894	60.691	124.585
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		707.000	645.164	1.352.164	707.000	783.091	1.490.091
<b>B</b>	<b>Custody and pledges received (IV+V+VI)</b>		<b>115.845.446</b>	<b>24.479.753</b>	<b>140.325.199</b>	<b>107.146.729</b>	<b>27.609.924</b>	<b>134.756.653</b>
<b>IV</b>	<b>Items held in custody</b>		<b>56.975.812</b>	<b>4.030.493</b>	<b>61.006.305</b>	<b>53.463.516</b>	<b>4.289.298</b>	<b>57.752.814</b>
4.1	Customer fund and portfolio balances		4.513	116	4.629	10.497	122	10.619
4.2	Investment securities held in custody		45.600.230	3.397.837	48.998.067	42.441.549	3.581.191	46.022.740
4.3	Checks received for collection		9.496.667	73.955	9.570.622	8.669.405	92.110	8.761.515
4.4	Commercial notes received for collection		1.869.174	534.967	2.404.161	2.336.837	590.894	2.927.731
4.5	Other assets received for collection		-	23.598	23.598	-	24.981	24.981
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		5.228	-	5.228	5.228	-	5.228
4.8	Custodians		-	-	-	-	-	-
<b>V</b>	<b>Pledges received</b>		<b>57.693.986</b>	<b>19.858.011</b>	<b>77.551.997</b>	<b>52.561.567</b>	<b>22.673.972</b>	<b>75.235.539</b>
5.1	Marketable securities		227.690	193	227.883	207.970	204	208.174
5.2	Guarantee notes		687.621	365.207	1.052.828	560.893	442.768	1.003.661
5.3	Commodity		31.417	-	31.417	38.944	-	38.944
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		39.374.898	14.788.620	54.163.518	36.292.482	16.967.526	53.260.008
5.6	Other pledged items		17.372.360	4.700.829	22.073.189	15.461.278	5.260.128	20.721.406
5.7	Pledged items-depository		-	3.162	3.162	-	3.346	3.346
<b>VI</b>	<b>Accepted independent guarantees and warranties</b>		<b>1.175.648</b>	<b>591.249</b>	<b>1.766.897</b>	<b>1.121.646</b>	<b>646.654</b>	<b>1.768.300</b>
<b>Total off-balance sheet commitments (A+B)</b>			<b>212.176.611</b>	<b>148.779.617</b>	<b>360.956.228</b>	<b>188.169.440</b>	<b>139.378.992</b>	<b>327.548.432</b>

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, 2012 and 2011**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**III. Consolidated income statements**

Income and expense items		Note (Section five)	01/01-30/09/2012	01/01-30/09/2011
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>7.504.025</b>	<b>5.625.324</b>
1.1	Interest on loans	IV-a-1	5.765.759	4.080.165
1.2	Interest received from reserve deposits		146	373
1.3	Interest received from banks	IV-a-2	85.760	84.699
1.4	Interest received from money market transactions		104.423	3.247
1.5	Interest received from marketable securities portfolio	IV-a-3	1.245.591	1.186.823
1.5.1	Trading financial assets		17.593	27.739
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		476.808	423.030
1.5.4	Held to maturity investments		751.190	736.054
1.6	Financial lease income		176.052	163.229
1.7	Other interest income		126.294	106.788
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(3.958.053)</b>	<b>(2.927.970)</b>
2.1	Interest on deposits	IV-b-4	(3.095.657)	(2.251.948)
2.2	Interest on funds borrowed	IV-b-1	(463.724)	(388.902)
2.3	Interest expense on money market transactions		(220.979)	(236.354)
2.4	Interest on securities issued	IV-b-3	(170.534)	(41.242)
2.5	Other interest expenses		(7.159)	(9.524)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>3.545.972</b>	<b>2.697.354</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>1.308.466</b>	<b>1.434.418</b>
4.1	Fees and commissions received		1.726.784	1.775.418
4.1.1	Non-cash loans		199.223	174.432
4.1.2	Other	IV-k	1.527.561	1.600.986
4.2	Fees and commissions paid		(418.318)	(341.000)
4.2.1	Non-cash loans		(5.307)	(3.490)
4.2.2	Other		(413.011)	(337.510)
<b>V.</b>	<b>Dividend income</b>		<b>1.661</b>	<b>5.891</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(114.564)</b>	<b>(67.703)</b>
6.1	Trading gains/(losses) on securities		74.152	31.443
6.2	Derivative financial transactions gains/(losses)	IV-d	(777.583)	(338.999)
6.3	Foreign exchange gains/(losses)		588.867	239.853
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>362.090</b>	<b>722.845</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>5.103.625</b>	<b>4.792.805</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(871.298)</b>	<b>(641.620)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(2.331.486)</b>	<b>(2.113.760)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII+IX+X)</b>		<b>1.900.841</b>	<b>2.037.425</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		<b>12.535</b>	<b>10.803</b>
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>		<b>1.913.376</b>	<b>2.048.228</b>
<b>XVI.</b>	<b>Tax provisions for continuing operations (±)</b>	<b>IV-h</b>	<b>(435.865)</b>	<b>(395.532)</b>
16.1	Current tax provision		(532.170)	(376.575)
16.2	Deferred tax provision		96.305	(18.957)
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>1.477.511</b>	<b>1.652.696</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /loss before taxes from discontinued operations (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-i</b>	<b>1.477.511</b>	<b>1.652.696</b>
23.1	Group's profit/loss		1.470.411	1.647.682
23.2	Minority interest profit/losses (-)	IV-j	7.100	5.014
	Earnings/(loss) per share (in TL full)		0,0034	0,0038

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, 2012 and 2011**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**III. Consolidated income statements**

Income and expense items		Note (Section five)	01/07-30/09/2012	01/07-30/09/2011
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>2.624.862</b>	<b>2.101.197</b>
1.1	Interest on loans	IV-a-1	2.028.164	1.525.535
1.2	Interest received from reserve deposits		26	146
1.3	Interest received from banks	IV-a-2	35.693	33.770
1.4	Interest received from money market transactions		46.960	939
1.5	Interest received from marketable securities portfolio	IV-a-3	419.602	439.906
1.5.1	Trading financial assets		4.903	13.446
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		124.589	141.433
1.5.4	Held to maturity investments		290.110	285.027
1.6	Financial lease income		60.223	58.427
1.7	Other interest income		34.194	42.474
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(1.309.480)</b>	<b>(1.122.280)</b>
2.1	Interest on deposits	IV-b-4	(1.029.684)	(857.711)
2.2	Interest on funds borrowed	IV-b-1	(156.255)	(144.104)
2.3	Interest expense on money market transactions		(69.561)	(88.347)
2.4	Interest on securities issued	IV-b-3	(53.021)	(26.918)
2.5	Other interest expenses		(959)	(5.200)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>1.315.382</b>	<b>978.917</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>482.914</b>	<b>512.400</b>
4.1	Fees and commissions received		624.904	634.588
4.1.1	Non-cash loans		69.647	49.804
4.1.2	Other	IV-k	555.257	584.784
4.2	Fees and commissions paid		(141.990)	(122.188)
4.2.1	Non-cash loans		(1.983)	(1.128)
4.2.2	Other		(140.007)	(121.060)
<b>V.</b>	<b>Dividend income</b>		<b>14</b>	<b>-</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(38.554)</b>	<b>(95.486)</b>
6.1	Trading gains/(losses) on securities		19.649	22.208
6.2	Derivative financial transactions gains/(losses)	IV-d	(99.961)	(160.154)
6.3	Foreign exchange gains/(losses)		41.758	42.460
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>107.126</b>	<b>186.590</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>1.866.882</b>	<b>1.582.421</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(318.509)</b>	<b>(191.003)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(745.227)</b>	<b>(715.014)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII+IX+X)</b>		<b>803.146</b>	<b>676.404</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		<b>5.510</b>	<b>2.899</b>
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)</b>		<b>808.656</b>	<b>679.303</b>
<b>XVI.</b>	<b>Tax provisions for continuing operations (±)</b>	<b>IV-h</b>	<b>(169.559)</b>	<b>(127.327)</b>
16.1	Current tax provision		(174.741)	(106.947)
16.2	Deferred tax provision		5.182	(20.380)
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>639.097</b>	<b>551.976</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		<b>-</b>	<b>-</b>
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		<b>-</b>	<b>-</b>
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		<b>-</b>	<b>-</b>
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-i</b>	<b>639.097</b>	<b>551.976</b>
23.1	Group's profit/loss		637.070	549.223
23.2	Minority interest profit/losses (-)	IV-j	2.027	2.753
	Earnings/(loss) per share (in TL full)		0,0015	0,0013

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, 2012 and 2011**

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

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

	(30/09/2012)	(30/09/2011)
<b>I. Transfers to marketable securities valuation differences from financial assets available for sale</b>	<b>453.819</b>	<b>(155.538)</b>
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	(28.794)	149.212
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	(300.265)	(389.677)
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	31.180	(103.826)
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	(41.792)	111.834
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	114.148	(387.776)
XI. Current year profit/loss	1.477.511	1.652.696
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	7.971	8.172
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(124.681)	(128.422)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.594.221	1.772.946
<b>XII. Total profit/loss related to the current period (X+XI)</b>	<b>1.591.659</b>	<b>1.264.920</b>

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

	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
September 30, 2011																			
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
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 (H+I)		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																			
IV. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(142.036)	-	-	-	-	(142.036)	(368)	(142.404)
VI. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(394.803)	-	(394.803)	-	(394.803)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(311.742)	-	(311.742)	-	(311.742)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(83.061)	-	(83.061)	-	(83.061)
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		-	-	-	-	-	-	-	-	-	-	163.502	-	-	(14.290)	-	149.212	-	149.212
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		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219	-	219
XIX. Current year income or loss		-	-	-	-	-	-	-	-	1.647.682	-	-	-	-	-	-	1.647.682	5.014	1.652.696
XX. Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	(1.808)	(1.808)
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.808)	(1.808)
20.2 Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (H+II+III+.....+XVIII+XIX+XX)		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 changes in shareholders' equity at September 30, 2012**

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

**V. Consolidated statement of changes in shareholders' equity**

	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 shareholders Interest	Total shareholders ' equity
<b>September 30, 2012</b>																			
I.	Prior period-end balance	4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	2.284.704	338.858	131.124	-	-	(421.304)	-	12.568.056	67.178	12.635.234
	Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease due to the merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	361.532	-	-	-	-	361.532	522	362.054
IV.	Hedging transactions funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(215.268)	-	(215.268)	-	(215.268)
4.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(240.212)	-	(240.212)	-	(240.212)
4.2	Foreign net investment hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	24.944	-	24.944	-	24.944
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	-	-	-	-	-	-	-	-	-	-	(49.958)	-	-	17.320	-	(32.638)	-	(32.638)
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current year income or loss	-	-	-	-	-	-	-	-	1.470.411	-	-	-	-	-	-	1.470.411	7.100	1.477.511
XVIII.	Profit distribution	-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	(3.069)	(3.069)
18.1	Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.069)	(3.069)
18.2	Transfers to reserves	-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	Transactions with minority	-	-	-	-	-	-	-	-	-	(12.176)	-	-	-	-	-	(12.176)	(9.943)	(22.119)
<b>Period end balance (I+II+III*.....+XVI+XVIII)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>359.847</b>	<b>-</b>	<b>6.546.849</b>	<b>294.532</b>	<b>1.470.411</b>	<b>753.900</b>	<b>442.698</b>	<b>-</b>	<b>-</b>	<b>(619.252)</b>	<b>-</b>	<b>14.139.917</b>	<b>61.788</b>	<b>14.201.705</b>

(\*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 630.979 and TL 7.224.739 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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



(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**

**Consolidated statement of cash flows at September 30, 2012 and 2011**

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

**VI. Consolidated statement of cash flows**

	Note (Section five)	(30/09/2012)	(30/09/2011)
<b>A. Cash flows from banking operations</b>			
1.1 Operating profit before changes in operating assets and liabilities		5.167.585	1.029.150
1.1.1 Interest received		7.221.023	5.181.015
1.1.2 Interest paid		(3.806.049)	(2.788.737)
1.1.3 Dividend received		1.661	5.891
1.1.4 Fees and commissions received		1.727.073	1.779.770
1.1.5 Other income		(225.346)	341.065
1.1.6 Collections from previously written-off loans and other receivables		1.182.428	1.041.988
1.1.7 Payments to personnel and service suppliers		(2.056.671)	(1.965.983)
1.1.8 Taxes paid		(544.609)	(487.270)
1.1.9 Other		1.668.075	(2.078.589)
1.2 Changes in operating assets and liabilities		(5.343.775)	684.021
1.2.1 Net (increase)/decrease in trading securities		(193.055)	49.154
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(5.092.322)	(1.543.631)
1.2.4 Net (increase)/decrease in loans		(6.511.224)	(14.908.970)
1.2.5 Net (increase)/decrease in other assets		117.279	(1.586.502)
1.2.6 Net increase /(decrease) in bank deposits		13.589	(195.530)
1.2.7 Net increase /(decrease) in other deposits		3.081.165	10.758.722
1.2.8 Net increase /(decrease) in funds borrowed		1.871.924	6.361.592
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities		1.368.869	1.749.186
<b>I. Net cash flows from banking operations</b>		<b>(176.190)</b>	<b>1.713.171</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>		<b>146.586</b>	<b>(323.053)</b>
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(22.120)	-
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(147.207)	(139.764)
2.4 Disposals of property and equipment		3.581	7.500
2.5 Purchase of investments available-for-sale		(3.694.205)	(3.182.850)
2.6 Sale of investments available-for-sale		3.780.333	1.315.582
2.7 Purchase of investment securities		(43.070)	(625.867)
2.8 Sale of investment securities		269.274	2.302.346
2.9 Other		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>		<b>581.700</b>	<b>2.105.732</b>
3.1 Cash obtained from funds borrowed and securities issued		4.636.625	3.968.483
3.2 Cash used for repayment of funds borrowed and securities issued		(4.051.856)	(1.860.943)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.069)	(1.808)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>		<b>(283.423)</b>	<b>636.809</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>268.673</b>	<b>4.132.659</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>11.464.375</b>	<b>6.105.032</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>11.733.048</b>	<b>10.237.691</b>

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, 2012**

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

**Section three**

**Accounting policies**

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

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

The consolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) 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 “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated June 28, 2012.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TAS, necessary adjustments and reclassifications are reflected to those financial statements.

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

The effects of IFRS 9, "Financial Instruments Standard" which has not been implemented yet, are under evaluation by the Bank. 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 the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. 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, 2012 (continued)**

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

**Accounting policies (continued)**

**III. Information on consolidation principles:**

**a. Consolidation principles applied:**

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27").

**1. Consolidation principles of subsidiaries:**

Subsidiaries (including special purpose entity), in which Group has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies, have been fully consolidated.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders.

(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, 2012 (continued)

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

#### 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	Direct and
			rates (%) September 30, 2012	indirect rates (%) September 30, 2012
Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,98	99,98
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company <sup>(1)</sup>	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	Direct and
			rates % September 30, 2012	indirect rates % September 30, 2012
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, 2012 (continued)**

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

**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 rates	Direct and
			September 30, 2012	indirect rates September 30, 2012
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	GYO	30,45	30,45

4. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

**b. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:**

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

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**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 value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

At the transaction date, the Group documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Group regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

The Parent Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate swaps. The effective portion of the fair value changes of the hedging instruments 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.

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

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

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

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

As of September 30, 2012, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

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

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

**V. Explanations on interest income and expense:**

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



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**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. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognized either flat or deferred based on the type of the underlying transaction.

**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 the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

**b. Held-to-maturity financial assets:**

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

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles. In accordance with TAS 39, the sales or reclassifications to available for sale portfolio of financial assets that are insignificant or so close to maturity or the financial asset's call date will not result in tainting.

**c. Loans and receivables:**

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

Retail and commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the Uniform Chart of Account Plan. Foreign currency indexed loans are accounted in local currency accounts with the foreign exchange rate at the initial recognition and re-valued throughout the maturities of loans with the relevant foreign currency rates as at the financial statement dates. Increase or decrease in the value of the principal amount due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates at the repayment date and the valuation differences is accounted for in foreign exchange gain/Loss accounts.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

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

**d. Available-for-sale financial assets:**

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

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

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

**VIII. Explanations on impairment of financial assets:**

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

**IX. Explanations on offsetting financial assets:**

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

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

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

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

The Group has no securities lending transactions.

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

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

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

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

The Group has no discontinued operations.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**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 it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

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

**b. Other intangible assets:**

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

**XIII. Explanations on property and equipment:**

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

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

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

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

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

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

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

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

**XIV. Explanations on leasing transactions:**

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

**a. Accounting of leasing operations according to lessee:**

**Financial lease**

The Group includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognised. The liabilities arising from financial leasing contracts are accounted under "financial lease payables".

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

Expenses arising from interest and exchange rate changes related to financial leasing liabilities are charged to the income statement. Lease payments are deducted from financial leasing payables.

**Operational lease**

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

**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 assets and liabilities:**

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

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

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

**XVI. Explanations on obligations related to employee rights:**

**a. Employee termination benefits**

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

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**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 No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, the two-year extension mentioned above has been extended to four years.

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

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

**c. Defined contribution plans:**

The Bank is required to pay certain contributions to the Social Security Institution on behalf of their employees. Other than these payments, the Group does not have any further obligation in this respect. Such premiums are charged to personnel expenses when incurred.

**d. Short term benefits of employee:**

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

**XVII. Explanations on taxation:**

**a. Current tax:**

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

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

Under the Turkish Corporate Tax Law, effective from April 24, 2003, investment allowances had provided a deduction from the corporate tax base of 40% of the purchase price of purchases of the brand new fixed assets having economic useful life and exceeding TL 10 and directly related with the production of goods and services and investment allowance that arose prior to April 24, 2003 had been taxed at 19,8% (withholding tax) unless they had been converted to new type at companies' will. Effective from January 1, 2006, Turkish government had ceased to offer investment incentives for capital investments and companies having unused qualifying capital investment amounts as of June 30, 2006 would be able to deduct such amounts from corporate income until the end of December 31, 2008. However, On October 15, 2009, the Ministry of Finance announced that the Turkish Constitutional Court ("TCC") resolved to annul the provision numbered 69 of the Income Tax Law regulating that investment incentives carried forward can only be deducted from the corporate profits of 2006, 2007 and 2008, thus allowing such deduction for unlimited time. The resolution is published in the official gazette dated January 8, 2010. As per the Law numbered 6009, taxpayers are permitted to deduct the investment incentive amount to a limit that does not exceed 25% of the related revenues (within the context of December 31, 2005 legislation including the provision on tax rate stated in the second paragraph of temporary Article 61 of income tax legislation) from their income subject to tax.

As per the decision of the Constitutional Court (decision no: E.2010/93, K. 2012/9 dated February 9, 2012) the effect of the sentence "In so far, the amount to be used as investment incentive exception in the determination of the tax base cannot exceed 25% of the related gain" added to 1st article of the 69th clause of the Law No. 193 was suspended until the date of the publication of the cancellation decision in the Official Gazette to preclude any unpreventable consequences or damages that could rise from the application of the sentence, and to prevent the cancellation decision prove abortive as the sentence was cancelled on February 9, 2012 (decision no: E.2010/93, K.2012/20).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of September 30, 2012 are as follows:

Netherlands	25,00%
Russia	20,00%
Azerbaijan	20,00%

**b. Deferred tax:**

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

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

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with TAS12.

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

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

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

**c. Transfer pricing:**

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

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

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

**XVIII. Explanations on borrowings:**

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

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

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

**XIX. Explanations on issuance of share certificates:**

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

No dividend payments of the Parent Bank were announced after the balance sheet date.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

**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 until September 30, 2012 the Group received government grant from TÜBİTAK amounting to TL 828 (December 31, 2011 - TL 828).

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

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

**XXIII. Earnings per share:**

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

	<b>September 30, 2012</b>	<b>September 30, 2011</b>
Group's Profit	1.470.411	1.647.682
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
<b>Earnings per share (disclosed in full TL)</b>	<b>0,0034</b>	<b>0,0038</b>

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

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

**XXIV. 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.

**XXV. Explanations on other matters:**

Reclassifications have been made on comparative figures as of December 31, 2011 to confirm the changes in presentation in the September 30, 2012 financials.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

**XXVI. 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".

**XXVII. Other accounting policies:**

Premium income of insurance companies is recognised by deducting the ceded premium of reinsurance over written risk premiums.

Claims are booked as expense when reported and paid. Reserve for Outstanding Claims is set aside for the ultimate cost of the claims incurred at the end of the related period, but not paid yet and for the estimated ultimate cost, for the incurred but not reported claims. Reinsurance share of outstanding and paid claims is netted off in mentioned reserves.

**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, life mathematical reserves, provision for bonuses and rebates.

**Non-life**

Unearned premium reserve ("UPR") is calculated on a daily basis for all policies in force for unearned portions of premiums written that belongs to following periods. For marine policies, UPR is calculated as 50% of the last three months' premiums.

Outstanding claim provision is set for the estimated cost of claims notified but not settled and incurred but not reported claims ("IBNR") at the balance sheet date. Incurred but not reported claims are calculated according to the actuarial methods appointed by Undersecretariat of Treasur.

End of the period, for defendant outstanding claim files, which are not paid yet, calculated amount over winning rate of last five years defendant files on branch basis is deducted from outstanding claim reserves of defendant files but deductible amount could not exceed 25% of them.

Reinsurance shares of unearned written premium and outstanding claims reserves are balanced under unearned written premium and outstanding claims reserves.

The unearned portion of commissions paid to agencies for the written premiums, commissions received from reinsurers for the ceded premiums and other expense and income regarding insurance and reinsurance contracts are recorded on a daily basis for all policies in force.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Accounting policies (continued)**

On Group health insurance, bonus and rebates provision is calculated according to current year's technical results for the groups likely to win rights for implementation of bonus and rebates.

**Life and pension and non-life**

Unearned premium reserve, for insurance contracts in effect, consists of that part of the gross premium which extends to the next fiscal period or periods on a daily basis, and in respect of annual life assurances in effect or those life assurances with periods longer than a year for which accumulation premiums are collected, after the portion that has been set aside for the accumulation and the expense share attributable to the accumulation premium is deducted.

No additional provision was required as a result of the liability adequacy tests. The guaranteed returns in the life insurance portfolio are limited to the lower of technical interest calculated as per the profit share distribution system disclosed in the approved profit share technical principals and annual inflation rate.

Outstanding claims provision, consists of the amount of claims that has been reported but not yet paid, estimated amount of claims that has been incurred but not reported and reserves for expenses arising from such claims. In accordance with the Technical Reserves Communiqué numbered 2010-12-14-16, after September 30, 2010, incurred but not reported outstanding claim balance is calculated with the method is determined by Undersecretariat of Treasury.

Mathematical reserve, is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves.

Provision for bonus and rebate; consists of the amounts of bonuses and rebates reserved for insured or beneficiaries according to the technical results of the current year if the company gives bonuses or applies rebates.

The entrance fee income includes the accrued balance when the participants enter the private pension system for the first time or when they open a new private pension account, not exceeding the monthly minimum wage (half of monthly amount for contracts issued after August 9, 2008) at the date the private pension agreement is signed. In the Group's private pension plans, half of the entrance fee is collected within the first year of the contract and is recorded as income. The collection of the other half is deferred till the date the participants leave the private pension system or make a demand for transfer to another company within 10 years (5 years for the contracts issued after August 9, 2008).

For contracts issued before August 9, 2008, based on the entrance fee amount collected at the beginning, the Group contributes a continuity (loyalty) award (for TL contracts, the deferred portion of the entrance fee is increased with the inflation rate), amounting to the deferred portion of the entrance fee which is fixed for foreign currency denominated contracts and the deferred portion of the entrance fee increased with the inflation for TL contracts, to the private pension account of the participants on the condition that the participants hold their private pension account in the Group for 10 years without interruption. For contracts issued after August 9, 2008, loyalty bonus is given when the participants are entitled to pension therefore the calculation of this provision for contracts issued after this date is made over the probability of the participants to keep their pension accounts in the Group until the date of their eligibility to pension.

(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, 2012 (continued)**

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

**Accounting policies (continued)**

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Section four**

**Information related to financial position of the Group**

**I. Explanations on consolidated capital adequacy ratio:**

- a. The consolidated capital adequacy ratio of the Group is 12,54%.
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" (the "Regulation"), "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 ("Regulation") and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 26333 as of November 1, 2006".

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

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

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

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

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

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



(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, 2012 (continued)**

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

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

**c. Information related to capital adequacy ratio:**

	Risk Weights <sup>(1)</sup>						
	Parent Bank						
	%0	%20	%50	%75	%100	%150	%200
<b>Amounts subject to credit risk</b>	<b>22.597.102</b>	<b>3.316.291</b>	<b>12.191.364</b>	<b>28.716.435</b>	<b>71.805.396</b>	<b>2.850.131</b>	<b>3.822.680</b>
<b>Risk classifications</b>							
Conditional and unconditional receivables from central governments or central banks	20.946.040	-	-	-	10.746.673	-	-
Conditional and unconditional receivables from regional or local governments	-	148	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	13.051	-	-
Conditional and unconditional receivables from multilateral development banks	3.971	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3.315.942	5.572.391	-	4.225.470	339	-
Conditional and unconditional receivables from corporates	-	-	-	-	50.854.324	-	-
Conditional and unconditional retail receivables	-	-	-	28.716.435	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	6.618.973	-	-	-	-
Past due receivables	-	-	-	-	603.280	390.771	-
Receivables defined as high risk category by the Regulator	-	-	-	-	-	2.459.021	3.822.680
Secured by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective Investment funds	-	-	-	-	-	-	-
Other receivables	1.647.091	201	-	-	5.362.598	-	-
<b>Credit Risk Weighted Amounts:</b>	<b>-</b>	<b>663.258</b>	<b>6.095.682</b>	<b>21.537.326</b>	<b>71.805.396</b>	<b>4.275.197</b>	<b>7.645.360</b>

	Risk Weights <sup>(1)</sup>						
	Consolidated						
	%0	%20	%50	%75	%100	%150	%200
<b>Amounts subject to credit risk</b>	<b>23.138.036</b>	<b>3.256.280</b>	<b>12.241.102</b>	<b>29.089.503</b>	<b>78.592.882</b>	<b>2.922.227</b>	<b>3.822.680</b>
<b>Risk classifications</b>							
Conditional and unconditional receivables from central governments or central banks	21.370.045	-	-	-	10.839.433	-	-
Conditional and unconditional receivables from regional or local governments	-	148	-	-	1.380	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	13.051	-	-
Conditional and unconditional receivables from multilateral development banks	3.971	-	-	-	-	-	-
Conditional and unconditional receivables from international organisations	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	3.253.430	5.622.129	-	4.574.841	339	-
Conditional and unconditional receivables from corporates	-	2.501	-	-	59.853.206	-	-
Conditional and unconditional retail receivables	-	-	-	29.089.503	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	6.618.973	-	-	-	-
Past due receivables	-	-	-	-	668.388	462.867	-
Receivables defined as high risk category by the Regulator	-	-	-	-	-	2.459.021	3.822.680
Secured by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective Investment funds	-	-	-	-	-	-	-
Other receivables	1.764.020	201	-	-	2.642.583	-	-
<b>Credit Risk Weighted Amounts:</b>	<b>-</b>	<b>651.256</b>	<b>6.120.551</b>	<b>21.817.127</b>	<b>78.592.882</b>	<b>4.383.341</b>	<b>7.645.360</b>

(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, 2012 (continued)

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

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

##### d. Summary information about capital adequacy ratio<sup>(1)</sup>:

	The Parent Bank Consolidated	
	September 30, 2012	September 30, 2012
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8.961.778	9.536.841
Capital requirement for market risk (II) (MRCR)	118.396	103.273
Capital requirement for operational risk (III) (ORCR)	746.900	854.231
<b>Shareholders' equity</b>	<b>16.172.623</b>	<b>16.455.701</b>
<b>Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12.5*100</b>	<b>13,17</b>	<b>12,54</b>

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

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

	September 30, 2012
<b>Core capital</b>	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	6.906.696
Adjustment to legal reserves	-
Profit	2.224.311
Net Current period profit	1.470.411
Prior period profit	753.900
Provisions for possible losses up to 25% of core capital	171.633
Profit on sale of associates, subsidiaries and buildings	294.532
Primary subordinated loans	-
Minority shares	61.788
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Development cost of operating lease (-)	72.941
Intangible assets (-)	1.315.738
Deferred- assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3 <sup>rd</sup> paragraph) (-)	-
Goodwill (Net)	-
<b>Total core capital</b>	<b>13.161.213</b>

(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, 2012 (continued)

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

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

	September 30, 2012
<b>Supplementary capital</b>	-
General provisions	1.253.408
45% of increase in revaluation fund of movables	-
45% of increase in revaluation fund of fixed asstes	-
Free shares from investment and associates, subsidiaries and joint ventures that is recognized in profit	-
Primary subordinated loans that are ignored in the calculation of core capital	-
Secondary subordinated loans	-
45% of value increase fund of financial assets available for sale and associates and subsidiaries	2.220.082
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	199.214
Minority share	-
<b>Total supplementary capital</b>	<b>3.672.704</b>
<b>Capital</b>	<b>16.833.917</b>
<b>Deductions from the capital</b>	<b>378.216</b>
Partnership share on non-consolidated banks and financial institutions.	-
Loans extended o banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Banks and financial institution to which equity method is applied, however, assets and liabilities are not consolidated	203.767
Loans extended being noncompliant with articles 50 and 51of the Law	-
Net book value of properties owned, exceeding 50% bank's equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.918
Securitisations positions that is deducted-preferably-from the shareholders' equity	-
Other	167.531
<b>Total shareholders' equity</b>	<b>16.455.701</b>

- (1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".
- (2) The figure includes income on sale of equity shares and real estates for TL 297.559 and other reserves for TL (3.027)
- (3) 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, 2012 (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:**

Risk management activities of the Parent Bank are carried out under the responsibility of Board of Directors in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In order to comply with the regulations, the Parent Bank set its activities related with market risk management in accordance with "Regulation on Bank's Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

Market risk policies, which are approved by the Board of Directors of the Bank and updated annually, if needed; include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications. The table below shows details of the market risk as of September 30, 2012 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

**a. Information on market risk<sup>(1)</sup>:**

	<b>September 30, 2012</b>
(I) Capital Requirement against General Market Risk - Standard Method	20.653
(II) Capital Requirement against Specific Risks - Standard Method	25.564
Capital requirement against Specific Risks of Securitisation Positions– Standard Method	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	27.868
(IV) Capital Requirement against Commodity Risks - Standard Method	2.002
(V) Capital Requirement against Exchange Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	379
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	26.807
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	103.273
(I+II+III+IV+V+VI+VII+VIII)	103.273
<b>(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*IX))</b>	<b>1.290.913</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

**III. 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).

The Parent keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition to this; although the internal exchange position limit is lower when compared to the related legal limit, there have not been any limit exceeding 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 details of hedging of the foreign currency debt instruments and net foreign currency instrument risk with derivative instruments are disclosed in section IV. Note VI.

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)

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance sheet evaluation rate</b>	<b>TL 1,74010</b>	<b>TL 2,25080</b>	<b>TL 0,02238</b>
September 28, 2012 bid rate	TL 1,73750	TL 2,23560	TL 0,02233
September 27, 2012 bid rate	TL 1,74060	TL 2,23900	TL 0,02236
September 26, 2012 bid rate	TL 1,74130	TL 2,24970	TL 0,02235
September 25, 2012 bid rate	TL 1,74670	TL 2,25660	TL 0,02235
September 24, 2012 bid rate	TL 1,74190	TL 2,26330	TL 0,02224
<b>Arithmetic average of the last 30 days:</b>	<b>TL 1,74999</b>	<b>TL 2,24716</b>	<b>TL 0,02233</b>
<b>As of December 31, 2011;</b>			
	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance sheet evaluation rate</b>	<b>TL 1,84170</b>	<b>TL 2,38270</b>	<b>TL 0,02373</b>

(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, 2012 (continued)

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

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

##### Information on currency risk of the Group:

	EURO	USD	Other FC	Total
<b>September 30, 2012</b>				
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4.539.805	4.407.233	1.630.363	10.577.401
Banks	968.245	1.758.432	139.984	2.866.661
Financial assets at fair value through profit or loss	32.417	160.609	833	193.859
Money market placements	-	112.241	-	112.241
Available-for-sale financial assets	141.416	735.332	36.334	913.082
Loans <sup>(1)</sup>	8.320.292	17.849.538	1.048.307	27.218.137
Investments in associates, subsidiaries and joint ventures	-	-	185.540	185.540
Held-to-maturity investments	475.847	8.016.241	-	8.492.088
Hedging derivative financial assets	-	-	-	-
Tangible assets	959	-	24.540	25.499
Intangible assets	-	-	5.158	5.158
Other assets <sup>(2)</sup>	2.028.371	1.717.049	242.032	3.987.452
<b>Total assets</b>	<b>16.507.352</b>	<b>34.756.675</b>	<b>3.313.091</b>	<b>54.577.118</b>
<b>Liabilities</b>				
Bank deposits	646.779	413.320	70.403	1.130.502
Foreign currency deposits	9.156.592	17.758.846	1.913.952	28.829.390
Funds from money market	610.215	5.912.056	-	6.522.271
Funds borrowed from other financial institutions	6.711.866	6.093.186	136.750	12.941.802
Marketable securities issued	816.120	1.787.648	183	2.603.951
Miscellaneous payables	286.855	280.499	13.370	580.724
Hedging derivative financial liabilities	106.744	434.798	-	541.542
Other liabilities	2.965.126	1.888.036	26.894	4.880.056
<b>Total liabilities</b>	<b>21.300.297</b>	<b>34.568.389</b>	<b>2.161.552</b>	<b>58.030.238</b>
<b>Net on balance sheet position</b>	<b>(4.792.945)</b>	<b>188.286</b>	<b>1.151.539</b>	<b>(3.453.120)</b>
<b>Net off balance sheet position <sup>(2)</sup></b>	<b>6.557.532</b>	<b>(2.266.235)</b>	<b>(780.031)</b>	<b>3.511.266</b>
Financial derivative assets	8.663.816	9.051.368	431.378	18.146.562
Financial derivative liabilities	2.106.284	11.317.603	1.211.409	14.635.296
<b>Non-cash loans</b>	<b>6.069.439</b>	<b>10.654.586</b>	<b>393.156</b>	<b>17.117.181</b>
<b>December 31, 2011</b>				
Total assets	17.210.270	33.171.768	2.572.881	52.954.919
Total liabilities	22.184.070	32.385.364	2.154.678	56.724.112
<b>Net on-balance sheet position</b>	<b>(4.973.800)</b>	<b>786.404</b>	<b>418.203</b>	<b>(3.769.193)</b>
<b>Net off-balance sheet position</b>	<b>6.151.489</b>	<b>(2.580.679)</b>	<b>(45.548)</b>	<b>3.525.262</b>
Financial derivative assets	7.405.899	7.682.168	375.922	15.463.989
Financial derivative liabilities	1.254.410	10.262.847	421.470	11.938.727
<b>Non-cash loans</b>	<b>4.852.200</b>	<b>10.223.512</b>	<b>601.405</b>	<b>15.677.117</b>

(1) Includes FX indexed loans amounting to TL 3.658.309 (December 31, 2011 - TL 3.920.053) which have been disclosed as TL in the financial statements.

(2) Foreign currency prepaid expenses in the financial statements does not include amounting to TL 32.977 (December 31, 2011 - TL 34.204).

(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, 2012 (continued)

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

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

#### IV. Explanations on consolidated interest rate risk:

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

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

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

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

September 30, 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	12.313.296	12.313.296
Banks	2.655.554	587.617	161.942	263.091	-	1.359.247	5.027.451
Financial assets at fair value through profit/loss	144.185	164.448	246.687	200.555	76.226	45.898	877.999
Money market placements	3.708.942	-	-	-	-	-	3.708.942
Available-for-sale financial assets	1.642.555	1.136.371	2.311.125	1.168.349	2.045.329	18.413	8.322.142
Loans	11.412.826	8.950.939	18.285.433	21.382.782	13.354.126	1.708.406	75.094.512
Held-to-maturity investments	1.469.372	17.064	2.049.090	2.097.654	6.177.596	-	11.810.776
Other assets	1.089.437	595.986	1.060.100	1.632.138	177.142	5.261.777	9.816.580
<b>Total assets</b>	<b>22.122.871</b>	<b>11.452.425</b>	<b>24.114.377</b>	<b>26.744.569</b>	<b>21.830.419</b>	<b>20.707.037</b>	<b>126.971.698</b>
<b>Liabilities</b>							
Bank deposits	568.955	438.052	333.115	37.804	64.661	113.601	1.556.188
Other deposits	40.731.503	11.142.743	4.160.480	682.974	5.399	11.005.086	67.728.185
Funds from money market	5.020.381	4.060.028	825.442	-	-	-	9.905.851
Miscellaneous payables	-	-	-	-	-	5.340.297	5.340.297
Marketable securities issued	118.846	2.344.717	437.493	857.641	-	-	3.758.697
Funds borrowed from other financial institutions	3.479.402	3.529.494	4.045.782	2.394.959	601.248	-	14.050.885
Other liabilities and shareholders' equity	1.209.979	2.031.062	1.511.784	357.854	127.637	19.393.279	24.631.595
<b>Total liabilities</b>	<b>51.129.066</b>	<b>23.546.096</b>	<b>11.314.096</b>	<b>4.331.232</b>	<b>798.945</b>	<b>35.852.263</b>	<b>126.971.698</b>
<b>Balance sheet long position</b>	-	-	<b>12.800.281</b>	<b>22.413.337</b>	<b>21.031.474</b>	-	<b>56.245.092</b>
<b>Balance sheet short position</b>	<b>(29.006.195)</b>	<b>(12.093.671)</b>	-	-	-	<b>(15.145.226)</b>	<b>(56.245.092)</b>
Off-balance sheet long position	6.040.856	13.095.162	-	-	-	-	19.136.018
Off-balance sheet short position	-	-	(1.131.857)	(18.031.982)	(652.133)	-	(19.815.972)
<b>Total position</b>	<b>(22.965.339)</b>	<b>1.001.491</b>	<b>11.668.424</b>	<b>4.381.355</b>	<b>20.379.341</b>	<b>(15.145.226)</b>	<b>(679.954)</b>

(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, 2012 (continued)

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

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

December 31, 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	10.081.703	10.081.703
Banks	1.593.147	289.844	268.240	272.225	-	1.005.068	3.428.524
Financial assets at fair value through profit/loss	68.260	74.433	259.683	95.613	17.804	41.037	556.830
Money market placements	2.173.561	-	-	-	-	-	2.173.561
Available-for-sale financial assets	957.834	165.745	2.389.281	1.768.348	2.712.642	17.426	8.011.276
Loans	10.043.452	5.959.171	16.055.788	21.506.848	14.213.791	2.291.864	70.070.914
Held-to-maturity investments	423.296	1.671.715	1.212.450	2.721.385	6.681.776	-	12.710.622
Other assets	696.809	1.599.063	1.068.662	1.457.089	195.030	5.400.048	10.416.701
<b>Total assets</b>	<b>15.956.359</b>	<b>9.759.971</b>	<b>21.254.104</b>	<b>27.821.508</b>	<b>23.821.043</b>	<b>18.837.146</b>	<b>117.450.131</b>
<b>Liabilities</b>							
Bank deposits	665.788	295.368	284.029	43.102	95.463	178.739	1.562.489
Other deposits	37.568.281	13.004.721	2.626.054	556.390	20.032	10.848.583	64.624.061
Funds from money market	3.767.886	2.039.669	1.078.338	-	-	-	6.885.893
Miscellaneous payables	20	-	-	-	-	4.795.480	4.795.500
Marketable securities issued	145.048	2.146.847	956.822	-	-	-	3.248.717
Funds borrowed from other financial institutions	2.029.221	4.652.783	5.954.420	1.462.084	584.394	-	14.682.902
Other liabilities and shareholders' equity	326.274	1.731.901	1.587.816	400.887	135.494	17.468.197	21.650.569
<b>Total liabilities</b>	<b>44.502.518</b>	<b>23.871.289</b>	<b>12.487.479</b>	<b>2.462.463</b>	<b>835.383</b>	<b>33.290.999</b>	<b>117.450.131</b>
<b>Balance sheet long position</b>	-	-	<b>8.766.625</b>	<b>25.359.045</b>	<b>22.985.660</b>	-	<b>57.111.330</b>
<b>Balance sheet short position</b>	<b>(28.546.159)</b>	<b>(14.111.318)</b>	-	-	-	<b>(14.453.853)</b>	<b>(57.111.330)</b>
Off-balance sheet long position	4.590.724	12.445.139	1.162.079	-	-	-	18.197.942
Off-balance sheet short position	-	-	-	(17.481.361)	(658.792)	-	(18.140.153)
<b>Total position</b>	<b>(23.955.435)</b>	<b>(1.666.179)</b>	<b>9.928.704</b>	<b>7.877.684</b>	<b>22.326.868</b>	<b>(14.453.853)</b>	<b>57.789</b>

#### b. Average interest rates for monetary financial instruments:

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

September 30, 2012 <sup>(1)</sup>	EURO %	USD %	Yen %	TL %
<b>Assets<sup>(2)</sup></b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,39	1,17	-	7,28
Financial assets at fair value through profit/loss	3,29	4,62	-	6,65
Money market placements	-	0,60	-	7,41
Available-for-sale financial assets	4,02	6,08	-	10,21
Loans	5,63	5,21	4,02	13,91
Held-to-maturity investments	5,39	6,70	-	10,09
<b>Liabilities <sup>(2)</sup></b>				
Bank deposits	0,28	0,78	-	8,78
Other deposits	3,31	3,28	0,30	9,46
Funds from money market	0,79	1,29	-	6,22
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	10,14
Funds borrowed from other financial institutions	2,31	3,61	2,20	10,76



(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, 2012 (continued)

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

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

December 31, 2011 <sup>(1)</sup>	EURO	USD	Yen	TL
<b>Assets<sup>(2)</sup></b>	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,13	1,33	-	12,76
Financial assets at fair value through profit/loss	5,98	5,56	-	8,36
Money market placements	-	0,50	-	12,66
Available-for-sale financial assets	7,85	6,60	-	9,87
Loans	5,80	4,81	4,02	13,74
Held-to-maturity Investments	5,26	6,70	-	9,93
<b>Liabilities <sup>(2)</sup></b>	0,41	0,44	-	9,46
Bank deposits	4,16	4,74	0,30	10,91
Other deposits	2,45	1,95	-	6,25
Funds from money market	-	-	-	-
Miscellaneous payables	-	-	-	10,40
Marketable securities issued	3,09	2,42	2,21	10,21
Funds borrowed from other financial institutions	-	-	-	-

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

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

#### c. Interest rate risk arising from banking accounts:

The sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements is performed for all interest earning assets and interest bearing liabilities.

Interest rate risk resulting from banking books comprise of repricing risk, yield curve risk, and basis risk.

Interest rate risk arising from banking book is measured in accordance with "The regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts", published in the Official Gazette No. 28034 dated August 23, 2011 and legal limit of this measurement is monitored and reported monthly. Proportional amount of capital is provided in line with the same level of Interest rate risk arising from banking accounts.

Interest rate risk is measured and monitored monthly by market risk management. Duration analysis, gap analysis, basis points value analysis, scenario analysis and simulation of net interest income are measured and reported monthly to Asset Liability Management function of the Executive Committee. Interest sensitivity is measured most appropriately using the duration distribution map for every type of product. Investment decisions are done by taking into account the interest rate measurements. The maturity and interest risk for products with uncertain maturities is effectively measured using the behavioral analysis.

Economic value differences resulting from interest rate fluctuations as of September 30, 2012 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

Currency <sup>(1)</sup>	Applied shock (+/- x basis points)*	Gains/Losses	Gains/SE- Losses/SE
TRY	(+)500bp	(1.140.190)	-7,05%
TRY	(-) 400bp	1.140.645	7,05%
EURO	(+) 200bp	28.436	0,18%
EURO	(-) 200bp	(25.669)	-0,16%
USD	(+) 200bp	(834.465)	-5,16%
USD	(-) 200bp	1.210.033	7,48%
<b>Total (for negative shock)</b>		<b>2.325.009</b>	<b>14,38%</b>
<b>Total (for positive shock)</b>		<b>(1.946.219)</b>	<b>-12,03%</b>

\* New lines can be added separately for each shock which has different intensity and direction, applied to a currency.

(1) The interest rate risk disclosed above is that of the Parent Bank.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

**d. Information about position risk of shares in banking book:**

**1. Comparison of carrying value, fair value and market value of share investments:**

Equity shares, invested	Comparison		
	Carrying Value	Fair Value	Quoted Market Value
Publicly traded	1.788	1.788	1.788

**2. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity securities and results included in core and supplementary capitals:**

None.

**V. Explanations on consolidated liquidity risk:**

Liquidity risk covers the inability to fund increases in assets, inability to meet liabilities when they are due and other risks arising from transactions undertaken in illiquid markets. These risks contain maturity mismatch risk, emergency risk and market liquidity risk.

The main objective of the Parent Bank's overall liquidity management is to ensure the continuity of the Bank's payment obligations and sustain the level of payments availability in crisis time without risking the value and the brand name of the Bank. For this reason, two different models are defined: the current situation liquidity management and emergency situation liquidity management.

The current situation liquidity risk is monitored by the reports of short and long term liquidity. Short-term liquidity position is monitored on a daily basis including the legal Liquidity Adequacy Reports as to whether the position is within legal limits. Long-term liquidity position aims to ensure the financial stability of the balance sheet and is monitored on a monthly basis. On a monthly basis, the Asset and Liability Management function within the scope of the meetings of the Executive Board evaluates the Parent Bank's liquidity position and actions are taken when necessary.

In cases when the future financial events require more liquidity than the Bank's daily liquidity needs, "Emergency Situation Liquidity Plan" is activated where duties and responsibilities are defined in detail. Liquidity Stress Test scenarios are used to measure the Bank's resistance to unexpected situations.

The Bank issues bonds and obtains long-term bank loans to overcome the current short-term funding of the banking sector.

(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, 2012 (continued)

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

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

#### Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified <sup>(1)(2)</sup>	Total
<b>September 30, 2012</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	3.836.369	8.476.927	-	-	-	-	-	12.313.296
Banks	1.359.247	2.769.447	195.361	440.304	263.092	-	-	5.027.451
Financial assets at fair value through profit or loss	44.110	104.696	144.048	255.386	193.168	134.803	1.788	877.999
Money market placements	-	3.708.942	-	-	-	-	-	3.708.942
Available-for-sale financial assets	107.252	9.186	934.541	609.675	2.306.226	4.336.849	18.413	8.322.142
Loans	-	11.964.075	8.932.752	18.229.845	21.637.122	13.421.748	908.970	75.094.512
Held-to-maturity Investments	-	963	17.064	498.734	4.069.231	7.224.784	-	11.810.776
Other assets <sup>(1)</sup>	958.357	1.899.557	731.562	1.244.110	1.724.445	177.151	3.081.398	9.816.580
<b>Total assets</b>	<b>6.305.335</b>	<b>28.933.793</b>	<b>10.955.328</b>	<b>21.278.054</b>	<b>30.193.284</b>	<b>25.295.335</b>	<b>4.010.569</b>	<b>126.971.698</b>
<b>Liabilities</b>								
Bank deposits	113.601	568.955	438.052	333.115	37.804	64.661	-	1.556.188
Other deposits	11.005.086	40.389.070	10.991.627	4.421.583	915.427	5.392	-	67.728.185
Funds borrowed from other financial institutions	-	3.248.195	546.503	5.695.161	3.293.170	1.267.856	-	14.050.885
Funds from money market	-	4.888.980	3.971.766	618.153	426.952	-	-	9.905.851
Marketable securities issued	-	118.846	710.827	722.772	2.082.632	123.620	-	3.758.697
Miscellaneous payables	412.718	4.723.243	46.109	68.750	7.646	72	81.759	5.340.297
Other liabilities <sup>(2)</sup>	338.500	338.605	336.396	1.048.410	4.756.721	1.635.296	16.177.667	24.631.595
<b>Total liabilities</b>	<b>11.869.905</b>	<b>54.275.894</b>	<b>17.041.280</b>	<b>12.907.944</b>	<b>11.520.352</b>	<b>3.096.897</b>	<b>16.259.426</b>	<b>126.971.698</b>
<b>Net liquidity gap</b>	<b>(5.564.570)</b>	<b>(25.342.101)</b>	<b>(6.085.952)</b>	<b>8.370.110</b>	<b>18.672.932</b>	<b>22.198.438</b>	<b>(12.248.857)</b>	<b>-</b>
<b>December 31, 2011</b>								
Total assets	8.800.029	20.271.069	7.646.772	19.435.121	30.964.178	26.505.875	3.827.087	117.450.131
Total liabilities	13.264.260	47.158.808	16.145.014	15.457.901	9.726.194	2.422.734	13.275.220	117.450.131
<b>Net liquidity gap</b>	<b>(4.464.231)</b>	<b>(26.887.739)</b>	<b>(8.498.242)</b>	<b>3.977.220</b>	<b>21.237.984</b>	<b>24.083.141</b>	<b>(9.448.133)</b>	<b>-</b>

(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.

#### Explanations on securitization exposures:

None.

#### Credit risk mitigation techniques:

The Bank uses on-balance and off-balance sheet netting for the calculation of credit risk mitigation factors.

Cash and cash equivalent collaterals considered for the mitigating the credit risk, are taken into account at their nominal values. Additional margin is applied where currencies of exposure and the collateral are different.

Mortgage collaterals considered for mitigating the credit risk are taken into account with the expertise value (which are also reviewed by the expert group of the Bank) determined by CMB licensed experts. Based on these values of the collaterals, total amount of credit risk is determined in accordance with the maximum Loan-to-Value ratio set by BRSA.

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2012 (continued)

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

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

For the guarantees that are taken to mitigate the credit risk; credit worthiness of the guarantor is measured.

The Parent Bank carries out its activities in accordance with the BRSA Communiqué for the valuation of the loans granted for financing of a real estate.

Cheques and notes in connection with a real business transaction are taken into consideration to mitigate the credit risk.

In order to use bank guarantee as collateral for a credit risk; it is required to have a counterparty limit on behalf of the guarantor bank and not to have mismatch of the maturity and the amount of the guarantee and the credit risk.

In the process of credit allocation, cash blockage guarantees, pledges, mortgages, guarantees and warranties are considered as risk-reducing collaterals.

Credit derivatives are not taken into consideration for credit risk mitigation techniques.

The Parent Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international and local regulations and internal policies. With regards to the limitation of risks, also internal limits are employed besides regulatory limits. Possible changes that may occur in the economic environment are taken into account for determining these limits.

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

Risk classifications <sup>(1)</sup>	Amount <sup>(1)</sup>	Financial guarantees <sup>(2)</sup>	Other / Physical guarantees <sup>(2)</sup>	Guarantees and credit derivatives <sup>(2)</sup>
Conditional and unconditional receivables from central governments or central banks	34.111.633	-	-	-
Conditional and unconditional receivables from regional or local governments	2.132	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	16.581	-	-	-
Conditional and unconditional receivables from multilateral development banks	78.030	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	53.207.051	14.423	-	-
Conditional and unconditional receivables from corporates	171.970.584	2.591.684	-	103.506
Conditional and unconditional retail receivables	65.314.434	255.090	-	8.055
Conditional and unconditional receivables secured by mortgages	6.685.892	-	-	-
Past due receivables	1.131.255	-	-	-
Receivables defined in high risk category by the Regulator	6.281.701	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	7.665.693	-	-	-
<b>Total</b>	<b>346.464.986</b>	<b>2.861.197</b>	<b>-</b>	<b>111.561</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

**Structure and organization of the risk management system:**

Risk management strategy of the Bank includes measurement and monitoring of the risks with the methods that are defined in accordance with the international standards and local regulations. Also it includes having a sustainable growth in the framework of optimized capital use in accordance with the principle of keeping a balanced risk and return approach.

Risk Management Department including the sub-departments of "Credit Risk Control and Operational Risk Management", "Market Risk Management" and "Credit Risk Management", reports to the Board of Directors through the Audit Committee.

Credit risk rating models are mainly used to measure and monitor the credit risk. The rating model is used in day to day activities of the Bank such as; for the evaluation of new credit applications, determination of credit approval authority levels and monitoring the performance of the existing customer portfolio. Performance of the rating model is monitored by a validation team on a regular basis.

Reports related to the loan portfolio of the Bank are distributed to the relevant departments within the Bank, on a regular basis. Expected loss calculations for the Bank's loan portfolio are performed and used for determining the objectives and policies of the Bank.

Market Risk Analysis unit is responsible for measuring, monitoring and distributing the results of the market risk to the relevant departments within the Bank, as well as reviewing the valuation calculations of financial instruments, which are subject to market risk, in accordance with accounting standards.

The Bank's exposure to risks is measured and monitored periodically by using internationally recognized methods, in accordance with international regulations, local regulations and internal policies. In addition to the regulatory limits, there are also internal limits set to measure and monitor the risk. Possible changes that may occur in the economic environment are taken into account for determining these limits.

**VI. Explanations on hedge accounting:**

The Bank applies the following hedge accounting models as of September 30, 2012;

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")
- Net Investment Hedge ("NIH")

Cross currency interest rate swaps are used as hedging instrument in FVH and interest rate swaps are used as hedging instrument in CFH.

Contractual amounts and the fair values as at September 30, 2012 and December 31, 2011 of these hedging instruments are presented in the table below:

	September 30, 2012			December 31, 2011		
	Notional <sup>(1)</sup>	Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
<b>Hedging instrument</b>						
Interest rate swap	17.852.584	-	779.269	16.218.598	7.588	483.882
Cross currency interest rate swap	1.947.858	111.149	54.102	2.782.807	369.747	18.959
<b>Total</b>	<b>19.800.442</b>	<b>111.149</b>	<b>833.371</b>	<b>19.001.405</b>	<b>377.335</b>	<b>502.841</b>

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 20.107.279 (December 31, 2011 - TL 19.642.646) the total notional of derivative financial assets amounting to TL 39.907.721 (December 31, 2011 - TL 38.644.051) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

(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, 2012 (continued)

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

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

The fair valuation methodology of the derivatives presented in the above table is disclosed in detail in the accounting principles section of these financial statements in Section III. Part IV.

#### Fair value hedge accounting:

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated funding by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below;

September 30, 2012						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	138.093	111.149	54.102	30.890

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 5.802.

December 31, 2011						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	107.204	369.747	18.959	(117.225)

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 4.426.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit and loss accounts. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit and loss accounts with the straight line method.

**Cash flow hedge accounting:**

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

The impact of application of FVH accounting is summarized below:

September 30, 2012						
Type of hedging instrument	Hedged item ( asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	-	779.269	(531.422)	(222.892)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 2.132.

December 31, 2011						
Type of hedging instrument	Hedged item ( asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	7.588	483.882	(308.530)	(206.702)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 1.076.

(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, 2012 (continued)**

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

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

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies.

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. If the transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

**Net Investment Hedge**

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at September 30, 2012 is EUR 250 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 87.830 net-off tax (December 31, 2011 - TL 112.775 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.



(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, 2012 (continued)**

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

#### **Information related to financial position of the Group (continued)**

#### **VII. Explanations on consolidated operating segments:**

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

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

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

Through its Private Banking and Wealth Management activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, capital guaranteed funds, mutual funds, Type A Type B funds, derivative products such as forwards, futures and options in domestic futures exchange (VOB) and international markets, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products and 7/24 safe deposit boxes and e-banking services. Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

The Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments.

Foreign operations include the Group's banking transactions in the Netherlands, Azerbaijan and Russia.

Other operations mainly consist of treasury management's results, operations of supporting business units, insurance operations and other unallocated transactions.

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

(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, 2012 (continued)

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

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

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

September 30, 2012	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other <sup>(1)</sup>	Consolidation adjustments <sup>(2)</sup>	Total operations of the Group
Operating revenue	2.141.984	1.410.741	184.409	119.273	1.330.582	(85.025)	5.101.964
Operating expenses	(1.526.741)	(312.877)	(82.939)	(47.167)	(1.284.179)	51.119	(3.202.784)
<b>Net operating income</b>	<b>615.243</b>	<b>1.097.864</b>	<b>101.470</b>	<b>72.106</b>	<b>46.403</b>	<b>(33.906)</b>	<b>1.899.180</b>
Dividend income <sup>(3)</sup>					1.661		1.661
Income/Loss from Investments accounted based on equity method					12.535		12.535
<b>Profit before tax</b>	<b>615.243</b>	<b>1.097.864</b>	<b>101.470</b>	<b>72.106</b>	<b>60.599</b>	<b>(33.906)</b>	<b>1.913.376</b>
Tax provision <sup>(3)</sup>					(435.865)		(435.865)
<b>Net Profit</b>	<b>615.243</b>	<b>1.097.864</b>	<b>101.470</b>	<b>72.106</b>	<b>(375.266)</b>	<b>(33.906)</b>	<b>1.477.511</b>
Minority interest					(7.100)		(7.100)
<b>Group income/loss</b>	<b>615.243</b>	<b>1.097.864</b>	<b>101.470</b>	<b>72.106</b>	<b>(382.366)</b>	<b>(33.906)</b>	<b>1.470.411</b>
Segment assets <sup>(4)</sup>	36.204.653	35.722.545	2.159.828	4.690.630	49.698.619	(1.715.147)	126.761.128
Investments in associates, subsidiaries and joint ventures					210.570		210.570
<b>Total assets</b>	<b>36.204.653</b>	<b>35.722.545</b>	<b>2.159.828</b>	<b>4.690.630</b>	<b>49.909.189</b>	<b>(1.715.147)</b>	<b>126.971.698</b>
Segment liabilities <sup>(4)</sup>	29.487.924	26.915.286	18.725.483	3.855.449	35.492.122	(1.706.271)	112.769.993
Shareholders' equity					14.201.705		14.201.705
<b>Total liabilities</b>	<b>29.487.924</b>	<b>26.915.286</b>	<b>18.725.483</b>	<b>3.855.449</b>	<b>49.693.827</b>	<b>(1.706.271)</b>	<b>126.971.698</b>

- (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 provision expenses have not been distributed based on operating segments and have been presented under "Other" column.
- (4) Segment asset and liability balances are extracted from Management Information Systems (MIS).

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2012 (continued)

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

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

December 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other <sup>(1)</sup>	Consolidation adjustments <sup>(2)</sup>	Total operations of the Group
Operating revenue <sup>(4)</sup>	1.928.827	1.392.861	204.232	122.090	1.088.386	50.518	4.786.914
Operating costs <sup>(4)</sup>	(1.082.965)	(368.012)	(83.256)	(71.125)	(1.205.258)	55.236	(2.755.380)
<b>Net operating profit</b>	<b>845.862</b>	<b>1.024.849</b>	<b>120.976</b>	<b>50.965</b>	<b>(116.872)</b>	<b>105.754</b>	<b>2.031.534</b>
Dividend income <sup>(3)(4)</sup>					5.891		5.891
Income/Loss from investments accounted based on equity method					10.803		10.803
<b>Income before tax</b>	<b>845.862</b>	<b>1.024.849</b>	<b>120.976</b>	<b>50.965</b>	<b>(100.178)</b>	<b>105.754</b>	<b>2.048.228</b>
Tax provision <sup>(3)(4)</sup>					(395.532)		(395.532)
<b>Net profit<sup>(4)</sup></b>	<b>845.862</b>	<b>1.024.849</b>	<b>120.976</b>	<b>50.965</b>	<b>(495.710)</b>	<b>105.754</b>	<b>1.652.696</b>
Minority interest(-)					(5.014)		(5.014)
<b>Group income/loss<sup>(4)</sup></b>	<b>845.862</b>	<b>1.024.849</b>	<b>120.976</b>	<b>50.965</b>	<b>(500.724)</b>	<b>105.754</b>	<b>1.647.682</b>
Segment assets <sup>(5)</sup>	31.022.708	37.482.434	1.650.498	5.068.889	44.260.882	(2.245.673)	117.239.738
Investments in associates, subsidiaries and joint ventures					210.393		210.393
<b>Total assets</b>	<b>31.022.708</b>	<b>37.482.434</b>	<b>1.650.498</b>	<b>5.068.889</b>	<b>44.471.275</b>	<b>(2.245.673)</b>	<b>117.450.131</b>
Segment liabilities <sup>(5)</sup>	25.921.556	26.691.404	16.735.360	4.250.605	33.457.263	(2.241.291)	104.814.897
Shareholders' equity					12.635.234		12.635.234
<b>Total liabilities</b>	<b>25.921.556</b>	<b>26.691.404</b>	<b>16.735.360</b>	<b>4.250.605</b>	<b>46.092.497</b>	<b>(2.241.291)</b>	<b>117.450.131</b>

- (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 3 months period ended September 30, 2011.
- (5) Segment asset and liability balances are extracted from Management Information Systems (MIS).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

**Section five**

**Explanations and notes related to consolidated financial statements**

**I. Explanations and notes related to consolidated assets:**

**a. Information related to cash and the account of the Central Bank:**

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

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Cash	1.098.048	331.623	781.556	251.463
The CBRT <sup>(1)</sup>	637.847	9.878.698	3.870.730	4.850.192
Other	-	367.080	-	327.762
<b>Total</b>	<b>1.735.895</b>	<b>10.577.401</b>	<b>4.652.286</b>	<b>5.429.417</b>

- (1) The balance of gold amounting to TL 1.498.821 is accounted for under the Central Bank foreign currency account as of September 30, 2012 (December 31 2011 – 564.607 TL).

2. Information on the account of the CBRT:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	637.847	1.401.770	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement <sup>(2)</sup>	-	8.476.928	-	3.439.176
<b>Total</b>	<b>637.847</b>	<b>9.878.698</b>	<b>3.870.730</b>	<b>4.850.192</b>

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

- (2) The Bank keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2005/1, "Decree on Reserve Deposits". No interest is applied to reserve deposits.

As of September 30, 2012, the Group's reserve deposits, including those at foreign banks, amount to TL 10.793.015 (December 31, 2011 - TL 8.986.633).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

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

1. As of September 30, 2012, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2011 - None) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 47.296 (December 31, 2011 - TL 57.144).
2. Positive differences related to trading derivative financial assets:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	80.752	8.137	107.654	5.973
Swap transactions <sup>(1)</sup>	180.087	91.971	34.541	65.637
Futures transactions	-	-	-	-
Options	13.519	23.668	46.405	14.408
Other	-	-	-	-
<b>Total</b>	<b>274.358</b>	<b>123.776</b>	<b>188.600</b>	<b>86.018</b>

(1) The effects of Credit Default Swaps are included.

**c. Information on banks:**

1. Information on banks:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Banks	2.160.790	2.866.661	268.424	3.160.100
Domestic	1.979.816	976.999	221.993	1.355.011
Foreign <sup>(1)</sup>	180.974	1.889.662	46.431	1.805.089
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>2.160.790</b>	<b>2.866.661</b>	<b>268.424</b>	<b>3.160.100</b>

(1) As of September 30, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 36.040 (December 31, 2011 - 14.228 TL).

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

1. Characteristics and carrying values of available-for-sale financial assets which subject to repurchase agreements given as collateral / blocked

As of September 30, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 540.137 (December 31, 2011 - TL 555.400) and available for sale financial assets subject to repo transactions amount to TL 722.737 (December 31, 2011 - TL 705.903).

(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, 2012 (continued)**

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

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

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

	September 30, 2012	December 31, 2011
Debt securities	8.198.566	8.046.603
Quoted in stock exchange <sup>(1)</sup>	6.567.590	6.376.457
Not quoted <sup>(2)</sup>	1.630.976	1.670.146
Share certificates	63.740	64.717
Quoted in stock exchange	160	140
Not quoted	63.580	64.577
Impairment provision (-) <sup>(2)</sup>	(47.416)	(187.463)
Other <sup>(3)</sup>	107.252	87.419
<b>Total</b>	<b>8.322.142</b>	<b>8.011.276</b>

(1) Includes credit linked notes amounting to TL 871.187 (December 31, 2011 - TL 951.989).

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

(3) As of September 30, 2012, other available-for-sale financial assets include mutual funds amounting to TL 107.252 (December 31, 2011 - TL 87.419).

**e. Explanations on loans:**

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

	September 30, 2012		December 31, 2011	
	Cash	Non-cash	Cash	Non-cash
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>5.958</b>	<b>289.563</b>	<b>4.576</b>	<b>230.061</b>
<b>Loans granted to employees</b>	<b>102.040</b>	<b>71</b>	<b>96.504</b>	<b>71</b>
<b>Total</b>	<b>107.998</b>	<b>289.634</b>	<b>101.080</b>	<b>230.132</b>

(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, 2012 (continued)**

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

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

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
<b>Non-specialized loans</b>	<b>72.005.426</b>	<b>2.276.089</b>	-	<b>2.180.116</b>	<b>219.834</b>	<b>91.455</b>
Loans given to enterprises	25.687.246	167.685	-	399.569	18.380	80.921
Export loans	3.797.907	166.460	-	113.576	21.017	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.909.035	-	-	6.923	534	-
Consumer loans	13.976.369	1.905.824	-	704.980	177.694	8
Credit cards	12.784.049	-	-	323.466	-	10.526
Other <sup>(1)</sup>	13.850.820	36.120	-	631.602	2.209	-
<b>Specialized lending</b>	-	-	-	-	-	-
<b>Other receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>72.005.426</b>	<b>2.276.089</b>	-	<b>2.180.116</b>	<b>219.834</b>	<b>91.455</b>

(1) As explained in the Note VI of Section IV, TL 138.093 of fair value difference of hedged items is classified under other loans.

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Number of modifications made to extend payment plan<sup>(1)</sup></b>		
Extended by 1 or 2 times	2.236.290	204.074
Extended by 3,4 or 5 times	16.416	6.047
Extended by more than 5 times	23.383	9.713
<b>Total</b>	<b>2.276.089</b>	<b>219.834</b>

	Standard loans and other receivables	Loans and other receivables under close monitoring
<b>Extended period of time<sup>(1)</sup></b>		
0 - 6 Months	274.235	23.897
6 - 12 Months	254.967	16.964
1 - 2 Years	818.213	100.944
2 - 5 Years	903.564	75.527
5 Years and over	25.110	2.502
<b>Total</b>	<b>2.276.089</b>	<b>219.834</b>

(1) Three loans with maturities extended 6 months to 1 year and 1 year to 5 years are restructured in accordance with the temporary article 5 subsection 2 of the amendment of "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" dated April 9, 2011.

One loan with maturity extended 1 year to 5 years is restructured in accordance with temporary article 6 subsection 2 of the amendment of "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set Aside" dated December 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, 2012 (continued)**

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

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

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

	Short- term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>134.343</b>	<b>14.002.027</b>	<b>14.136.370</b>
Real estate loans	3.161	6.681.216	6.684.377
Automotive loans	7.628	1.134.434	1.142.062
Consumer loans	572	42.251	42.823
Other	122.982	6.144.126	6.267.108
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>128.795</b>	<b>128.795</b>
Real estate loans	-	125.415	125.415
Automotive loans	-	94	94
Consumer loans	-	2.620	2.620
Other	-	666	666
<b>Consumer loans-FC</b>	<b>14.899</b>	<b>90.867</b>	<b>105.766</b>
Real estate loans	25	83	108
Automotive loans	2.637	16.070	18.707
Consumer loans	5.831	58.688	64.519
Other	6.406	16.026	22.432
<b>Individual credit cards-TL</b>	<b>11.348.599</b>	<b>393.524</b>	<b>11.742.123</b>
With installments	6.897.675	387.310	7.284.985
Without installments	4.450.924	6.214	4.457.138
<b>Individual credit cards-FC</b>	<b>22</b>	<b>1.842</b>	<b>1.864</b>
With installments	22	1.842	1.864
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>4.363</b>	<b>39.200</b>	<b>43.563</b>
Real estate loans	-	1.031	1.031
Automotive loans	40	1.118	1.158
Consumer loans	-	-	-
Other	4.323	37.051	41.374
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>3</b>	<b>3</b>
Real estate loans	-	3	3
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>199</b>	<b>341</b>	<b>540</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	199	341	540
<b>Personnel credit cards-TL</b>	<b>56.227</b>	<b>731</b>	<b>56.958</b>
With installments	34.441	731	35.172
Without installments	21.786	-	21.786
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>69</b>	<b>69</b>
With installments	-	69	69
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>266.174</b>	<b>-</b>	<b>266.174</b>
<b>Credit deposit account-FC (real person)</b>	<b>138</b>	<b>-</b>	<b>138</b>
<b>Total</b>	<b>11.824.964</b>	<b>14.657.399</b>	<b>26.482.363</b>

(1) TL 907 of the credit deposit account belongs to the loans used by personnel.



(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (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
<b>Commercial installments loans-TL</b>	<b>906.403</b>	<b>5.230.662</b>	<b>6.137.065</b>
Business loans	1.280	281.004	282.284
Automotive loans	37.768	1.778.076	1.815.844
Consumer loans	-	31	31
Other	867.355	3.171.551	4.038.906
<b>Commercial installments loans-FC indexed</b>	<b>27.697</b>	<b>405.965</b>	<b>433.662</b>
Business loans	-	22.419	22.419
Automotive loans	1.427	79.879	81.306
Consumer loans	-	-	-
Other	26.270	303.667	329.937
<b>Commercial installments loans-FC</b>	<b>1.528.310</b>	<b>791.374</b>	<b>2.319.684</b>
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	157.806	5.911	163.717
Other	1.370.504	785.463	2.155.967
<b>Corporate credit cards-TL</b>	<b>1.302.424</b>	<b>4.077</b>	<b>1.306.501</b>
With installment	787.011	4.077	791.088
Without installment	515.413	-	515.413
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit deposit account-TL (legal person)</b>	<b>865.687</b>	<b>-</b>	<b>865.687</b>
<b>Credit deposit account-FC (legal person)</b>	<b>19.350</b>	<b>-</b>	<b>19.350</b>
<b>Total</b>	<b>4.649.871</b>	<b>6.432.078</b>	<b>11.081.949</b>

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

	September 30, 2012	December 31, 2011
Domestic loans	72.322.180	67.117.882
Foreign loans	1.863.362	2.208.135
<b>Total</b>	<b>74.185.542</b>	<b>69.326.017</b>

6. Loans granted to associates and subsidiaries:

	September 30, 2012	December 31, 2011
Direct loans granted to associates and subsidiaries	34.941	15.079
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>34.941</b>	<b>15.079</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (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, 2012	December 31, 2011
Loans and other receivables with limited collectability	87.674	75.878
Loans and other receivables with doubtful collectability	345.776	201.954
Uncollectible loans and other receivables	1.411.940	1.115.389
<b>Total</b>	<b>1.845.390</b>	<b>1.393.221</b>

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
<b>September 30, 2012</b>			
<b>(Gross amounts before specific reserves)</b>	<b>40.318</b>	<b>58.749</b>	<b>121.706</b>
Restructured loans and other receivables	40.318	58.568	121.706
Rescheduled loans and other receivables	-	181	-
<b>December 31, 2011</b>			
<b>(Gross amounts before specific reserves)</b>	<b>116.892</b>	<b>32.509</b>	<b>82.818</b>
Restructured loans and other receivables	116.892	32.509	82.818
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
<b>December 31, 2011</b>	<b>501.821</b>	<b>355.670</b>	<b>1.280.627</b>
Additions (+)	1.617.807	122.048	61.832
Transfers from other categories of non- performing loans (+)	-	1.176.913	760.299
Transfer to other categories of non-performing loans (-)	(1.176.913)	(760.299)	-
Collections (-)	(442.719)	(185.892)	(553.817)
FX valuation differences	(1.117)	(194)	(1.706)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>September 30, 2012</b>	<b>498.879</b>	<b>708.246</b>	<b>1.547.235</b>
Specific provision (-)	(87.674)	(345.776)	(1.411.940)
<b>Net balance on balance sheet</b>	<b>411.205</b>	<b>362.470</b>	<b>135.295</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (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
<b>September 30, 2012</b>			
Period end balance	699	16.581	316.814
Specific provision (-)	(235)	(7.748)	(213.108)
<b>Net balance on-balance sheet</b>	<b>464</b>	<b>8.833</b>	<b>103.706</b>
<b>December 31, 2011</b>			
Period end balance	135.453	50.685	116.380
Specific provision (-)	(18.886)	(12.745)	(94.417)
<b>Net balance on-balance sheet</b>	<b>116.567</b>	<b>37.940</b>	<b>21.963</b>

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
<b>September 30, 2012 (net)</b>			
Loans granted to real persons and corporate entities (gross)	498.879	708.246	1.438.651
Specific provision amount (-)	(87.674)	(345.776)	(1.303.356)
Loans granted to real persons and corporate entities (net)	411.205	362.470	135.295
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) <sup>(1)</sup>	-	-	-
<b>December 31, 2011 (net)</b>	<b>425.943</b>	<b>153.716</b>	<b>165.238</b>
Loans granted to real persons and corporate entities (gross)	501.821	331.082	1.196.631
Specific provision amount (-)	(75.878)	(177.366)	(1.031.393)
Loans granted to real persons and corporate entities (Net)	425.943	153.716	165.238
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) <sup>(1)</sup>	-	-	-

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

**f. Information on held-to-maturity investments:**

1. Characteristics and carrying values of held-to-maturity investments subject to repurchase agreements given as collateral / blocked:

As of September 30, 2012, held-to-maturity investments given as collateral/blocked amount to TL 2.370.978 (December 31, 2011 - TL 2.760.106). Held-to-maturity investments subject to repo transactions amount to TL 8.385.502 (December 31, 2011 - TL 6.467.221).

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Government bond	11.806.803	12.710.622
Treasury bill	-	-
Other debt securities	3.973	-
<b>Total</b>	<b>11.810.776</b>	<b>12.710.622</b>

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Debt securities	11.978.780	12.853.755
Quoted on stock exchange	11.978.780	12.853.755
Not quoted	-	-
Impairment provision (-) <sup>(1)(2)</sup>	(168.004)	(143.133)
<b>Total</b>	<b>11.810.776</b>	<b>12.710.622</b>

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

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

(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, 2012 (continued)**

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

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

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

	September 30, 2012	December 31, 2011
<b>Beginning balance</b>	<b>12.710.622</b>	<b>12.974.944</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	(601.261)	1.738.227
Purchases during year	43.070	563.716
Disposals through sales and redemptions	(269.274)	(2.501.567)
Impairment provision (-) <sup>(2)</sup>	(72.381)	(64.698)
<b>Period end balance</b>	<b>11.810.776</b>	<b>12.710.622</b>

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

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

**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 <sup>(1)</sup>	İstanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. <sup>(1)</sup>	İstanbul/Türkiye	9,98	9,98

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	57.225	50.441	3.459	884	-	16.175	8.719	-
2	30.507	20.440	12.875	593	-	1.957	1.309	-

(1) Financial statement information disclosed above shows June 30, 2012 results.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2012 (continued)

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

#### Explanations and notes related to consolidated financial statements (continued)

2. Consolidated investments in associates:

2 (i). Information on consolidated investments in associates:

No	Description	Address (City/Country)	The Parent Bank's share holding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%)
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	69,33

2 (ii). Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	3.912.747	622.288	5.612	67.207	12.273	45.530	45.279	-

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

	September 30, 2012	December 31, 2011
<b>Balance at the beginning of the period</b>	<b>183.940</b>	<b>71.906</b>
<b>Movements during the period</b>	<b>1.600</b>	<b>112.034</b>
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	13.959	17.035
Sales	-	-
Revaluation (decrease)/increase <sup>(1)(2)</sup>	(12.359)	94.999
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>185.540</b>	<b>183.940</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share holding percentage at the end of the period (%)</b>	<b>30,67</b>	<b>30,67</b>

(1) Includes TL 2.069 (December 31, 2011 – TL 2.489) of dividend received in the current period.

(2) Includes the effect of updating equity pick-up by an amount of TL 57.469 (in accordance with TAS and TFRS) based on financial statements prepared in accordance with International Financial Reporting Standards that were made in 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, 2012 (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, 2012	December 31, 2011
Banks	185.540	183.940
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>185.540</b>	<b>183.940</b>

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

#### h. Information on subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Sigorta A.Ş.	Yapı Kredi Leasing A.Ş.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland NV
<b>Core Capital</b>						
Paid-in capital	98.918	45.599	101.991	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Marketable securities valuation differences	22	-	1.758	-	-	105.645
Legal reserves	61.050	23.149	-	72.801	35.235	-
Extraordinary reserves	28.127	-	-	361.394	-	283.753
Profit/loss	(9.576)	34.130	94.700	370.342	15.961	36.887
Current period net profit	63.038	13.533	57.730	97.491	15.961	36.887
Prior period profit	(72.614)	20.597	36.970	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-	-
Intangible assets (-)	850	32	13.884	3.147	262	-
<b>Total core capital</b>	<b>177.691</b>	<b>102.846</b>	<b>184.565</b>	<b>1.191.318</b>	<b>56.641</b>	<b>538.727</b>
- Supplementary capital	-	7.604	-	14.895	-	126
<b>Capital</b>	<b>177.691</b>	<b>110.450</b>	<b>184.565</b>	<b>1.206.213</b>	<b>56.641</b>	<b>538.853</b>
- Deductions from the capital	-	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>177.691</b>	<b>110.450</b>	<b>184.565</b>	<b>1.206.213</b>	<b>56.641</b>	<b>538.853</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financials of the Bank as of September 30, 2012.

There is no internal capital adequacy assessment process (ICAAP) for the subsidiaries.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

1. Unconsolidated subsidiaries

1(i). Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	99,99	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99

1(ii). Main financial figures of the subsidiaries in order of the above table:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value
1	14.963	12.064	372	45	-	1.167	884	-
2	37.555	24.210	3.910	1.185	-	892	621	-

Financial statement information disclosed above shows September 30, 2012 results.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

2. Consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi Holding B.V.	Amsterdam/Netherlands	100,00	100,00
2 Yapı Kredi Menkul	Istanbul/Turkey	99,98	99,99
3 Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4 Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5 Yapı Kredi Sigorta A.Ş. <sup>(3)</sup>	Istanbul/Turkey	74,01	93,94
6 Yapı Kredi Leasing <sup>(4)</sup>	Istanbul/Turkey	99,98	99,98
7 Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. <sup>(5)</sup>	Istanbul/Turkey	11,09	56,07
8 Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
9 Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
10 Yapı Kredi Bank NV <sup>(1)</sup>	Amsterdam/Netherlands	67,24	100,00
11 Yapı Kredi Azerbaijan <sup>(2)</sup>	Baku/Azerbaijan	99,80	100,00

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for securitisation transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation as the Bank has a control of 100%.

- (1) Includes the balances for Sticking Custody Services YKB.  
(2) Includes the balances for Yapı Kredi Invest LLC.  
(3) On June 27, 2012 the Parent Bank has decided to consider the alternatives to reorganize its operations in insurance business.  
(4) The Parent Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 4.406.244 for a share call price of full 5,02 per share in accordance with the ongoing delisting process, which was started in June'12, of Yapı Kredi Finansal Kiralama A.O. As a result of these transactions, Bank's equity stake in Yapı Kredi Finansal Kiralama A.O. increased to 99.98%.  
(5) According to the decision of the Board of Directors of the Bank, dated September 28, 2012, share purchase agreement was signed on September 28, 2012 for Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. of which The Bank owns 11.09% of the issued share capital of TL 31.425.000, representing a total of TL 3.485.661 shares. The Bank owns these shares as of the date of these financial statements.

2(ii). Main financial figures of the consolidated subsidiaries in the order of the below table <sup>(1)</sup> :

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value <sup>(2)</sup>
1	102.297	102.220	-	-	-	(58)	(90)	-
2	1.887.911	286.631	5.429	68.140	3.884	63.038	69.213	-
3	1.527.584	102.879	518	110.862	-	13.534	32.584	-
4	328.451	116.207	9.106	16.150	1.518	9.411	7.422	-
5	1.104.751	362.182	22.953	34.426	16.639	53.600	42.619	1.268.000
6	3.334.609	977.361	3.913	181.223	-	97.491	107.809	1.150.000
7	85.277	83.787	33	2.394	396	6.676	77	78.000
8	850.115	167.372	21.867	18.386	9.852	47.973	27.944	-
9	64.241	56.903	711	4.665	27	15.961	31.513	-
10	3.807.050	538.727	959	143.159	6.446	36.887	22.373	-
11	511.947	137.142	20.592	29.335	415	8.721	10.031	-

- (1) The financial information above is extracted from the publicly available financial statements of companies for those which are listed and for those which are not listed the financial information included in the preparation of consolidated financial statements are used.  
(2) Determined based on the market prices quoted in organized markets or based on the amounts determined through valuation models.

(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, 2012 (continued)

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

#### Explanations and notes related to consolidated financial statements (continued)

Financial statement information disclosed above has been obtained from the financial statements of subsidiaries as at September 30, 2012.

2 (iii). Movement schedule of consolidated subsidiaries:

	September 30, 2012	December 31, 2011
<b>Balance at the beginning of the period<sup>(4)</sup></b>	<b>2.795.249</b>	<b>2.890.337</b>
<b>Movements during the period</b>	<b>246.159</b>	<b>(95.088)</b>
Purchases <sup>(1)</sup>	22.120	-
Transfers	-	-
Bonus shares obtained <sup>(2) (3)</sup>	35.738	11.382
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	188.301	(106.470)
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>3.041.408</b>	<b>2.795.249</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	-	-

- (1) Yapı Kredi Leasing has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank's share rose to %99.98 purchasing the shares of Yapı Kredi Leasing through calling of these shares.
- (2) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012; it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.
- (3) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by AZN 6.499 thousand from the profit of 2010.

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

Financial Subsidiaries	September 30, 2012	December 31, 2011
Banks	316.981	297.519
Insurance companies	938.447	728.259
Factoring companies	183.325	183.325
Leasing companies	1.149.721	1.136.774
Finance companies	-	-
Other financial subsidiaries	450.634	447.072
<b>Total financial subsidiaries</b>	<b>3.039.108</b>	<b>2.792.949</b>

(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, 2012 (continued)**

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

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

2 (v). Subsidiaries quoted to stock exchange:

	September 30, 2012	December 31, 2011
Quoted on domestic stock exchanges <sup>(1)</sup>	947.097	1.870.121
Quoted on foreign stock exchanges	-	-
<b>Total of subsidiaries quoted to stock exchanges</b>	<b>947.097</b>	<b>1.870.121</b>

(1) Yapı Kredi Leasing had decided for delisting for its publicly traded shares and completed the necessary legal processes with its own request.

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

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures :

2 (i). Information on consolidated Joint Ventures:

Joint ventures	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non- current assets	Long term debts	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	80.665	24.707	125	21.801	24.439
<b>Total</b>	<b>30,45</b>	<b>30,45</b>	<b>80.665</b>	<b>24.707</b>	<b>125</b>	<b>21.801</b>	<b>24.439</b>

Financial statement information disclosed above shows September 30, 2012 results.

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

1) Breakdown according to maturities:

	September 30, 2012		December 31, 2011	
	Gross	Net	Gross	Net
Less than 1 year	1.196.013	989.637	1.093.526	893.073
Between 1- 4 years	1.695.391	1.468.200	1.690.542	1.443.695
More than 4 years	438.482	395.099	514.777	457.715
<b>Total</b>	<b>3.329.886</b>	<b>2.852.936</b>	<b>3.298.845</b>	<b>2.794.483</b>

(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, 2012 (continued)**

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

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

2) Information for net investments in finance leases:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Gross lease receivables	845.043	2.484.843	655.326	2.643.519
Unearned financial income from leases (-)	(143.176)	(333.774)	(114.848)	(389.514)
Amount of cancelled leases (-)	-	-	-	-
<b>Total</b>	<b>701.867</b>	<b>2.151.069</b>	<b>540.478</b>	<b>2.254.005</b>

k. Information on hedging derivative financial assets:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	111.149	-	369.747	-
Cash flow hedge <sup>(1)</sup>	-	-	7.226	362
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>111.149</b>	<b>-</b>	<b>376.973</b>	<b>362</b>

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

l. Information on investment property:

None (December 31, 2011 - None).

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

	September 30, 2012	December 31, 2011
<b>Net book value at the beginning of the period</b>	<b>103.572</b>	<b>82.416</b>
Additions	49.353	64.432
Disposals (-), net	(25.604)	(42.028)
Impairment provision reversal	512	1.380
Impairment provision (-)	(150)	(238)
Depreciation (-)	(2.825)	(2.390)
<b>Net book value at the end of the period</b>	<b>124.858</b>	<b>103.572</b>
Cost at the end of the period	133.475	110.958
Accumulated depreciation at the end of the period (-)	(8.617)	(7.386)
<b>Net book value at the end of the period</b>	<b>124.858</b>	<b>103.572</b>

As of September 30, 2012, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 9.429 (December 31, 2011 - TL 9.791).

(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, 2012 (continued)

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

#### Explanations and notes related to consolidated financial statements (continued)

#### II. Explanations and notes related to consolidated liabilities:

##### a. Information on deposits:

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

##### 1 (i). September 30, 2012:

	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	2.041.209	3.968	1.188.545	20.025.786	881.607	123.617	568.991	24.833.723
Foreign currency deposits	4.556.066	136.506	3.760.643	14.418.438	1.960.831	916.002	1.839.484	27.587.970
Residents in Turkey	3.883.112	24.448	3.543.148	12.895.876	1.163.058	373.724	1.041.430	22.924.796
Residents abroad	672.954	112.058	217.495	1.522.562	797.773	542.278	798.054	4.663.174
Public sector deposits	306.816	-	330	55.181	838	398	32	363.595
Commercial deposits	3.284.515	3.142	1.419.791	5.638.369	1.631.971	49.882	228.174	12.255.844
Other institutions deposits	34.699	-	20.871	1.189.611	100.306	423	99.723	1.445.633
Precious metals vault	781.781	-	2.998	164.968	66.289	90.245	135.139	1.241.420
Bank deposits	113.601	53.207	509.640	322.285	271.759	176.815	108.881	1.556.188
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	2.006	-	345.158	87.551	119.776	62.663	6.922	624.076
Foreign banks	70.889	53.207	164.482	234.734	151.983	114.152	101.959	891.406
Participation banks	40.706	-	-	-	-	-	-	40.706
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11.118.687</b>	<b>196.823</b>	<b>6.902.818</b>	<b>41.814.638</b>	<b>4.913.601</b>	<b>1.357.382</b>	<b>2.980.424</b>	<b>69.284.373</b>

##### 1 (ii). December 31, 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	1.940.416	3.167	1.382.500	15.301.949	1.106.198	302.340	1.272.065	21.308.635
Foreign currency deposits	4.708.743	130.728	3.832.802	15.696.455	2.330.317	357.924	1.507.173	28.564.142
Residents in Turkey	4.045.617	50.442	3.445.831	13.773.807	2.046.671	123.073	723.724	24.209.165
Residents abroad	663.126	80.286	386.971	1.922.648	283.646	234.851	783.449	4.354.977
Public sector deposits	136.025	-	281	101.058	564	139	17	238.084
Commercial deposits	3.038.540	4.968	1.263.337	5.506.015	1.750.784	199.152	159.582	11.922.378
Other institutions deposits	31.314	-	23.494	584.712	485.866	7.940	48.570	1.181.896
Precious metals vault	993.545	-	380	166.607	132.281	64.377	51.736	1.408.926
Bank deposits	178.739	77.714	685.174	165.957	279.759	33.559	141.587	1.562.489
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	12.673	-	391.434	-	-	-	3.104	407.211
Foreign banks	117.216	77.714	293.740	165.957	279.759	33.559	138.483	1.106.428
Participation banks	48.850	-	-	-	-	-	-	48.850
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11.027.322</b>	<b>216.577</b>	<b>7.187.968</b>	<b>37.522.753</b>	<b>6.085.769</b>	<b>965.431</b>	<b>3.180.730</b>	<b>66.186.550</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

2. Information on saving deposits insurance:

2 (i). Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund :

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
<b>Saving deposits</b>				
Saving deposits	9.289.568	8.566.760	15.644.667	12.781.415
Foreign currency savings deposit	2.246.696	2.775.243	9.181.978	7.657.333
Other deposits in the form of savings deposits	509.425	607.610	630.513	633.098
Foreign branches' deposits under foreign authorities' insurance		-		-
Off-shore banking regions' deposits under foreign authorities' insurance		-		-

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

	September 30, 2012	December 31, 2011
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	57.374	38.330
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	6.328	9.026

**b. Information on trading derivative financial liabilities:**

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	111.044	2.039	94.915	8.414
Swap transactions <sup>(1)</sup>	179.491	70.774	285.853	91.283
Futures transactions	-	-	-	17
Options	24.221	29.315	29.149	30.708
Other	-	-	-	-
<b>Total</b>	<b>314.756</b>	<b>102.128</b>	<b>409.917</b>	<b>130.422</b>

(1) The effect of Credit Default Swaps are included.

(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, 2012 (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, 2012		December 31, 2011	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	597.191	356.911	713.873	394.273
From foreign banks, institutions and funds	511.892	12.584.891	653.211	12.921.545
<b>Total</b>	<b>1.109.083</b>	<b>12.941.802</b>	<b>1.367.084</b>	<b>13.315.818</b>

###### 2. Information on maturity structure of borrowings:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Short-term	699.997	5.760.192	915.891	6.938.501
Medium and long-term	409.086	7.181.610	451.193	6.377.317
<b>Total</b>	<b>1.109.083</b>	<b>12.941.802</b>	<b>1.367.084</b>	<b>13.315.818</b>

##### d. Information on marketable securities issued

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Bills	754.605	4.637	951.004	5.582
Asset backed securities	-	1.728.340	-	2.147.781
Bonds	400.141	870.974	144.350	-
<b>Toplam</b>	<b>1.154.746</b>	<b>2.603.951</b>	<b>1.095.354</b>	<b>2.153.363</b>

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 300 million and EUR 156 million, the equivalent of TL 873.358 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010, and during 2012, a total of TL 297.223 is paid (December 31, 2011 - TL 387.701)

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 854.982 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

##### e. Information on other liabilities:

As of September 30, 2012, other liabilities do not exceed 10% of the total balance sheet commitments.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

**f. Information on lease payables:**

1. Information on financial leasing agreements:  
None (December 31, 2011 - None).
2. Information on operational leasing agreements:

The Parent Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets". The Bank has no liability that stems from operational leasing agreements.

**g. Information on hedging derivative financial liabilities:**

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	54.102	-	18.959	-
Cash flow hedge <sup>(1)</sup>	237.727	541.542	43.693	440.189
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>291.829</b>	<b>541.542</b>	<b>62.652</b>	<b>440.189</b>

(1) Explained in Note VI of Section IV.

**h. Information on provisions:**

1. Information on general provisions:

	September 30, 2012	December 31, 2011
Provisions for Group I loans and receivables	970.178	783.800
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	115.536	60.151
Provisions for Group II loans and receivables	78.379	73.036
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	7.366	1.540
Provisions for non cash loans	71.498	67.095
Other	133.353	128.337
<b>Total</b>	<b>1.253.408</b>	<b>1.052.268</b>

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.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Discount rate (%)	4,66	4,66
Possibility of being eligible for retirement (%)	94,94	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.033,98 effective from July 1, 2012 (July 1, 2011 - full TL 2.731,85) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>Prior period ending balance</b>	<b>113.983</b>	<b>101.701</b>
Changes during the period	31.659	36.817
Paid during the period	(24.109)	(25.063)
Foreign currency differences	(232)	528
<b>Balance at the end of the period</b>	<b>121.301</b>	<b>113.983</b>

In addition, the Group has accounted for unused vacation rights provision amounting to TL 94.695 as of September 30, 2012 (December 31, 2011 - TL 92.358).

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

As of September 30, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 87.496 (December 31, 2011 - TL 17.520). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

- (i) Information on other provisions:

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Pension fund provision	796.986	775.286
Non-cash loan provision	101.212	108.232
Provisions on credit cards and promotion campaigns related to banking services	39.904	33.905
Provision on export commitment estimated tax and funds liability	37.712	37.251
Other	100.459	115.768
<b>Total</b>	<b>1.076.273</b>	<b>1.070.442</b>

(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, 2012 (continued)**

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

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

(ii) General reserves for possible losses:

	September 30, 2012	December 31, 2011
General reserves for possible loan losses	171.633	151.960
<b>Total</b>	<b>171.633</b>	<b>151.960</b>

**i. Information on taxes payable:**

(i) Information on taxes payable:

	September 30, 2012	December 31, 2011
Corporate Tax Payable	189.982	112.576
Taxation of Marketable Securities	94.950	71.281
Property Tax	1.766	1.489
Banking Insurance Transaction Tax ("BITT")	53.300	56.607
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.346	3.759
Other	37.226	24.848
<b>Total</b>	<b>379.570</b>	<b>270.560</b>

(ii) Information on premium payables:

	September 30, 2012	December 31, 2011
Social security premiums - employee	2.137	1.864
Social security premiums - employer	2.504	2.196
Bank pension fund premiums - employee	9.201	8.097
Bank pension fund premiums - employer	9.585	8.471
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	808	710
Unemployment insurance - employer	1.618	1.427
Other	-	-
<b>Total</b>	<b>25.853</b>	<b>22.765</b>

(iii) Information on deferred tax liability:

There is a deferred tax liability of TL 42 (December 31, 2011 - none) 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, 2012 (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, 2012		December 31, 2011	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	3.408.210	-	2.523.816
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.408.210</b>	<b>-</b>	<b>2.523.816</b>

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 Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements. In addition, the Bank obtained a subordinated loan on 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 September 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation and Goldman Sachs International Bank are considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of these loans is less than 4 years. Subordinated loans obtained from Citibank, N.A.London Branch is considered in the supplementary capital calculation at the rate of 80% since the remaining maturity of this loan is less than 5 years.

As of December 28, 2011, The Parent Bank obtained a subordinated loan from UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of 5 years, at an interest rate of 3 months LIBOR + 8,30%. According to the authorization of BRSA dated February 20, 2012, this loan has been utilised as subordinated loan in compliance with the conditions of Regulation Regarding Banks' Shareholders' Equity.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

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

1. Presentation of paid-in capital

	September 30, 2012	December 31, 2011
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 10.000.000.

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

None (December 31, 2011 - None).

4. Information on transfers from capital reserves to capital during the current period: None.

5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period: None.

6. Information on prior period's indicators on the Group's income, profitability, 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 value increase fund of marketable securities:

	September 30, 2012		December 31, 2011	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	194.708	-	245.990	-
Valuation difference	-	-	-	-
Foreign currency difference <sup>(1)</sup>	194.708	-	245.990	-
<b>Available for sale securities</b>	<b>213.698</b>	<b>34.292</b>	<b>(131.975)</b>	<b>17.109</b>
Valuation differences	198.918	36.238	(128.571)	2.195
Foreign currency differences <sup>(1)</sup>	14.780	(1.946)	(3.404)	14.914
<b>Total</b>	<b>408.406</b>	<b>34.292</b>	<b>114.015</b>	<b>17.109</b>

(1) Includes current period foreign currency differences.

**I. Information on minority interest:**

	September 30, 2012	September 30, 2011
<b>Period opening balance</b>	<b>67.178</b>	<b>63.095</b>
Current period income/(loss)	7.100	5.014
Dividends paid	(3.069)	(1.808)
Translation differences	522	(368)
Transaction done with minority	(9.943)	-
<b>Period ending balance</b>	<b>61.788</b>	<b>65.933</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (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:

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Commitments on credit card limits	16.266.930	13.713.682
Loan granting commitments	5.475.385	5.160.785
Commitments for cheques	5.326.452	4.220.740
Other irrevocable commitments	14.617.292	7.551.981
<b>Total</b>	<b>41.686.059</b>	<b>30.647.188</b>

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 71.498 (December 31, 2011 - TL 67.095) and a specific provision regarding non-cash loans amounting to TL 101.212 (December 31, 2011 - TL 108.232).

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Bank acceptance loans	130.634	158.915
Letter of credits	5.881.249	5.006.984
Other guarantees and collaterals	1.975.278	2.391.897
<b>Total</b>	<b>7.987.161</b>	<b>7.557.796</b>

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

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
Temporary letter of guarantees	1.589.986	1.789.616
Definite letter of guarantees	14.510.899	13.020.400
Advance letter of guarantees	2.653.005	2.476.742
Letter of guarantees given to customs	1.072.106	1.048.085
Other letter of guarantees	754.411	479.870
<b>Total</b>	<b>20.580.407</b>	<b>18.814.713</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (continued)**

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

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

3. Total amount of non-cash loans:

	September 30, 2012	December 31, 2011
Non-cash loans given against cash loans	596.670	342.946
With original maturity of 1 year or less than 1 year	56.575	32.580
With original maturity of more than 1 year	540.095	310.366
Other non-cash loans	27.970.898	26.029.563
<b>Total</b>	<b>28.567.568</b>	<b>26.372.509</b>

**b. Information on contingent liabilities and assets:**

The Group has recorded a provision of TL 48.403 (December 31, 2011 – TL 43.528) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054. According to the decision of Competition Board dated April 6, 2012 and No.12-17/460-M, the process deadline is extended for another 6 months from May 2, 2012, as it has been decided that the initial deadline is not adequate to complete the process. The investigation and evaluation of the Competition Board is still ongoing.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to consolidated financial statements September 30, 2012 (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, 2012		September 30, 2011	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	2.640.508	201.127	1.680.030	159.498
Medium/long-term loans <sup>(1)</sup>	2.016.105	818.553	1.476.985	689.679
Interest on loans under follow-up	89.447	19	73.876	97
Premiums received from resource utilisation support fund	-	-	-	-
<b>Total</b>	<b>4.746.060</b>	<b>1.019.699</b>	<b>3.230.891</b>	<b>849.274</b>

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

2. Information on interest income on banks:

	September 30, 2012		September 30, 2011	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	50.659	18.236	43.940	18.559
From foreign banks	1.815	15.050	1.938	20.262
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>52.474</b>	<b>33.286</b>	<b>45.878</b>	<b>38.821</b>

3. Information on interest income on marketable securities:

	September 30, 2012		September 30, 2011	
	TL	FC	TL	FC
From trading financial assets	16.419	1.174	26.960	779
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	444.806	32.002	373.126	49.904
From held-to-maturity investments	274.055	477.135	275.110	460.944
<b>Total</b>	<b>735.280</b>	<b>510.311</b>	<b>675.196</b>	<b>511.627</b>

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

	September 30, 2012	September 30, 2011
Interests received from associates and subsidiaries	1.155	944

(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, 2012 (continued)

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

#### Explanations and notes related to consolidated financial statements (continued)

##### b. Information on interest expense:

###### 1. Information on interest expense on borrowings:

	September 30, 2012		September 30, 2011	
	TL	FC	TL	FC
Banks	83.945	379.779	112.074	276.724
The CBRT			-	-
Domestic banks	31.613	8.618	23.046	8.467
Foreign banks	52.332	371.161	89.028	268.257
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	104
<b>Total<sup>(1)</sup></b>	<b>83.945</b>	<b>379.779</b>	<b>112.074</b>	<b>276.828</b>

(1) Includes fees and commissions related to borrowings.

###### 2. Information on interest expense to associates and subsidiaries:

	September 30, 2012	September 30, 2011
Interests paid to associates and subsidiaries	285	393

###### 3. Information on interest expense to marketable securities issued:

	September 30, 2012		September 30, 2011	
	TL	FC	TL	FC
Interest on securities issued	103.742	66.792	23.975	17.267
<b>Total</b>	<b>103.742</b>	<b>66.792</b>	<b>23.975</b>	<b>17.267</b>

###### 4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	September 30, 2012
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Bank deposit	158	1.084	2.137	2.087	988	220	-	6.674	13.642
Saving deposit	1	66.282	1.401.469	56.616	14.189	57.432	-	1.595.989	1.074.722
Public sector deposit	-	20	89	87	4	2	-	202	1.284
Commercial deposit	18	79.705	507.329	70.001	8.983	16.377	-	682.413	544.059
Other deposit	-	2.703	65.990	34.291	431	7.676	-	111.091	53.974
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>177</b>	<b>149.794</b>	<b>1.977.014</b>	<b>163.082</b>	<b>24.595</b>	<b>81.707</b>	<b>-</b>	<b>2.396.369</b>	<b>1.687.681</b>
<b>FC</b>									
Foreign currency deposit	1.319	146.778	408.535	41.163	23.062	47.851	4.015	672.723	540.430
Bank deposit	160	10.212	6.258	1.993	2.457	3.422	-	24.502	23.168
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	1.204	642	86	94	37	-	2.063	669
<b>Total</b>	<b>1.479</b>	<b>158.194</b>	<b>415.435</b>	<b>43.242</b>	<b>25.613</b>	<b>51.310</b>	<b>4.015</b>	<b>699.288</b>	<b>564.267</b>
<b>Grand total</b>	<b>1.656</b>	<b>307.988</b>	<b>2.392.449</b>	<b>206.324</b>	<b>50.208</b>	<b>133.017</b>	<b>4.015</b>	<b>3.095.657</b>	<b>2.251.948</b>



(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, 2012 (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 trading gain/loss (net):**

	September 30, 2012	September 30, 2011
<b>Gain</b>	<b>34.633.113</b>	<b>15.363.767</b>
Gain from capital market transactions	83.498	53.398
Derivative financial transaction gains	14.431.383	10.488.904
Foreign exchange gains	20.118.232	4.821.465
<b>Loss(-)</b>	<b>(34.747.677)</b>	<b>(15.431.470)</b>
Loss from capital market transactions	(9.346)	(21.955)
Derivative financial transaction losses	(15.208.966)	(10.827.903)
Foreign exchange loss	(19.529.365)	(4.581.612)
<b>Net gain/loss</b>	<b>(114.564)</b>	<b>(67.703)</b>

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 484.371 (September 30, 2011 - TL 39.040 profit).

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

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

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

	September 30, 2012	September 30, 2011
Specific provisions for loans and other receivables	544.631	341.963
III. Group loans and receivables	32.865	124.512
IV. Group loans and receivables	152.496	20.834
V. Group loans and receivables	359.270	196.617
General provision expenses	218.860	167.885
Provision expense for possible risks	19.895	19.448
Marketable securities impairment expenses <sup>(1)</sup>	14.409	433
Financial assets at fair value through profit or loss	240	-
Available-for-sale financial assets	14.169	433
Impairment of investments in associates, subsidiaries and held-to-maturity securities	72.381	111.216
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments <sup>(1)</sup>	72.381	111.216
Other	1.122	675
<b>Total</b>	<b>871.298</b>	<b>641.620</b>

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

(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, 2012 (continued)**

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

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

**g. Information related to other operating expenses:**

	<b>September 30, 2012</b>	<b>September 30, 2011</b>
Personnel expenses	1.045.774	955.408
Reserve for employee termination benefits	7.233	1.973
Provision expense for pension fund	21.700	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	121.308	113.566
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	52.261	44.039
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	150	169
Depreciation expenses of assets held for resale	2.825	1.736
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	719.937	657.765
Operational lease expenses	109.995	95.823
Repair and maintenance expenses	38.870	20.437
Advertising expenses	61.467	47.716
Other expense	509.605	493.789
Loss on sales of assets	31	662
Other	360.267	338.442
<b>Total</b>	<b>2.331.486</b>	<b>2.113.760</b>

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

As of September 30, 2012, the Group has current tax expense amounting to TL 532.170 (September 30, 2011 - TL 376.575) and deferred tax income amounting to TL 96.305 (September 30, 2011 - TL 18.957 deferred tax expense).

(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, 2012 (continued)**

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

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

**i. Information on net income/loss for the period:**

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group's current period performance.
2. Information on any change in the accounting estimates concerning the current period or future periods: None

**j. Income/loss of minority interest:**

	<b>September 30, 2012</b>	<b>September 30, 2011</b>
Income/(loss) of minority interest	7.100	5.014

**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.

**V. 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, 2012 (continued)

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

#### Explanations and notes related to consolidated financial statements (continued)

#### VI. 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, 2012 Group's risk group <sup>(1)(2)</sup>	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
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	34.941	1.919	356.013	289.563	695.528	1.339.295
<b>Interest and commission income received</b>	<b>1.155</b>	<b>16</b>	<b>9.233</b>	<b>1.546</b>	<b>50.623</b>	<b>12.307</b>

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

(2) The information in table above includes loans and due from banks as well as marketable securities.

December 31, 2011 Group's risk group <sup>(1)(2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	15.079	2.053	426.591	230.061	693.445	723.808
<b>Interest and commission income received <sup>(3)</sup></b>	<b>944</b>	<b>10</b>	<b>5.325</b>	<b>783</b>	<b>48.196</b>	<b>4.078</b>

(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) December 31, 2011 columns represent profit / loss figures for the 9 months period ended September 30, 2012.

###### 2. Information on deposits of the Group's risk group:

Group's risk group <sup>(1)(2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Deposit						
Beginning of the period	10.801	11.699	7.546.932	4.367.079	4.885.191	5.279.564
End of the period	3.291	10.801	7.377.174	7.546.932	8.316.870	4.885.191
<b>Interest expense on deposits <sup>(3)</sup></b>	<b>285</b>	<b>393</b>	<b>241.260</b>	<b>196.928</b>	<b>163.343</b>	<b>189.937</b>

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

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

(3) December 31, 2011 columns represent profit / loss figures for the 9 months period ended September 30, 2012.

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish, see in note I. of section three)

## Yapı ve Kredi Bankası A.Ş.

### Notes to consolidated financial statements September 30, 2012 (continued)

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

#### Explanations and notes related to consolidated financial statements (continued)

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

Group's risk group <sup>(1)</sup>	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	-	38.038	216.174	187.782	97.206	642.637
End of the period <sup>(3)</sup>	11.331	-	234.475	216.174	312.599	97.206
<b>Total profit / loss<sup>(4)</sup></b>	<b>4.785</b>	<b>(4.768)</b>	<b>(3.513)</b>	<b>1.508</b>	<b>11.002</b>	<b>(55.988)</b>
<b>Transactions for hedging purposes</b>						
Beginning of the period <sup>(3)</sup>	-	-	-	-	-	-
End of the period <sup>(3)</sup>	-	-	-	-	-	-
<b>Total profit / loss<sup>(4)</sup></b>	-	-	-	-	-	-

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

(2) The Bank's derivative instruments are classified as "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, 2011 columns represent profit / loss figures for the 9 months period ended September 30, 2012.

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

Salaries and benefits paid to the Group's top management amount to TL 32.357 as of September 30, 2012 (September 30, 2011 - TL 25.252).

(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, 2012 (continued)**

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

**VII. Explanations and notes related to subsequent events**

- 1- The Parent Bank issued bonds with the permission of Capital Markets Board numbered B.02.6.SP.K.0.13.00-105.04.02 dated October 11, 2012 and the Board registration document numbered-67/BB-519 with a nominal value of TL 150.000 with 172 days of maturity. The issuance is finalized in October 18, 2012, as a result of demand collection held in 15-16-17 October 2012.
- 2- The Bank's request for the issuance of bonds or similar debt instruments up to an amount of USD 1.500 million or its equivalent in any foreign currency or Turkish Lira at total, to be sold to foreign residents within 1-year period on October 22, 2012 is approved by Capital Markets Board dated October 22, 2012 and BRSA dated November 2, 2012
- 3- The new "Individual pension system" communiqué issued by Republic of Turkey Prime Ministry Undersecretariat of Treasury and published in the Official Gazette dated November 9, 2012 will be effective from January 1, 2013.

(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, 2012 (continued)**

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

**Section six**

**Explanations on independent review report**

**I. Explanations on independent auditor's review report**

The consolidated financial statements for the period ended September 30, 2012 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 13, 2012 is presented preceding the consolidated financial statements.

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

None.