

Yapı ve Kredi Bankası A.Ş.

**Publicly announced consolidated interim financial
statements and related disclosures at June 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 June 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.

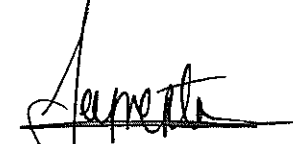
We conducted our review in accordance with the regulations on account and booking system and accounting and independent audit principles set out as per the Banking Act No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements 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 June 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, SMMM
Partner, SMMM

Istanbul, August 2, 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 June 30, 2012**

Yapı ve Kredi Bankası A.Ş.
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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** - Other explanations
- **Section seven** - Independent auditor's review report

Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows.

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Sigorta A.Ş. 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. Stichting Custody Services YKB 12. Yapı Kredi Bank Azerbaijan CJSC 13. Yapı Kredi Invest LLC	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

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

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

M. Gökmen UÇAR
Financial Reporting
and Accounting
Executive Vice President

Gianni F. G. PAPA
President of Audit Committee

Francesco GIORDANO
Member of Audit Committee

Füsun Akkal BOZOK
Member of Audit Committee

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

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Telephone Number : 0 212 339 63 22
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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 June 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	July 2, 2007	Yapı Kredi NV
	Nederland N.V.		

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 June 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:

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

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

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

Yapı ve Kredi Bankası A.Ş.

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

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

General information (continued)

Assistant General Managers:

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

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

- (1) With the decision of Board of Directors dated July 26, 2012, as Selim Hakkı Tezel the assistant general manager responsible for the Retail Credits Management will take over another position in UniCredit Group, it was decided to appoint Mehmet Gökmen Uçar, who is currently the Financial Reporting and Accounting Executive Vice President, as the Assistant General Manager responsible for the Retail Credits Management effective August 1, 2012 subject to approval of Banking Regulation and Supervision Agency ("BRSA").

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

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

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

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

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

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

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

(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 June 30, 2012 (continued)

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

General information (continued)

As of June 30, 2012, the Parent Bank has 917 branches operating in Turkey and 1 branch in off-shore region (December 31, 2011 - 906 branches operating in Turkey, 1 branch in off-shore region).

As of June 30, 2012, the Parent Bank has 14.974 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 June 30, 2012 the Group has 17.572 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.

(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 June 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)

		(30/06/2012)			(31/12/2011)		
Assets	Note (Section five)	TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	1,896,759	8,154,733	10,051,492	4,652,286	5,429,417	10,081,703
II. Financial assets at fair value through profit or (loss) (net)	I-b	502,447	144,508	646,955	440,707	116,123	556,830
2.1 Trading financial assets		502,447	144,508	646,955	440,707	116,123	556,830
2.1.1 Government debt securities		208,880	12,322	219,202	199,631	27,459	227,090
2.1.2 Share certificates		4,173	-	4,173	-	-	-
2.1.3 Derivative financial assets held for trading		239,046	131,501	370,547	188,600	86,018	274,618
2.1.4 Other marketable securities		52,348	685	53,033	52,476	2,646	55,122
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-c	866,102	4,896,367	5,762,469	268,424	3,160,100	3,428,524
IV. Money markets		3,804,736	55,434	3,860,170	2,136,726	36,835	2,173,561
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul stock exchange money market		-	55,434	55,434	15,000	36,835	51,835
4.3 Receivables from reverse repurchase agreements		3,804,736	-	3,804,736	2,121,726	-	2,121,726
V. Available-for-sale financial assets (net)	I-d	7,212,961	832,578	8,045,539	6,520,393	1,490,883	8,011,276
5.1 Share certificates		17,104	308	17,412	17,100	326	17,426
5.2 Government debt securities		5,729,993	615,995	6,345,988	5,097,440	1,138,590	6,236,030
5.3 Other marketable securities		1,465,864	216,275	1,682,139	1,405,853	351,967	1,757,820
VI. Loans and receivables	I-e	50,026,770	23,722,376	73,749,146	45,160,589	24,910,325	70,070,914
6.1 Loans and receivables		49,364,070	23,577,685	72,941,755	44,592,162	24,733,855	69,326,017
6.1.1 Loans to bank's risk group		379,162	722,505	1,101,667	336,681	790,617	1,127,298
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		48,984,888	22,855,180	71,840,068	44,255,481	23,943,238	68,198,719
6.2 Loans under follow-up		2,103,454	349,689	2,453,143	1,835,600	302,518	2,138,118
6.3 Specific provisions (-)		(1,440,764)	(204,998)	(1,645,762)	(1,267,173)	(126,048)	(1,393,221)
VII. Factoring receivables		908,490	843,364	1,751,854	795,163	995,598	1,790,761
VIII. Held-to-maturity securities (net)	I-f	3,402,413	8,774,956	12,177,369	3,468,882	9,241,740	12,710,622
8.1 Government debt securities		3,402,413	8,774,956	12,177,369	3,468,882	9,241,740	12,710,622
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-g	4,503	178,105	182,608	4,503	183,940	188,443
9.1 Consolidated based on equity method		-	178,105	178,105	-	183,940	183,940
9.2 Unconsolidated		4,503	-	4,503	4,503	-	4,503
9.2.1 Investments in financial associates		-	-	-	-	-	-
9.2.2 Investments in non-financial associates		4,503	-	4,503	4,503	-	4,503
X. Subsidiaries (net)	I-h	2,300	-	2,300	2,300	-	2,300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2,300	-	2,300	2,300	-	2,300
XI. Joint ventures (net)	I-i	18,656	-	18,656	19,650	-	19,650
11.1 Accounted based on equity method		18,656	-	18,656	19,650	-	19,650
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables (net)	I-j	659,722	2,135,646	2,795,368	540,478	2,254,005	2,794,483
12.1 Financial lease receivables		803,565	2,485,737	3,289,302	655,326	2,643,519	3,298,845
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(143,843)	(350,091)	(493,934)	(114,848)	(389,514)	(504,362)
XIII. Derivative financial assets held for hedging	I-k	167,782	-	167,782	376,973	362	377,335
13.1 Fair value hedge		167,782	-	167,782	369,747	-	369,747
13.2 Cash flow hedge		-	-	-	7,226	362	7,588
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)		999,471	23,340	1,022,811	1,043,112	20,272	1,063,384
XV. Intangible assets (net)		1,304,061	4,153	1,308,214	1,281,233	2,932	1,284,165
15.1 Goodwill		979,493	-	979,493	979,493	-	979,493
15.2 Other		324,568	4,153	328,721	301,740	2,932	304,672
XVI. Investment property (net)	I-l	-	-	-	-	-	-
XVII. Tax asset		428,771	1,785	430,556	359,938	4,524	364,462
17.1 Current tax asset		-	4	4	-	2,584	2,584
17.2 Deferred tax asset		428,771	1,781	430,552	359,938	1,940	361,878
XVIII. Assets held for resale and related to discontinued operations (net)	I-m	126,883	-	126,883	103,572	-	103,572
18.1 Held for sale purposes		126,883	-	126,883	103,572	-	103,572
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets		1,111,119	1,001,501	2,112,620	1,029,662	1,398,484	2,428,146
Total assets		73,443,946	50,768,846	124,212,792	68,204,591	49,245,540	117,450,131

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at June 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)

		(30/06/2012)			(31/12/2011)		
	Note (Section five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	38.140.659	30.478.567	68.619.226	36.075.620	31.110.930	66.186.550
1.1 Deposits of the Bank's risk group		3.706.939	4.438.190	8.145.129	3.373.946	3.964.002	7.337.948
1.2 Other		34.433.720	26.040.377	60.474.097	31.701.674	27.146.928	58.848.602
II. Derivative financial liabilities held for trading	II-b	339.845	131.029	470.874	409.917	130.422	540.339
III. Borrowings	II-c	1.231.559	12.844.454	14.076.013	1.367.084	13.315.818	14.682.902
IV. Money markets		1.822.032	6.397.972	8.220.004	1.845.799	5.040.094	6.885.893
4.1 Funds from interbank money market		-	-	-	-	19.137	19.137
4.2 Funds from Istanbul stock exchange money market		1.239.346	-	1.239.346	942.043	-	942.043
4.3 Funds provided under repurchase agreements		582.686	6.397.972	6.980.658	903.756	5.020.957	5.924.713
V. Marketable securities issued (net)	II-d	1.462.815	2.730.495	4.193.310	1.095.354	2.153.363	3.248.717
5.1 Bills		1.021.984	6.614	1.028.598	951.004	5.582	956.586
5.2 Asset backed securities		-	1.827.893	1.827.893	-	2.147.781	2.147.781
5.3 Bonds		440.831	895.988	1.336.819	144.350	-	144.350
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		4.605.342	678.941	5.284.283	3.961.864	833.636	4.795.500
VIII. Other liabilities	II-e	458.416	1.132.593	1.591.009	767.922	842.187	1.610.109
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-f	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	-	-	-	-	-
XI. Derivative financial liabilities held for hedging	II-g	183.561	486.272	669.833	62.652	440.189	502.841
11.1 Fair value hedge		67.578	-	67.578	18.959	-	18.959
11.2 Cash flow hedge		115.983	486.272	602.255	43.693	440.189	483.882
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-h	3.049.137	755.359	3.804.496	2.760.713	784.192	3.544.905
12.1 General loan loss provision		829.421	402.526	1.231.947	670.146	382.122	1.052.268
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		222.011	4.890	226.901	201.362	4.979	206.341
12.4 Insurance technical provisions (net)		830.260	298.986	1.129.246	731.166	332.728	1.063.894
12.5 Other provisions		1.167.445	48.957	1.216.402	1.158.039	64.363	1.222.402
XIII. Tax liability	II-i	413.897	2.951	416.848	292.396	929	293.325
13.1 Current tax liability		413.897	2.908	416.805	292.396	929	293.325
13.2 Deferred tax liability		-	43	43	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-j	-	3.384.577	3.384.577	-	2.523.816	2.523.816
XVI. Shareholders' equity	II-k	14.003.684	(521.345)	13.482.319	13.151.420	(516.186)	12.635.234
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		1.083.662	(521.345)	562.317	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	II-k	207.154	19.895	227.049	114.015	17.109	131.124
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)		38.095	(541.240)	(503.145)	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)		1.597.959	-	1.597.959	2.623.562	-	2.623.562
16.4.1 Prior years' income or (loss)		764.618	-	764.618	338.858	-	338.858
16.4.2 Current year income or (loss)		833.341	-	833.341	2.284.704	-	2.284.704
16.5 Minority interest	II-l	68.296	-	68.296	67.178	-	67.178
Total liabilities and shareholders' equity		65.710.927	58.501.865	124.212.792	60.790.741	56.659.390	117.450.131

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at June 30, 2012 and December 31, 2011

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

II. Consolidated off-balance sheet commitments

		(30/06/2012)			(31/12/2011)			
		Note (Section five)	TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I+II+III)		94.844.076	120.035.315	214.879.391	81.022.711	111.769.068	192.791.779
I.	Guarantees and warranties	III-a-2, 3	11.325.012	16.531.108	27.856.120	10.695.392	15.677.117	26.372.509
1.1	Letters of guarantee		11.000.563	9.440.285	20.440.848	9.843.564	8.871.149	18.814.713
1.1.1	Guarantees subject to state tender law		588.014	556.552	1.144.566	502.263	628.039	1.130.302
1.1.2	Guarantees given for foreign trade operations		1.169.127	8.756.644	9.925.771	1.105.968	8.128.300	9.232.298
1.1.3	Other letters of guarantee		9.243.422	127.089	9.370.511	8.335.303	116.810	8.452.113
1.2	Bank acceptances		-	128.630	128.630	-	158.915	158.915
1.2.1	Import letter of acceptance		-	128.630	128.630	-	158.915	158.915
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		10.691	5.112.883	5.123.574	13.687	4.993.297	5.006.984
1.3.1	Documentary letters of credit		10.691	5.098.264	5.108.955	13.687	4.983.502	4.997.189
1.3.2	Other letters of credit		-	14.619	14.619	-	9.795	9.795
1.4	Pre-financing given as guarantee		143	2.409	2.552	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		313.615	1.100.754	1.414.369	737.998	614.488	1.352.486
1.9	Other warranties		-	746.147	746.147	-	1.036.749	1.036.749
II.	Commitments	III-a-1	55.079.072	33.800.768	88.879.840	50.502.978	30.435.022	80.938.000
2.1	Irrevocable commitments		27.772.875	11.057.929	38.830.804	23.716.890	6.930.298	30.647.188
2.1.1	Asset purchase and sale commitments		423.678	10.524.641	10.948.319	42.700	6.067.378	6.110.078
2.1.2	Deposit purchase and sales commitments		6.119	1.193	7.312	1.692	301	1.993
2.1.3	Share capital commitments to associates and subsidiaries		1.000	-	1.000	1.000	-	1.000
2.1.4	Loan granting commitments		4.955.981	491.271	5.447.252	4.345.796	814.989	5.180.785
2.1.5	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheques		5.419.202	-	5.419.202	4.220.740	-	4.220.740
2.1.8	Tax and fund liabilities from export commitments		37.597	-	37.597	37.251	-	37.251
2.1.9	Commitments for credit card limits		15.176.666	40.766	15.217.432	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		1.752.632	58	1.752.690	1.401.598	61	1.401.659
2.2	Revocable commitments		27.306.197	22.742.839	50.049.036	26.786.088	23.504.724	50.290.812
2.2.1	Revocable loan granting commitments		27.306.197	22.683.205	49.989.402	26.786.088	23.504.724	50.290.812
2.2.2	Other revocable commitments		-	59.634	59.634	-	-	-
III.	Derivative financial instruments		28.439.992	69.703.439	98.143.431	19.824.341	65.656.929	85.481.270
3.1	Hedging derivative financial instruments		13.061.358	27.803.034	40.864.392	9.094.408	29.549.643	38.644.051
3.1.1	Transactions for fair value hedge		2.509.758	2.822.309	5.332.067	2.782.808	3.424.046	6.206.854
3.1.2	Transactions for cash flow hedge		10.551.600	24.880.725	35.432.325	6.311.600	28.125.597	32.437.197
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		15.378.634	41.900.405	57.279.039	10.729.933	36.107.286	46.837.219
3.2.1	Forward foreign currency buy/sell transactions		3.652.455	7.897.891	11.520.346	3.531.519	7.107.230	10.638.749
3.2.1.1	Forward foreign currency transactions-buy		1.291.798	4.427.798	5.719.506	1.219.066	4.078.821	5.297.887
3.2.1.2	Forward foreign currency transactions-sell		2.360.657	3.440.183	5.800.840	2.312.453	3.028.409	5.340.862
3.2.2	Swap transactions related to foreign currency and interest rates		7.673.304	22.741.660	30.414.964	3.166.690	20.650.084	23.806.774
3.2.2.1	Foreign currency swap-buy		3.662.354	9.583.255	13.245.609	1.915.136	7.568.292	9.483.428
3.2.2.2	Foreign currency swap-sell		4.010.950	9.250.701	13.261.651	1.241.554	8.502.444	9.743.998
3.2.2.3	Interest rate swap-buy		-	1.953.852	1.953.852	-	2.289.674	2.289.674
3.2.2.4	Interest rate swap-sell		-	1.953.852	1.953.852	-	2.289.674	2.289.674
3.2.3	Foreign currency, interest rate and securities options		3.345.875	10.666.778	14.012.653	3.334.724	7.566.881	10.901.605
3.2.3.1	Foreign currency options-buy		1.054.807	3.427.526	4.482.333	1.159.806	1.778.865	2.938.671
3.2.3.2	Foreign currency options-sell		1.403.450	3.221.545	4.624.995	1.643.280	1.704.174	3.347.454
3.2.3.3	Interest rate options-buy		187.350	2.044.318	2.231.668	337.350	2.655.238	2.992.588
3.2.3.4	Interest rate options-sell		262.350	1.973.389	2.235.739	112.350	1.354.184	1.466.534
3.2.3.5	Securities options-buy		262.622	-	262.622	18.044	13.729	31.773
3.2.3.6	Securities options-sell		175.296	-	175.296	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	624.076	1.331.076	707.000	783.091	1.490.091
B.	Custody and pledges received (IV+V+VI)		114.415.306	25.897.191	140.312.497	107.146.729	27.609.924	134.756.653
IV.	Items held in custody		56.459.646	4.042.817	60.502.463	53.463.516	4.289.298	57.752.814
4.1	Customer fund and portfolio balances		10.620	114	10.734	10.497	122	10.619
4.2	Investment securities held in custody		44.548.852	3.324.777	47.873.629	42.441.549	3.581.191	46.022.740
4.3	Checks received for collection		9.733.831	73.401	9.807.232	8.669.405	92.110	8.761.515
4.4	Commercial notes received for collection		2.161.115	621.191	2.782.306	2.336.837	590.894	2.927.731
4.5	Other assets received for collection		-	23.334	23.334	-	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		-	-	-	-	-	-
V.	Pledges received		56.808.855	21.249.381	78.058.236	52.561.567	22.673.972	75.235.539
5.1	Marketable securities		228.340	195	228.535	207.970	204	208.174
5.2	Guarantee notes		677.240	413.597	1.090.837	560.893	442.768	1.003.661
5.3	Commodity		42.478	-	42.478	38.944	-	38.944
5.4	Warrants		-	-	-	-	-	-
5.5	Properties		38.489.284	15.930.405	54.419.689	36.292.482	16.967.526	53.260.008
5.6	Other pledged items		17.371.513	4.901.993	22.273.506	15.461.278	5.260.128	20.721.406
5.7	Pledged items-depository		-	3.191	3.191	-	3.346	3.346
VI.	Accepted independent guarantees and warranties		1.146.805	604.993	1.751.798	1.121.646	646.654	1.768.300
Total off-balance sheet commitments (A+B)			209.259.382	145.932.506	355.191.888	188.169.440	139.378.992	327.548.432

The accompanying explanations and notes form an integral part of these consolidated financial statements. 20

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at June 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)	01/01-30/06/2012	01/01-30/06/2011
I.	Interest income	IV-a	4.879.163	3.524.127
1.1	Interest on loans	IV-a-1	3.737.595	2.554.630
1.2	Interest received from reserve deposits		120	227
1.3	Interest received from banks	IV-a-2	50.067	50.929
1.4	Interest received from money market transactions		57.463	2.308
1.5	Interest received from marketable securities portfolio	IV-a-3	825.989	746.917
1.5.1	Trading financial assets		12.690	14.293
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		352.219	281.597
1.5.4	Held to maturity investments		461.080	451.027
1.6	Financial lease income		115.829	104.802
1.7	Other interest income		92.100	64.314
II.	Interest expense	IV-b	(2.648.573)	(1.805.690)
2.1	Interest on deposits	IV-b-4	(2.065.973)	(1.394.237)
2.2	Interest on funds borrowed	IV-b-1	(307.469)	(244.798)
2.3	Interest expense on money market transactions		(151.418)	(148.007)
2.4	Interest on securities issued	IV-b-3	(117.513)	(14.324)
2.5	Other interest expenses		(6.200)	(4.324)
III.	Net interest income (I + II)		2.230.590	1.718.437
IV.	Net fees and commissions income		825.552	922.018
4.1	Fees and commissions received		1.101.880	1.140.830
4.1.1	Non-cash loans		129.576	124.628
4.1.2	Other	IV-k	972.304	1.016.202
4.2	Fees and commissions paid		(276.328)	(218.812)
4.2.1	Non-cash loans		(3.324)	(2.362)
4.2.2	Other		(273.004)	(216.450)
V.	Dividend income		1.647	5.891
VI.	Trading gain/(loss) (net)	IV-c	(76.010)	27.783
6.1	Trading gains/(losses) on securities		54.503	9.235
6.2	Derivative financial transactions gains/(losses)	IV-d	(677.622)	(178.845)
6.3	Foreign exchange gains/(losses)		547.109	197.393
VII.	Other operating income	IV-e	254.964	536.255
VIII.	Total operating income (III+IV+V+VI+VII)		3.236.743	3.210.384
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(552.789)	(450.617)
X.	Other operating expenses (-)	IV-g	(1.586.259)	(1.398.746)
XI.	Net operating income/(loss) (VIII-IX-X)		1.097.695	1.361.021
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		7.025	7.904
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-h	1.104.720	1.368.925
XVI.	Tax provisions for continuing operations (±)		(266.306)	(268.205)
16.1	Current tax provision		(357.429)	(269.628)
16.2	Deferred tax provision		91.123	1.423
XVII.	Net profit/loss from continuing operations (XV±XVI)		838.414	1.100.720
XVIII.	Income from discontinued operations		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	Profit/loss before taxes from discontinued operations (XVIII-XIX)		-	-
XXI.	Tax provision for discontinued operations (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/loss (XVII+XXII)	IV-i	838.414	1.100.720
23.1	Group's profit/loss		833.341	1.098.459
23.2	Minority interest profit/losses (-)	IV-k	5.073	2.261
	Earnings/(loss) per share (in TL full)		0,0019	0,0025

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at June 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)	01/04-30/06/2012	01/04-30/06/2011
I.	Interest income	IV-a	2.465.847	1.802.390
1.1	Interest on loans	IV-a-1	1.944.756	1.340.568
1.2	Interest received from reserve deposits		49	124
1.3	Interest received from banks	IV-a-2	26.662	27.872
1.4	Interest received from money market transactions		33.223	632
1.5	Interest received from marketable securities portfolio	IV-a-3	380.703	346.537
1.5.1	Trading financial assets		5.693	10.138
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		181.371	148.662
1.5.4	Held to maturity investments		193.639	187.737
1.6	Financial lease income		59.079	53.685
1.7	Other interest income		21.375	32.972
II.	Interest expense	IV-b	(1.327.782)	(968.516)
2.1	Interest on deposits	IV-b-4	(1.034.733)	(722.695)
2.2	Interest on funds borrowed	IV-b-1	(155.533)	(130.713)
2.3	Interest expense on money market transactions		(70.702)	(102.846)
2.4	Interest on securities issued	IV-b-3	(64.597)	(8.968)
2.5	Other interest expenses		(2.217)	(3.294)
III.	Net interest income (I + II)		1.138.065	833.874
IV.	Net fees and commissions income		409.770	470.903
4.1	Fees and commissions received		570.358	597.763
4.1.1	Non-cash loans		67.085	65.801
4.1.2	Other	IV-k	503.273	531.962
4.2	Fees and commissions paid		(160.588)	(126.860)
4.2.1	Non-cash loans		(1.720)	(1.263)
4.2.2	Other		(158.868)	(125.597)
V.	Dividend income		1.542	1.882
VI.	Trading gain/(loss) (net)	IV-c	(31.495)	(22.127)
6.1	Trading gains/(losses) on securities		35.420	8.090
6.2	Derivative financial transactions gains/(losses)	IV-d	(375.725)	(209.786)
6.3	Foreign exchange gains/(losses)		308.810	179.569
VII.	Other operating income	IV-e	123.563	219.906
VIII.	Total operating income (III+IV+V+VI+VII)		1.641.445	1.504.438
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(273.618)	(137.769)
X.	Other operating expenses (-)	IV-g	(796.270)	(687.813)
XI.	Net operating income/(loss) (VIII-IX-X)		571.557	678.856
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		2.938	5.934
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-h	574.495	684.790
XVI.	Tax provisions for continuing operations (±)		(150.629)	(115.580)
16.1	Current tax provision		(213.020)	(135.111)
16.2	Deferred tax provision		62.391	19.531
XVII.	Net profit/loss from continuing operations (XV±XVI)		423.866	569.210
XVIII.	Income from discontinued operations		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	Profit/losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI.	Tax provision for discontinued operations (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/loss (XVII+XXII)	IV-i	423.866	569.210
23.1	Group's profit/loss		421.159	566.967
23.2	Minority interest profit/losses (-)	IV-k	2.707	2.243
	Earnings/(loss) per share (in TL full)		0,0010	0,0013

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at June 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

Income and expense items accounted under shareholders' equity		(30/06/2012)	(30/06/2011)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	209.478	(182.010)
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	(52.150)	106.034
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	(159.992)	31.669
VI.	Profit/loss on foreign net investment hedges(effective part of the fair value changes)	39.544	(66.730)
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	(22.491)	38.435
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	14.389	(72.383)
XI.	Current year profit/loss	838.414	1.100.720
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	(216)	76.260
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(75.073)	(87.835)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	913.703	1.112.295
XII.	Total profit/loss related to the current period (X+XI)	852.803	1.028.337

(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 June 30, 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

June 30, 2011	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities valuation difference	Property and equipment and intangible assets revaluation	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity excluding minority interest	Minority shareholders' interest	Total shareholders' equity
I. Period opening 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 (initial)		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
IV. Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(151.276)	-	-	-	-	(151.276)	(316)	(151.592)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	(28.049)	-	-	-	(28.049)	-	(28.049)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	25.335	-	-	-	25.335	-	25.335
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	(63.384)	-	-	-	(63.384)	-	(63.384)
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	111.058	-	-	-	(4.019)	107.039	-	107.039
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Current year income or loss		-	-	-	-	-	-	-	219	1.098.459	-	-	-	-	-	-	219	-	219
XX. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1 Dividend paid		-	-	-	-	-	-	-	65.691	(2.248.031)	187.741	-	-	-	-	-	1.098.459	2.261	1.100.720
20.2 Transfers to reserves		-	-	-	-	-	-	-	65.691	(2.248.031)	187.741	-	-	-	-	-	-	(1.808)	(1.808)
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+.....+ XVIII+XIX+XX)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.098.459	338.858	212.579	-	-	-	(175.504)	11.709.066	63.232	11.772.298

(*) 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 June 30, 2012

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

V. Consolidated statement of changes in shareholders' equity

June 30, 2012	Note (See to note V)	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	Intangible assets revaluation fund	Bonus shares fund	Investments fund	Hedging funds	Asset held for resale/ operating revaluation fund	Total equity except minority interest	Minority shareholders interest	Total equity
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		-	-	-	-	-	-	-	-	-	-	165,838	-	-	-	-	-	165,838	305	166,143
IV. Hedging transactions funds (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(96,358)	-	(96,358)	-	(96,358)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(127,993)	-	(127,993)	-	(127,993)
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,635	-	31,635	-	31,635
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		-	-	-	-	-	-	-	-	-	-	(69,913)	-	-	-	14,517	-	(55,396)	-	(55,396)
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		-	-	-	-	-	-	-	-	833,341	-	-	-	-	-	-	-	833,341	5,073	838,414
XVIII. Profit distribution		-	-	-	-	92,874	-	1,616,721	147,891	(2,284,704)	427,218	-	-	-	-	-	-	(3,069)	(3,069)	(3,069)
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	92,874	-	1,616,721	147,891	(2,284,704)	427,218	-	-	-	-	-	-	(3,069)	(3,069)	(3,069)
XXI. Transactions with minority		-	-	-	-	-	-	-	-	-	(1,458)	-	-	-	-	-	-	(1,458)	(1,191)	(2,649)
Period end balance (I+II+III+...+XXI+XXII)		4,347,051	-	543,881	-	359,847	-	6,546,849	294,532	833,341	764,618	227,049	-	-	-	(503,145)	-	13,414,023	68,296	13,482,319

(*) 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 June 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)	(30/06/2012)	(30/06/2011)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		3.518.478	1.520.094
1.1.1 Interest received		4.812.238	3.532.714
1.1.2 Interest paid		(2.529.553)	(1.717.560)
1.1.3 Dividend received		1.647	5.891
1.1.4 Fees and commissions received		1.103.427	1.141.445
1.1.5 Other income		(253.418)	303.829
1.1.6 Collections from previously written-off loans and other receivables		754.004	745.053
1.1.7 Payments to personnel and service suppliers		(1.398.568)	(1.281.501)
1.1.8 Taxes paid		(339.851)	(342.452)
1.1.9 Other		1.368.552	(867.325)
1.2 Changes in operating assets and liabilities		(3.101.712)	97.930
1.2.1 Net (increase) / decrease in trading securities		14.390	(210.859)
1.2.2 Net (increase) / decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net decrease / (increase) in banks		(2.684.873)	(1.147.285)
1.2.4 Net decrease / (increase) in loans		(4.861.852)	(10.351.482)
1.2.5 Net (increase) / decrease in other assets		330.570	(358.748)
1.2.6 Net increase / (decrease) in bank deposits		(4.760)	(49.868)
1.2.7 Net (decrease) / increase in other deposits		2.406.214	3.481.816
1.2.8 Net (decrease) / increase in funds borrowed		340.717	7.339.168
1.2.9 Net (decrease) / increase in payables		-	-
1.2.10 Net increase in other liabilities		1.357.882	1.395.188
I. Net cash flows from banking operations		416.766	1.618.024
B. Cash flows from investing activities			
II. Net cash flows from investing activities		159.624	(854.407)
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		-	-
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(100.293)	(80.453)
2.4 Disposals of property and equipment		3.338	6.555
2.5 Purchase of investments available-for-sale		(2.404.650)	(3.023.667)
2.6 Sale of investments available-for-sale		2.576.307	1.075.148
2.7 Purchase of investment securities		(4.557)	(571.776)
2.8 Sale of investment securities		89.479	1.739.786
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		1.045.387	1.358.912
3.1 Cash obtained from funds borrowed and securities issued		3.555.077	3.118.034
3.2 Cash used for repayment of funds borrowed and securities issued		(2.506.621)	(1.757.314)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.069)	(1.808)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents		(314.320)	299.813
V. Net increase in cash and cash equivalents (I+II+III+IV)		1.307.457	2.422.342
VI. Cash and cash equivalents at beginning of the period		11.464.375	6.105.032
VII. Cash and cash equivalents at end of the period		12.771.832	8.527.374

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 June 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. 26430 dated February 10, 2007.

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

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis that are 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.

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

The accounting policies and valuation principles applied in the preparation of interim financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 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 June 30, 2012 (continued)

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

Accounting policies (continued)

TFRS 9, "Financial Instruments" which will be compulsory for periods beginning on or after January 1, 2013, is allowed for the volunteering banks for early adoption starting as of December 31, 2010 as announced in "Change in Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements " published in the Official Gazette numbered 27824 dated January 23, 2011. The standard which the Bank did not early adopt for 2010, will primarily have an effect on the classification and measurement of the Bank's financial assets. The Bank is currently assessing the impact of adopting TFRS 9. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption itself, it is not practical or possible to quantify the effect at this stage. As of the date of these financial statements, the other TAS/TFRS standards announced but not yet effective are not expected to have significant impact on the Bank's accounting policies, financial position and performance.

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in 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.

(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 June 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 rates (%) June 30, 2012	Direct and indirect rates (%) June 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	98,98	99,72
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Bank.

2. Consolidation principles of associates:

The associate is an entity in which the Parent Bank participates in its capital and has significant influence on it although the Parent Bank has no capital or management control, whose main operation is banking and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, unless proved otherwise, it is assumed that the Parent Bank has significant influence on that associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates June 30, 2012	Direct and indirect rates June 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 June 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 indirect rates (%)
			June 30, 2012	June 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 June 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 June 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 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 June 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 Bank and then accounted over their fair values while credit linked notes are valued and accounted monthly.

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

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

V. Explanations on interest income and expense:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 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 recognised 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 June 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" 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 June 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 June 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 June 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 June 30, 2012 (continued)

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Accounting policies (continued)

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

Expenditures for the repair and maintenance of property and equipment are 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 June 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 June 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% 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 June 30, 2012 (continued)

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

Accounting policies (continued)

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

c. Defined contribution plans:

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

d. Short term benefits of employee:

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

XVII. Explanations on taxation:

a. Current tax:

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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 2012 (continued)

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

Accounting policies (continued)

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 June 30, 2012 are as follows:

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

b. Deferred tax:

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

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

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Notes to consolidated financial statements June 30, 2012 (continued)

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

Accounting policies (continued)

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.

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.

Transfer pricing is the formation of basis of "arm's length principle" which is the pricing system of any product or service transactions, made with related party, is unsuitable for such principle. 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:

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

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

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Notes to consolidated financial statements June 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 June 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 for the year to the weighted average number of shares outstanding during the period concerned.

	June 30, 2012	June 30, 2011
Group's Profit	833.341	1.098.459
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0019	0,0025

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 and June 30, 2011, to conform the changes in presentation in the June 30, 2012 financials.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 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 Treasury

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 brokerage and commission expense and income which are directly attributable to the insurance reinsurance contracts and variable other costs and revenues are amortized in parallel with the accounting of the earnings premium during the contract.

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Notes to consolidated financial statements June 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).

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 June 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.

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Notes to consolidated financial statements June 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 capital adequacy ratio of the Group is 14,41% (December 31, 2011 - 14,88%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006. The following tables show the details of "Risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.
- c. **Information related to capital adequacy ratio:**

	Risk Weights ⁽¹⁾					
	The Parent Bank					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	24.370.017	8.841.030	12.917.262	55.158.346	1.745.425	3.554.399
Cash	1.390.717	250	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.285.847	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	3.855.666	-	276.208	-	-
Interbank money market placements	55.433	-	-	-	-	-
Receivables from reverse repurchase transactions	-	3.800.000	-	-	-	-
Reserve requirements	5.834.091	-	-	-	-	-
Loans	2.406.337	1.146.196	12.703.965	48.052.097	1.745.425	3.554.399
Non-performing receivables (net)	-	-	-	806.051	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.828.766	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	14.090	-	-
Miscellaneous receivables	-	530	-	754.254	-	-
Interest and income accruals	234.946	22.752	213.297	816.111	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	3.140.629	-	-
Fixed assets	-	-	-	1.009.910	-	-
Other assets	333.880	15.636	-	288.996	-	-
Off-balance sheet items	666.539	7.802.066	575.623	19.070.924	-	-
Non-cash loans and commitments	666.539	6.249.213	575.623	18.910.083	-	-
Derivative financial instruments	-	1.552.853	-	160.841	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets ⁽²⁾	25.036.556	16.643.096	13.492.885	74.229.270	1.745.425	3.554.399

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

(2) Not weighted.

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

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Notes to consolidated financial statements June 30, 2012 (continued)

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

Information related to financial position of the Group (continued)

	Risk Weights ⁽¹⁾					
	Consolidated					
	0%	20%	50%	100%	150%	200%
Amount subject to credit risk						
Balance sheet items (net)	26.448.905	10.337.779	13.390.969	58.164.416	1.745.425	3.554.399
Cash	2.048.712	250	-	13.412	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.285.847	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	5.324.444	-	418.625	-	-
Interbank money market placements	55.432	-	-	-	-	-
Receivables from reverse repurchase transactions	84	3.802.457	-	-	-	-
Reserve requirements	5.834.091	-	-	-	-	-
Loans	3.157.127	1.146.196	12.969.860	50.883.772	1.745.425	3.554.399
Non-performing receivables (net)	-	-	-	807.391	-	-
Lease receivables	4.637	6.539	204.521	2.547.555	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.979.637	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	14.090	-	-
Miscellaneous receivables	390.293	530	-	1.092.210	-	-
Interest and income accruals	248.646	40.915	216.588	873.985	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	6.803	-	-
Fixed assets	-	-	-	1.060.973	-	-
Other assets	444.399	16.448	-	445.600	-	-
Off-balance sheet items	674.275	7.883.380	629.521	19.364.758	-	-
Non-cash loans and commitments	674.275	6.312.414	629.521	19.177.114	-	-
Derivative financial instruments	-	1.570.966	-	187.644	-	-
Non-risk weighted accounts	-	-	-	-	-	-
Total risk weighted assets ⁽²⁾	27.123.180	18.221.159	14.020.490	77.529.174	1.745.425	3.554.399

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

(2) Not weighted.

d. Summary information about capital adequacy ratio:

	The Parent Bank		Consolidated	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Amount subject to credit risk (ASCR)	94.031.268	85.132.603	97.910.586	89.918.261
Amount subject to market risk (ASMR)	3.384.500	3.299.213	3.858.400	3.779.300
Amount subject to operational risk (ASOR)	9.600.083	8.842.703	10.681.311	9.764.669
Shareholder's equity	15.543.266	14.294.439	16.206.573	15.393.036
Shareholder's equity/(ASCR+ASMR+ASOR)*100	14,52	14,69	14,41	14,88

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

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Notes to consolidated financial statements June 30, 2012 (continued)

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

Information related to financial position of the Group (continued)

e. Information about shareholders' equity items:

	June 30, 2012	December 31, 2011
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	359.847	266.973
First legal reserve (Turkish Commercial Code 466/1)	359.847	266.973
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	6.546.849	4.930.128
Reserves allocated by the general assembly	6.546.849	4.930.128
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	1.597.959	2.623.562
Current period profit (net)	833.341	2.284.704
Prior period profit	764.618	338.858
Provisions for possible risks (up to 25% of core capital)	167.200	151.960
Profit on disposal of associates, subsidiaries and immovables	294.532	146.641
Primary subordinated loans (up to 15% of core capital)	-	-
Minority interests	68.296	67.178
Portion of loss not covered with reserves (-)	-	-
Current period loss (net)	-	-
Prior period loss	-	-
Leasehold improvements (-)	80.012	94.353
Prepaid expenses (-) ⁽¹⁾	-	-
Intangible assets (-)	1.308.214	1.284.165
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
Total core capital	12.537.389	11.698.856

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

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Notes to consolidated financial statements June 30, 2012 (continued)

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

Information related to financial position of the Group (continued)

	June 30, 2012	December 31, 2011
Supplementary capital		
General provisions	1.231.947	1.052.268
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans ⁽²⁾	2.657.463	2.916.370
45% of marketable securities valuation differences	102.172	59.006
Investments in associates and subsidiaries	51.090	80.468
Available-for-sale financial assets	51.082	(21.462)
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)reserves, status reserves and extraordinary reserves)	-	-
Total supplementary capital	3.991.582	4.027.644
Tier III capital		
Capital	16.528.971	15.726.500
Deductions from the capital	322.398	333.464
Investments in Unconsolidated Financial Institutions (domestic, foreign) and Banks	-	4.503
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased From Them	-	-
Investments in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	196.761	203.590
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed According to Banking Law article 57 as They have been Held for More Than Five Years From the Acquisition Date.	8.709	8.900
Other	116.928	116.471
Total shareholders' equity	16.206.573	15.393.036

- (1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No.27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.
- (2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

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Notes to consolidated financial statements June 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:

The Parent Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio created according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Executive Committee as a result of its Asset and Liability Management function. The table below represents the details of market risk calculation as of June 30, 2012 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333, dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

a. Information on market risk:

	June 30, 2012	December 31, 2011
(I) Capital to be Employed for General Market Risk - Standard Method	141.758	202.880
(II) Capital to be Employed for Specific Risk -Standard Method	109.219	47.295
(III) Capital to be Employed for Currency Risk - Standard Method	56.066	49.829
(IV) Capital to be Employed for Commodity Risk - Standard method	798	1.534
(V) Capital to be employed for settlement risk - Standard method	-	-
(VI) Capital to be employed for market risk due to options-Standard method	831	806
(VII)Capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total Capital to be employed for market risk (I+II+III+IV+V+VI+VII)	308.672	302.344
(IX) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	3.858.400	3.779.300

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).

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Notes to consolidated financial statements June 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 Parent Bank keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. Notwithstanding, the internal exchange position limit is minimal when compared to the related legal limit, internal position limits are not exceeded during the period. As a tool of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied.

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

(Exchange rates presented as full TL)

	USD	EUR	Yen
Balance sheet evaluation rate	TL 1,76130	TL 2,21730	TL 0,02211
June 29, 2012 bid rate	TL 1,76990	TL 2,20250	TL 0,02226
June 28, 2012 bid rate	TL 1,75610	TL 2,19340	TL 0,02202
June 27, 2012 bid rate	TL 1,76580	TL 2,20650	TL 0,02220
June 26, 2012 bid rate	TL 1,76700	TL 2,20670	TL 0,02207
June 25, 2012 bid rate	TL 1,75290	TL 2,19860	TL 0,02178

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

USD : TL 1,77204

Euro : TL 2,21822

Yen : TL 0,02233

As of December 31, 2011;

	USD	EUR	Yen
Balance sheet evaluation rate	TL 1,84170	TL 2,38270	TL 0,02373

Information on currency risk of the Group:

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

(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 June 30, 2012 (continued)

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

Information related to financial position of the Group (continued)

	EURO	USD	Yen	Other FC	Total
June 30, 2012					
Assets					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	4.597.310	2.631.515	1.145	924.763	8.154.733
Banks	2.582.807	2.024.675	11.283	277.602	4.896.367
Financial assets at fair value through profit or loss	36.141	106.769	285	1.313	144.508
Money market placements	55.434	-	-	-	55.434
Available-for-sale financial assets	60.491	732.372	-	39.715	832.578
Loans ⁽¹⁾	8.124.334	18.170.910	185.693	826.670	27.307.607
Investments in associates, subsidiaries and joint ventures	-	-	-	178.105	178.105
Held-to-maturity investments	562.291	8.212.665	-	-	8.774.956
Hedging derivative financial assets	-	-	-	-	-
Tangible assets	1.007	-	-	22.333	23.340
Intangible assets	-	-	-	4.153	4.153
Other assets	2.137.096	1.683.315	835	124.752	3.945.998
Total assets	18.156.911	33.562.221	199.241	2.399.406	54.317.779
Liabilities					
Bank deposits	554.494	150.413	13	57.817	762.737
Foreign currency deposits	9.674.094	18.092.734	15.552	1.933.450	29.715.830
Funds from money market	457.948	5.940.024	-	-	6.397.972
Funds borrowed from other financial institutions	6.420.790	6.286.291	121.388	15.985	12.844.454
Marketable securities issued	842.335	1.886.672	-	1.488	2.730.495
Miscellaneous payables	319.399	347.251	90	12.201	678.941
Hedging derivative financial liabilities	82.034	404.238	-	-	486.272
Other liabilities	2.951.400	1.992.230	689	5.817	4.950.136
Total liabilities	21.302.494	35.099.853	137.732	2.026.758	58.566.837
Net on balance sheet position	(3.145.583)	(1.537.632)	61.509	372.648	(4.249.058)
Net off balance sheet position ⁽²⁾	3.086.119	1.299.507	(115.285)	(28.124)	4.242.217
Financial derivative assets	6.290.241	10.125.235	86.999	445.691	16.948.166
Financial derivative liabilities	3.204.122	8.825.728	202.284	473.815	12.705.949
Non-cash loans	5.338.419	10.699.314	294.950	198.425	16.531.108
December 31, 2011					
Total assets	17.210.270	33.171.768	131.989	2.440.892	52.954.919
Total liabilities	22.184.070	32.385.364	98.073	2.056.605	56.724.112
Net on-balance sheet position	(4.973.800)	786.404	33.916	384.287	(3.769.193)
Net off-balance sheet position	6.151.489	(2.580.679)	(33.673)	(11.875)	3.525.262
Financial derivative assets	7.405.899	7.682.168	32.234	343.688	15.463.989
Financial derivative liabilities	1.254.410	10.262.847	65.907	355.563	11.938.727
Non-cash loans	4.852.200	10.223.512	363.258	238.147	15.677.117

(1) Includes FX indexed loans amounting to TL 3.729.922 (December 31, 2011 - TL 3.920.053) which have been disclosed as TL in the financial statements.

(2) Foreign exchange commitments with future value dates amounting to TL 95.156 booked under commitments are not included

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

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

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

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

June 30, 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	10.051.492	10.051.492
Banks	2.986.534	586.664	434.103	267.062	-	1.488.106	5.762.469
Financial assets at fair value through profit/loss	143.721	135.131	210.525	69.447	40.783	47.348	646.955
Money market placements	3.860.170	-	-	-	-	-	3.860.170
Available-for-sale financial assets	645.773	1.124.468	2.973.226	1.060.517	2.224.123	17.412	8.045.539
Loans	11.346.034	7.903.087	18.314.908	21.296.051	13.281.711	1.607.345	73.749.146
Held-to-maturity investments	522.306	1.688.525	1.521.906	2.153.127	6.291.505	-	12.177.369
Other assets	1.280.044	736.388	1.074.412	1.624.366	192.769	5.011.673	9.919.652
Total assets	20.784.582	12.174.283	24.529.080	26.470.580	22.030.891	18.223.376	124.212.792
Liabilities							
Bank deposits	650.873	223.319	468.774	31.743	83.496	91.238	1.549.443
Other deposits	42.518.498	11.164.247	2.213.813	652.570	5.495	10.515.160	67.069.783
Funds from money market	447	5.316.941	2.902.616	-	-	-	8.220.004
Miscellaneous payables	40	-	-	-	-	5.284.243	5.284.283
Marketable securities issued	540.758	1.862.096	903.990	882.154	-	4.312	4.193.310
Funds borrowed from other financial institutions	1.230.136	3.555.354	6.067.746	2.639.266	583.511	-	14.076.013
Other liabilities and shareholders' equity	377.130	2.603.361	1.616.470	369.872	129.741	18.723.382	23.819.956
Total liabilities	45.317.882	24.725.318	14.173.409	4.575.605	802.243	34.618.335	124.212.792
Balance sheet long position	-	-	10.355.671	21.894.975	21.228.648	-	53.479.294
Balance sheet short position	(24.533.300)	(12.551.035)	-	-	-	(16.394.959)	(53.479.294)
Off-balance sheet long position	4.854.265	13.335.614	-	-	-	-	18.189.879
Off-balance sheet short position	-	-	(135.141)	(18.024.152)	(706.241)	-	(18.865.534)
Total position	(19.679.035)	784.579	10.220.530	3.870.823	20.522.407	(16.394.959)	(675.655)

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

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

b. Average interest rates for monetary financial instruments:

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

June 30, 2012 ⁽¹⁾	EURO	USD	Yen	TL
	%	%	%	%
Assets ⁽²⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,25	0,93	-	11,26
Financial assets at fair value through profit/loss	3,84	4,68	-	7,64
Money market placements	0,50	-	-	11,10
Available-for-sale financial assets	4,24	6,17	-	9,99
Loans	5,76	5,17	4,05	14,41
Held-to-maturity investments	5,26	6,70	-	11,38
Liabilities ⁽²⁾				
Bank deposits	2,20	-	-	12,17
Other deposits	3,83	3,81	0,30	11,34
Funds from money market	1,47	1,44	-	7,87
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	10,36
Funds borrowed from other financial institutions	2,59	3,58	2,16	10,62

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Notes to consolidated financial statements at June 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 ⁽¹⁾	EURO	USD	Yen	TL
Assets ⁽²⁾	%	%	%	%
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 ⁽²⁾	5,80	4,81	4,02	13,74
Held-to-maturity Investments	5,26	6,70	-	9,93
Liabilities ⁽²⁾				
Bank deposits	0,41	0,44	-	9,46
Other deposits	4,16	4,74	0,30	10,91
Funds from money market	2,45	1,95	-	6,25
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	10,40
Funds borrowed from other financial institutions	3,09	2,42	2,21	10,21

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 ^{(1) (2)}	Total
June 30, 2012								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	4.217.401	5.834.091	-	-	-	-	-	10.051.492
Banks	1.488.106	2.739.362	586.664	670.854	277.483	-	-	5.762.469
Financial assets at fair value through profit or loss	43.175	117.810	121.610	204.103	63.299	92.785	4.173	646.955
Money market placements	-	3.860.170	-	-	-	-	-	3.860.170
Available-for-sale financial assets	74.945	8.438	110.809	1.383.087	2.057.069	4.393.779	17.412	8.045.539
Loans	-	11.731.582	7.867.716	18.638.387	21.422.359	13.281.711	807.391	73.749.146
Held-to-maturity Investments	-	98.661	89.981	499.575	4.175.317	7.313.835	-	12.177.369
Other assets ⁽¹⁾	671.176	2.117.721	804.871	1.268.277	1.783.151	194.037	3.080.419	9.919.652
Total assets	6.494.803	26.507.835	9.581.651	22.664.283	29.778.678	25.276.147	3.909.395	124.212.792
Liabilities								
Bank deposits	91.238	650.873	223.319	468.774	31.743	83.496	-	1.549.443
Other deposits	10.515.160	42.239.478	11.164.225	2.492.855	652.570	5.495	-	67.069.783
Funds borrowed from other financial institutions	-	1.181.924	717.259	7.386.929	3.681.367	1.108.534	-	14.076.013
Funds from money market	-	1.210.026	4.313.522	2.696.456	-	-	-	8.220.004
Marketable securities issued	4.312	423.745	5.785	1.329.558	2.298.415	131.495	-	4.193.310
Miscellaneous payables	555.323	4.514.193	40.281	79.218	7.591	81	87.596	5.284.283
Other liabilities ⁽²⁾	1.424.153	331.759	320.338	998.250	4.493.879	1.598.921	14.652.656	23.819.956
Total liabilities	12.590.186	50.551.998	16.784.729	15.452.040	11.165.565	2.928.022	14.740.252	124.212.792
Net liquidity gap	(6.095.383)	(24.044.163)	(7.203.078)	7.212.243	18.613.113	22.348.125	(10.830.857)	-
December 31, 2011								
Total assets	8.800.029	20.271.069	7.646.772	19.435.121	30.964.178	26.505.875	3.827.087	117.450.131
Total liabilities	13.264.260	47.158.808	16.145.014	15.457.901	9.726.194	2.422.734	13.275.220	117.450.131
Net liquidity gap	(4.464.231)	(26.887.739)	(8.498.242)	3.977.220	21.237.984	24.083.141	(9.448.133)	-

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

Yapı ve Kredi Bankası A.Ş.

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

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

Information related to financial position of the Group (continued)

VI. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of June 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 June 30, 2012 and December 31, 2011 of these hedging instruments are presented in the table below:

	June 30, 2012			December 31, 2011		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Hedging instrument						
Interest rate swap	17.716.163	-	602.255	16.218.598	7.588	483.882
Cross currency interest rate swap	2.509.758	167.782	67.578	2.782.807	369.747	18.959
Total	20.225.921	167.782	669.833	19.001.405	377.335	502.841

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 20.638.471 (December 31, 2011 – TL 19.642.646) the total notional of derivative financial assets amounting to TL 40.864.392 (December 31, 2011 – TL 38.644.051 –) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

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 fundings 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;

June 30, 2012						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	109.031	167.782	67.578	1.827

- (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 2.103.

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

- (1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
- (2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
- (3) The ineffective portion of the mentioned hedging transaction is TL 4.426.

At the inception date, the Parent Bank documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with TAS 39 and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. 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 (amortised 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:

June 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 ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	-	602.255	(422.006)	(113.476)

- (1) Includes deferred tax impact.
- (2) Includes tax and foreign exchange differences.
- (3) The ineffective portion of the mentioned hedging transaction is TL1.667.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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					
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾
			Asset	Liability	
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	7.588	483.882	(308.530)
					(206.702)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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

The effectiveness tests are performed on a monthly basis. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80-125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. 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 June 30, 2012 is EUR 241 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 81.140 (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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, works for 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.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

June 30, 2012	Retail banking	Corporate and commercial banking	Private banking and wealth management	Foreign operations	Other ⁽¹⁾	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue	1.363.102	941.251	125.300	82.906	789.649	(67.112)	3.235.096
Operating expenses	(1.075.578)	(236.325)	(59.418)	(31.424)	(761.961)	25.658	(2.139.048)
Net operating income	287.524	704.926	65.882	51.482	27.688	(41.454)	1.096.048
Dividend income ⁽³⁾					1.647		1.647
Income/Loss from Investments accounted based on equity method					7.025		7.025
Profit before tax	287.524	704.926	65.882	51.482	36.360	(41.454)	1.104.720
Tax provision ⁽³⁾	-	-	-	-	(266.306)		(266.306)
Net Profit	287.524	704.926	65.882	51.482	(229.946)	(41.454)	838.414
Minority interest					(5.073)		(5.073)
Group income/loss	287.524	704.926	65.882	51.482	(235.019)	(41.454)	833.341
Segment assets ⁽⁴⁾	34.590.637	35.959.578	1.990.235	4.888.434	49.004.850	(2.424.506)	124.009.228
Investments in associates, subsidiaries and joint ventures					203.564		203.564
Total assets	34.590.637	35.959.578	1.990.235	4.888.434	49.208.414	(2.424.506)	124.212.792
Segment liabilities ⁽⁴⁾	27.884.568	26.267.459	18.863.157	4.082.376	36.051.106	(2.418.193)	110.730.473
Shareholders' equity					13.482.319		13.482.319
Total liabilities	27.884.568	26.267.459	18.863.157	4.082.376	49.533.425	(2.418.193)	124.212.792

- (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 assets and liabilities balances are prepared according to Management Information Systems ("MIS") data.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 ⁽¹⁾	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue ⁽⁴⁾	1.230.626	734.909	140.991	66.143	997.602	34.222	3.204.493
Operating costs ⁽⁴⁾	(686.484)	(221.232)	(56.833)	(41.708)	(877.142)	34.036	(1.849.363)
Net operating profit	544.142	513.677	84.158	24.435	120.460	68.258	1.355.130
Dividend income ⁽³⁾⁽⁴⁾					5.891		5.891
Income/Loss from investments accounted based on equity method					7.904		7.904
Income before tax	544.142	513.677	84.158	24.435	134.255	68.258	1.368.925
Tax provision ⁽³⁾⁽⁴⁾					(268.205)		(268.205)
Net profit⁽⁴⁾	544.142	513.677	84.158	24.435	(133.950)	68.258	1.100.720
Minority interest ⁽⁻⁾					(2.261)		(2.261)
Group income/loss⁽⁴⁾	544.142	513.677	84.158	24.435	(136.211)	68.258	1.098.459
Segment assets ⁽⁵⁾	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
Total assets	31.022.708	37.482.434	1.650.498	5.068.889	44.471.275	(2.245.673)	117.450.131
Segment liabilities ⁽⁵⁾	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
Total liabilities	25.921.556	26.691.404	16.735.360	4.250.605	46.092.497	(2.241.291)	117.450.131

- (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 June 30, 2011.
- (5) Segment assets and liabilities figures are prepared according to Management Information Systems ("MIS") data.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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"):

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Cash	981.333	310.971	781.556	251.463
The CBRT ⁽¹⁾	915.426	7.204.513	3.870.730	4.850.192
Other	-	639.249	-	327.762
Total	1.896.759	8.154.733	4.652.286	5.429.417

- (1) The balance of gold amounting to TL 818.075 is accounted for under the Central Bank foreign currency account as of June 30, 2012.

2. Information on the account of the CBRT:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	915.426	1.370.422	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	5.834.091	-	3.439.176
Total	915.426	7.204.513	3.870.730	4.850.192

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

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

As of June 30, 2012, the Group's reserve deposits, including those at foreign banks, amount to TL 8.696.898 (December 31, 2011 - TL 8.986.633).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

- As of June 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 46.171 (December 31, 2011 - TL 57.144).

- Positive differences related to trading derivative financial assets:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	110.069	3.955	107.654	5.973
Swap transactions ⁽¹⁾	119.372	89.866	34.541	65.637
Futures transactions	-	-	-	-
Options	9.605	37.680	46.405	14.408
Other	-	-	-	-
Total	239.046	131.501	188.600	86.018

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

c. Information on banks:

- Information on banks:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Banks	866.102	4.896.367	268.424	3.160.100
Domestic	741.933	2.005.595	221.993	1.355.011
Foreign ⁽¹⁾	124.169	2.890.772	46.431	1.805.089
Head quarters and branches abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	866.102	4.896.367	268.424	3.160.100

(1) As of June 30, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 138.728.

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

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

As of June 30, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 555.349 (December 31, 2011 - TL 555.400) and available for sale financial assets subject to repo transactions amount to TL 1.348.983 (December 31, 2011 - TL 705.903).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	December 31, 2011
Debt securities	7.957.215	8.046.603
Quoted in stock exchange ⁽¹⁾	6.392.068	6.376.457
Not quoted ⁽²⁾	1.565.147	1.670.146
Share certificates	62.714	64.717
Quoted in stock exchange	162	140
Not quoted	62.552	64.577
Impairment provision (-) ⁽²⁾	(49.335)	(187.463)
Other ⁽³⁾	74.945	87.419
Total	8.045.539	8.011.276

(1) Includes credit linked notes amounting to TL 866.224 (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 June 30, 2012, other available-for-sale financial assets include mutual funds amounting to TL 74.945 (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:

	June 30, 2012		December 31, 2011	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	7.652	297.703	4.576	230.061
Loans granted to employees	99.075	71	96.504	71
Total	106.727	297.774	101.080	230.132

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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	Loans and other receivables	Standard loans and other receivables		Loans and other receivables under close monitoring	
		Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled	
Non-specialised loans	70.996.708	-	1.848.485	96.562	
Discount and purchase notes	1.045.592	-	8.802	-	
Export loans	3.823.206	-	124.176	-	
Import loans	-	-	-	-	
Loans granted to financial sector	1.725.327	-	-	-	
Foreign loans	1.943.382	-	6.705	-	
Consumer loans	13.473.311	-	651.623	1.475	
Credit cards	11.762.600	-	290.451	11.080	
Precious metal loans	343.986	-	-	-	
Other ⁽¹⁾	36.879.304	-	766.728	84.007	
Specialised loans	-	-	-	-	
Other receivables	-	-	-	-	
Total	70.996.708	-	1.848.485	96.562	

- (1) As explained in the Note VI of Section IV, TL 109.031 of fair value difference of hedged items is classified under other loans.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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
Consumer loans-TL	121.550	13.495.778	13.617.328
Real estate loans	4.218	6.485.384	6.489.602
Automotive loans	6.879	1.165.460	1.172.339
Consumer loans	1.318	42.476	43.794
Other	109.135	5.802.458	5.911.593
Consumer loans-FC indexed	-	140.983	140.983
Real estate loans	-	137.087	137.087
Automotive loans	-	145	145
Consumer loans	-	2.826	2.826
Other	-	925	925
Consumer loans-FC	11.963	83.673	95.636
Real estate loans	36	81	117
Automotive loans	2.524	12.582	15.106
Consumer loans	4.562	53.992	58.554
Other	4.841	17.018	21.859
Individual credit cards-TL	10.695.894	271.308	10.967.202
With installments	6.177.079	265.755	6.442.834
Without installments	4.518.815	5.553	4.524.368
Individual credit cards-FC	78	1.515	1.593
With installments	78	1.515	1.593
Without installments	-	-	-
Personnel loans-TL	3.907	38.440	42.347
Real estate loans	-	989	989
Automotive loans	-	1.028	1.028
Consumer loans	-	-	-
Other	3.907	36.423	40.330
Personnel loans-FC indexed	-	4	4
Real estate loans	-	4	4
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	190	228	418
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	190	228	418
Personnel credit cards-TL	54.866	467	55.333
With installments	33.269	467	33.736
Without installments	21.597	-	21.597
Personnel credit cards-FC	1	69	70
With installments	1	69	70
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	229.545	-	229.545
Credit deposit account-FC (real person)	148	-	148
Total	11.118.142	14.032.465	25.150.607

(1) TL 903 of the credit deposit account belongs to the loans used by personnel.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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
Commercial installments loans-TL	953.817	5.286.074	6.239.891
Business loans	1.768	283.566	285.334
Automotive loans	36.597	1.812.026	1.848.623
Consumer loans	-	35	35
Other	915.452	3.190.447	4.105.899
Commercial installments loans-FC indexed	28.053	438.162	466.215
Business loans	-	24.552	24.552
Automotive loans	1.473	87.597	89.070
Consumer loans	-	-	-
Other	26.580	326.013	352.593
Commercial installments loans-FC	1.398.275	710.483	2.108.758
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	123.620	55.641	179.261
Other	1.274.655	654.842	1.929.497
Corporate credit cards-TL	1.038.487	1.446	1.039.933
With installment	555.915	1.446	557.361
Without installment	482.572	-	482.572
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	759.568	-	759.568
Credit deposit account-FC (legal person)	19.044	-	19.044
Total	4.197.244	6.436.165	10.633.409

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

	June 30, 2012	December 31, 2011
Domestic loans	70.991.668	67.117.882
Foreign loans	1.950.087	2.208.135
Total	72.941.755	69.326.017

6. Loans granted to associates and subsidiaries:

	June 30, 2012	December 31, 2011
Direct loans granted to associates and subsidiaries	35.259	15.079
Indirect loans granted to associates and subsidiaries	-	-
Total	35.259	15.079

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	December 31, 2011
Loans and other receivables with limited collectability	74.076	75.878
Loans and other receivables with doubtful collectability	305.207	201.954
Uncollectible loans and other receivables	1.266.469	1.115.389
Total	1.645.752	1.393.221

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
June 30, 2012			
(Gross amounts before specific reserves)	45.327	141.077	62.455
Restructured loans and other receivables	45.327	141.077	62.455
Rescheduled loans and other receivables	-	-	-
December 31, 2011			
(Gross amounts before specific reserves)	116.892	32.509	82.818
Restructured loans and other receivables	116.892	32.509	82.818
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
December 31, 2011	501.821	355.670	1.280.627
Additions (+)	999.502	34.048	38.696
Transfers from other categories of non- performing loans (+)	-	806.569	438.705
Transfer to other categories of non-performing loans (-)	(806.569)	(438.705)	-
Collections (-)	(278.364)	(115.135)	(360.505)
FX valuation differences	(805)	(247)	(2.165)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
June 30, 2012	415.585	642.200	1.395.358
Specific provision (-)	(74.076)	(305.207)	(1.266.469)
Net balance on balance sheet	341.509	336.993	128.889

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
June 30, 2012			
Period end balance	312	87.745	261.632
Specific provision (-)	(161)	(28.266)	(176.571)
Net balance on-balance sheet	151	59.479	85.061
December 31, 2011			
Period end balance	135.453	50.685	116.380
Specific provision (-)	(18.886)	(12.745)	(94.417)
Net balance on-balance sheet	116.567	37.940	21.963

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
June 30, 2012 (net)	341.509	336.993	128.889
Loans granted to real persons and corporate entities (gross)	415.585	642.200	1.286.774
Specific provision amount (-)	(74.076)	(305.207)	(1.157.885)
Loans granted to real persons and corporate entities (net)	341.509	336.993	128.889
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)	-	-	-
December 31, 2011 (net)	425.943	153.716	165.238
Loans granted to real persons and corporate entities (gross)	501.821	331.082	1.196.631
Specific provision amount (-)	(75.878)	(177.366)	(1.031.393)
Loans granted to real persons and corporate entities (Net)	425.943	153.716	165.238
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-

Yapı ve Kredi Bankası A.Ş.

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

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

Explanations and notes related to consolidated financial statements (continued)

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

Number of restructuring ⁽¹⁾	Balance						Total
	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 - 5 years	Over 5 years	
1	16.497	38.079	72.675	150.848	1.342.005	10.570	1.630.674
2	12.969	5.572	24.914	38.420	206.212	744	288.831
3 and over	17.414	17.082	35.899	17.055	50.202	170	137.822
Total Amount	46.880	60.733	133.488	206.323	1.598.419	11.484	2.057.327

- (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.

f. Information on held-to-maturity investments:

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

	June 30, 2012	December 31, 2011
Government bond	12.177.369	12.710.622
Treasury bill	-	-
Other debt securities	-	-
Total	12.177.369	12.710.622

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

	June 30, 2012	December 31, 2011
Debt securities	12.282.012	12.853.755
Quoted on stock exchange	12.282.012	12.853.755
Not quoted	-	-
Impairment provision (-) ^{(1) (2)}	(104.643)	(143.133)
Total	12.177.369	12.710.622

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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. Movement of held-to-maturity investments within the period:

	June 30, 2012	December 31, 2011
Beginning balance	12.710.622	12.974.944
Foreign currency differences on monetary assets ⁽¹⁾	(439.311)	1.738.227
Purchases during year	4.557	563.716
Disposals through sales and redemptions	(89.479)	(2.501.567)
Impairment provision (-) ⁽²⁾	(9.020)	(64.698)
Period end balance	12.177.369	12.710.622

(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.

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

As of June 30, 2012, held-to-maturity investments given as collateral/blocked amount to TL 2.472.684 (December 31, 2011 - TL 2.760.106). Held-to-maturity investments subject to repo transactions amount to TL 7.015.122 (December 31, 2011 - TL 6.467.221).

g. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu ⁽¹⁾	İstanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	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	48.139	42.147	3.032	328	-	7.881	4.175	-
2	25.106	20.942	10.754	249	-	2.458	1.589	25.106

(1) Financial statement information disclosed above shows March 31, 2012 results.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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	4.498.601	603.938	6.098	44.840	7.980	32.209	35.082	-

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

	June 30, 2012	December 31, 2011
Balance at the beginning of the period	183.940	71.906
Movements during the period	(5.835)	112.034
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	8.020	17.035
Sales	-	-
Revaluation (decrease)/increase ⁽¹⁾⁽²⁾	(13.855)	94.999
Impairment provision	-	-
Balance at the end of the period	178.105	183.940
Capital commitments	-	-
Share holding percentage at the end of the period (%)	30,67	30,67

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

(2) Includes the effect of updating equity pick-up by an amount of TL 57.469 (in accordance with TAS and TFRS) based on financial statements prepared in accordance with International Financial Reporting Standards that were made in 2011.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	December 31, 2011
Banks	178.105	183.940
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	178.105	183.940

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

h. Information on subsidiaries (net):

1. Unconsolidated subsidiaries:

1(i). Information on unconsolidated subsidiaries:

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

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş. ⁽¹⁾	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	14.508	11.778	325	40	-	885	1.072	-
2	36.945	23.599	3.935	418	-	281	218	-

(1) Financial statement information disclosed above shows March 31, 2012 results.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

Description	Address (City/ Country)	The Parent Bank's shareholding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1 Yapı Kredi Holding B.V.	Amsterdam/Netherlands	100,00	100,00
2 Yapı Kredi Menkul	Istanbul/Turkey	99,98	99,99
3 Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4 Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5 Yapı Kredi Sigorta A.Ş. ⁽³⁾	Istanbul/Turkey	74,01	93,94
6 Yapı Kredi Leasing ⁽⁴⁾	Istanbul/Turkey	98,98	99,72
7 Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ⁽⁵⁾	Istanbul/Turkey	11,09	56,07
8 Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
9 Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
10 Yapı Kredi Bank NV ⁽¹⁾	Amsterdam/Netherlands	67,24	100,00
11 Yapı Kredi Azerbaijan ⁽²⁾	Baku/Azerbaijan	99,80	100,00

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

(1) Includes the balances for Sticking Custody Services YKB.

(2) Includes the balances for Yapı Kredi Invest LLC.

(3) On June 27, 2012 the Parent Bank has decided to consider the alternatives to dispose the shares of Yapı Kredi Sigorta A.Ş. to reorganize its operations in insurance business and to start working on agreements for long-term maturity bank insurance.

(4) The Parent Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 1,382,401 for a share call price of full TL 5,02 per share in accordance with the ongoing delisting process of Yapı Kredi Finansal Kiralama A.O. As a result of these transactions, the Parent Bank's equity stake in Yapı Kredi Finansal Kiralama A.O. increased to 98.98%.

(5) The Parent Bank, has started to work on sale of its shares in Yapı Kredi B Tipi Yatırım Ortaklığı with a nominal value of TL 3.485.661 in the issued share capital of TL 31.425.000 and within the framework of confidentiality agreements it has been decided to start the correspondences.

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

Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value ⁽²⁾
1 100.830	100.745	-	-	-	(11)	(259)	-
2 1.696.515	279.428	5.653	39.794	2.260	55.817	69.213	-
3 1.841.713	92.946	507	80.714	-	3.601	19.899	-
4 340.785	107.011	8.826	10.842	1.117	6.227	5.069	-
5 1.116.504	346.096	22.519	22.219	11.966	39.010	35.388	1.412.000
6 3.296.728	940.861	3.895	116.749	-	62.919	69.543	1.150.513
7 83.799	81.929	37	1.486	(538)	4.817	(1.956)	69.764
8 810.547	148.735	21.083	13.055	7.730	31.401	16.561	-
9 57.359	51.025	774	3.274	19	10.083	22.554	-
10 4.038.949	520.527	1.007	95.558	5.084	26.958	9.414	-
11 466.105	136.009	17.661	19.075	294	6.000	5.942	-

(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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 June 30, 2012.

2 (iii). Movement schedule of consolidated subsidiaries:

	June 30, 2012	December 31, 2011
Balance at the beginning of the period⁽⁴⁾	2.795.249	2.890.337
Movements during the period	340.877	(95.088)
Purchases ⁽¹⁾	2.650	-
Transfers	-	-
Bonus shares obtained ^{(2) (3)}	19.462	11.382
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase ⁽⁴⁾	318.765	(106.470)
Impairment provision	-	-
Balance at the end of the period	3.136.126	2.795.249
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

- (1) Yapı Kredi Leasing has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank has decided to purchase the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares.
- (2) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012; it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011.
- (3) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by 6.499 thousand AZN from the profit of 2010.
- (4) Subsidiaries for which the fair value can be determined reliably are measured with their fair market values starting from June 30, 2012 with retrospective application

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

Financial Subsidiaries	June 30, 2012	December 31, 2011
Banks	316.981	297.519
Insurance companies	1.045.022	728.259
Factoring companies	183.325	183.325
Leasing companies	1.138.779	1.136.774
Finance companies	-	-
Other financial subsidiaries	449.719	447.072
Total financial subsidiaries	3.133.826	2.792.949

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	December 31, 2011
Quoted on domestic stock exchanges	2.191.536	1.870.121
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	2.191.536	1.870.121

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	81.106	24.741	110	14.627	16.310
Total	30,45	30,45	81.106	24.741	110	14.627	16.310

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

j. Information on lease receivables (net):

1) Breakdown according to maturities:

	June 30, 2012		December 31, 2011	
	Gross	Net	Gross	Net
Less than 1 year	1.134.057	924.289	1.093.526	893.073
Between 1- 4 years	1.694.580	1.459.842	1.690.542	1.443.695
More than 4 years	460.665	411.237	514.777	457.715
Total	3.289.302	2.795.368	3.298.845	2.794.483

2) Information for net investments in finance leases:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Gross lease receivables	803.565	2.485.737	655.326	2.643.519
Unearned financial income from leases (-)	(143.843)	(350.091)	(114.848)	(389.514)
Amount of cancelled leases (-)	-	-	-	-
Total	659.722	2.135.646	540.478	2.254.005

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 hedging derivative financial assets:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	167.782	-	369.747	-
Cash flow hedge ⁽¹⁾	-	-	7.226	362
Foreign net investment hedge	-	-	-	-
Total	167.782	-	376.973	362

(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:

	June 30, 2012	December 31, 2011
Net book value at the beginning of the period	103.572	82.416
Additions	36.273	64.432
Disposals (-), net	(10.983)	(42.028)
Impairment provision reversal	102	1.380
Impairment provision (-)	(110)	(238)
Depreciation (-)	(1.971)	(2.390)
Net book value at the end of the period	126.883	103.572
Cost at the end of the period	136.034	110.958
Accumulated depreciation at the end of the period (-)	(9.151)	(7.386)
Net book value at the end of the period	126.883	103.572

As of June 30, 2012, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 9.799 (December 31, 2011 - TL 9.791).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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). June 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	1.975.758	11.310	1.052.330	19.707.157	539.790	146.429	664.081	24.096.855
Foreign currency deposits	4.392.594	158.381	3.745.638	16.367.151	1.114.350	655.926	1.929.797	28.363.837
Residents in Turkey	3.757.223	35.361	3.586.999	14.668.474	609.866	252.296	963.918	23.874.137
Residents abroad	635.371	123.020	158.639	1.698.677	504.484	403.630	965.879	4.489.700
Public sector deposits	228.905	-	393	12.470	1.208	-	31	243.007
Commercial deposits	2.984.724	5.200	1.996.248	5.918.593	446.428	80.861	260.301	11.692.355
Other institutions deposits	43.134	-	15.799	549.111	668.709	410	44.573	1.321.736
Precious metals vault	890.045	-	11.577	174.302	71.365	134.382	70.322	1.351.993
Bank deposits	91.238	68.529	394.845	311.925	411.608	146.576	124.722	1.549.443
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	2.471	-	215.337	252.586	87.305	38.243	26.442	622.384
Foreign banks	65.146	68.529	179.508	59.339	324.303	108.333	98.280	903.438
Participation banks	23.621	-	-	-	-	-	-	23.621
Other	-	-	-	-	-	-	-	-
Total	10.606.398	243.420	7.216.830	43.040.709	3.253.458	1.164.584	3.093.827	68.619.226

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	-	-	-	-	-	-	-	-
Total	11.027.322	216.577	7.187.968	37.522.753	6.085.769	965.431	3.180.730	66.186.550

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 (Represents information regarding the Parent Bank):

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Saving deposits				
Saving deposits	8.917.858	8.534.672	15.109.466	12.736.461
Foreign currency savings deposit	2.207.863	2.751.032	8.106.298	7.640.970
Other deposits in the form of savings deposits	585.822	607.610	636.690	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 (Represents information regarding the Parent Bank):

	June 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	62.232	37.005
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	7.176	9.026

b. Information on trading derivative financial liabilities:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	141.672	7.239	94.915	8.414
Swap transactions ⁽¹⁾	178.746	78.829	285.853	91.283
Futures transactions	-	-	-	17
Options	19.427	44.961	29.149	30.708
Other	-	-	-	-
Total	339.845	131.029	409.917	130.422

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	732.477	244.877	713.873	394.273
From foreign banks, institutions and funds	499.082	12.599.577	653.211	12.921.545
Total	1.231.559	12.844.454	1.367.084	13.315.818

2. Information on maturity structure of borrowings:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Short-term	637.138	4.977.440	915.891	6.938.501
Medium and long-term	594.421	7.867.014	451.193	6.377.317
Total	1.231.559	12.844.454	1.367.084	13.315.818

d. Information on marketable securities issued

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Bills	1.021.984	6.614	951.004	5.582
Asset backed securities	-	1.827.893	-	2.147.781
Bonds	440.831	895.988	144.350	-
Toplam	1.462.815	2.730.495	1.095.354	2.153.363

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 335 million and EUR 173 million, the equivalent of TL 974.680 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 196.633 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 853.213 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 June 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 at June 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:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	67.578	-	18.959	-
Cash flow hedge ⁽¹⁾	115.983	486.272	43.693	440.189
Foreign net investment hedge	-	-	-	-
Total	183.561	486.272	62.652	440.189

(1) Explained in Note VI of Section IV.

h. Information on provisions:

1. Information on general provisions:

	June 30, 2012	December 31, 2011
Provisions for Group I loans and receivables	916.812	783.800
Provisions for Group II loans and receivables	70.201	73.036
Provisions for non cash loans	68.851	67.095
Other	176.083	128.337
Total	1.231.947	1.052.268

In accordance with the amendment of "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for these Loans and Other Receivables" published in the official Gazette No 27947 dated May 28, 2011 and No.28158 dated December 30, 2011, the Parent Bank provided TL 80.503 of additional general provision for the loans whose payment plans are extended. Such loans are explained in note I.e.9 section V.

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 at June 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:

	June 30, 2012	December 31, 2011
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:

	June 30, 2012	December 31, 2011
Prior period ending balance	113.983	101.701
Changes during the period	23.866	36.817
Paid during the period	(15.627)	(25.063)
Foreign currency differences	(291)	528
Balance at the end of the period	121.931	113.983

In addition, the Group has accounted for unused vacation rights provision amounting to TL 104.970 as of June 30, 2012 (December 31, 2011 - TL 92.358).

3. Other provisions:

	June 30, 2012	December 31, 2011
Pension fund provision	796.986	775.286
Non-cash loan provision	82.523	108.232
Provision for possible risks ⁽¹⁾	118.475	108.432
Provisions on credit cards and promotion campaigns related to banking services	39.291	33.905
Legal risk provision ⁽¹⁾	48.725	43.528
Provision on export commitment estimated tax and funds liability	37.597	37.251
Other	92.805	115.768
Total	1.216.402	1.222.402

(1) Refers to provisions for possible losses.

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

As of June 30, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 80.313 (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 taxes payable:

(i) Information on taxes payable:

	June 30, 2012	December 31, 2011
Corporate Tax Payable	205.929	112.576
Taxation of Marketable Securities	85.118	71.281
Property Tax	1.741	1.489
Banking Insurance Transaction Tax ("BITT")	58.419	56.607
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.197	3.759
Other	38.634	24.848
Total	392.038	270.560

(ii) Information on premium payables:

	June 30, 2012	December 31, 2011
Social security premiums - employee	2.092	1.864
Social security premiums - employer	2.449	2.196
Bank pension fund premiums - employee	8.762	8.097
Bank pension fund premiums - employer	9.137	8.471
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	775	710
Unemployment insurance - employer	1.552	1.427
Other	-	-
Total	24.767	22.765

(iii) Information on deferred tax liability:

There is a deferred tax liability of TL 43 (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 at June 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:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	3.384.577	-	2.523.816
From other foreign institutions	-	-	-	-
Total	-	3.384.577	-	2.523.816

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 June 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the 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.

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 at June 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

	June 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 marketable securities valuation differences:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	19.888	21.428	(112.200)	2.195
Foreign currency difference ⁽¹⁾	187.266	(1.533)	226.215	14.914
Total	207.154	19.895	114.015	17.109

(1) Includes current period foreign currency differences.

l. Information on minority interest:

	June 30, 2012	June 30, 2011
Period opening balance	67.178	63.095
Current period income/(loss)	5.073	2.261
Dividends paid	(3.069)	(1.808)
Translation differences	305	(316)
Transactions with minority	(1.191)	-
Period ending balance	68.296	63.232

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	December 31, 2011
Commitments on credit card limits	15.217.432	13.713.682
Loan granting commitments	5.447.252	5.160.785
Commitments for cheques	5.419.202	4.220.740
Other irrevocable commitments	12.746.918	7.551.981
Total	38.830.804	30.647.188

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 68.851 (December 31, 2011 - TL 67.095) and a specific provision regarding non-cash loans amounting to TL 82.523 (December 31, 2011 - TL 108.232).

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

	June 30, 2012	December 31, 2011
Bank acceptance loans	128.630	158.915
Letter of credits	5.123.574	5.006.984
Other guarantees and collaterals	2.163.068	2.391.897
Total	7.415.272	7.557.796

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

	June 30, 2012	December 31, 2011
Temporary letter of guarantees	1.953.133	1.789.616
Definite letter of guarantees	14.124.301	13.020.400
Advance letter of guarantees	2.653.838	2.476.742
Letter of guarantees given to customs	1.053.051	1.048.085
Other letter of guarantees	656.525	479.870
Total	20.440.848	18.814.713

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	December 31, 2011
Non-cash loans given against cash loans	520.327	342.946
With original maturity of 1 year or less than 1 year	84.018	32.580
With original maturity of more than 1 year	436.309	310.366
Other non-cash loans	27.335.793	26.029.563
Total	27.856.120	26.372.509

b. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 48.725 (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	1.703.569	149.676	1.042.258	90.110
Medium/long-term loans ⁽¹⁾	1.313.684	526.627	943.920	428.737
Interest on loans under follow-up	44.027	12	49.512	93
Premiums received from resource utilisation support fund	-	-	-	-
Total	3.061.280	676.315	2.035.690	518.940

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

2. Information on interest income on banks:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	26.350	12.235	25.757	11.544
From foreign banks	825	10.657	1.489	12.139
Headquarters and branches abroad	-	-	-	-
Total	27.175	22.892	27.246	23.683

3. Information on interest income on marketable securities:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
From trading financial assets	11.477	1.213	13.550	743
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	327.496	24.723	248.591	33.006
From held-to-maturity investments	172.015	289.065	181.513	269.514
Total	510.988	315.001	443.654	303.263

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

	June 30, 2012	June 30, 2011
Interests received from associates and subsidiaries	589	558

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
Banks	58.620	248.849	78.152	166.541
The CBRT	-	-	-	-
Domestic banks	23.381	7.607	18.103	5.598
Foreign banks	35.239	241.242	60.049	160.943
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	105
Total⁽¹⁾	58.620	248.849	78.152	166.646

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	June 30, 2012	June 30, 2011
Interests paid to associates and subsidiaries	203	263

3. Information on interest expense to marketable securities issued:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
Interest on securities issued	73.663	43.850	4.528	9.796
Total	73.663	43.850	4.528	9.796

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	June 30, 2012
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposit	105	942	1.493	1.206	527	167	-	4.440	6.999
Saving deposit	1	42.573	911.482	42.271	10.971	41.880	-	1.049.178	668.461
Public sector deposit	-	15	42	60	1	1	-	119	1.247
Commercial deposit	14	41.559	346.449	59.628	7.094	13.652	-	468.396	355.662
Other deposit	-	2.256	37.503	27.437	422	2.104	-	69.722	43.163
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	120	87.345	1.296.969	130.602	19.015	57.804	-	1.591.855	1.075.532
FC									
Foreign currency deposit	1.006	96.577	279.969	31.920	10.833	28.906	2.117	451.328	300.458
Bank deposit	142	9.094	6.134	1.534	2.342	2.222	-	21.468	17.923
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	824	357	52	63	26	-	1.322	324
Total	1.148	106.495	286.460	33.506	13.238	31.154	2.117	474.118	318.705
Grand total	1.268	193.840	1.583.429	164.108	32.253	88.958	2.117	2.065.973	1.394.237

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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):

	June 30, 2012	June 30, 2011
Gain	22.788.179	9.687.899
Gain from capital market transactions	60.882	24.815
Derivative financial transactions gains	8.970.985	6.823.261
Foreign exchange gains	13.756.312	2.839.823
Loss(-)	(22.864.189)	(9.660.116)
Loss from capital market transactions	(6.379)	(15.580)
Derivative financial transactions losses	(9.648.607)	(7.002.106)
Foreign exchange loss	(13.209.203)	(2.642.430)
Net gain/loss	(76.010)	27.783

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

Net loss from foreign exchange rates related to derivative financial transactions is TL 462.739 (June 30, 2011 - TL 148.696 loss).

e. Information on other operating income:

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

f. Provision for impairment of loans and other receivables:

	June 30, 2012	June 30, 2011
Specific provisions for loans and other receivables	329.369	295.854
III. Group loans and receivables	19.711	131.890
IV. Group loans and receivables	106.290	19.868
V. Group loans and receivables	203.368	144.096
General provision expenses	197.392	105.771
Provision expense for possible risks	14.492	12.616
Marketable securities impairment expenses	1.722	1.690
Financial assets at fair value through profit or loss	-	1.456
Available-for-sale financial assets	1.722	234
Impairment of investments in associates, subsidiaries and held-to-maturity securities	9.020	34.047
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	9.020	34.047
Other	794	639
Total	552.789	450.617

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

	June 30, 2012	June 30, 2011
Personnel expenses	694.570	644.089
Reserve for employee termination benefits	8.341	6.279
Provision expense for pension fund	21.700	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	80.595	74.819
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	34.174	28.712
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	110	119
Depreciation expenses of assets held for resale	1.971	1.140
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	477.233	431.069
Operational lease expenses	72.141	62.398
Repair and maintenance expenses	24.635	12.852
Advertising expenses	41.679	32.893
Other expense	338.778	322.926
Loss on sales of assets	31	431
Other	267.534	212.088
Total	1.586.259	1.398.746

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

As of June 30, 2012, the Group has current tax expense amounting to TL 357.429 (June 30, 2011 - TL 269.628) and deferred tax income amounting to TL 91.123 (June 30, 2011 - TL 1.423 deferred tax expense).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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. (June 30, 2011 - 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. Other items in income statement:

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

k. Income/loss of minority interest:

	June 30, 2012	June 30, 2011
Income/(loss) of minority interest	5.073	2.261

V. Explanations and notes related to Group's merger, transfers and companies acquired by Bank

None.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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:

June 30, 2012	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group ^{(1) (2)}						
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	35.259	1.329	413.174	297.703	709.419	1.016.194
Interest and commission income received	589	13	7.017	1.170	34.756	8.541

(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	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Group's risk group ^{(1) (2)}						
Loans and other receivables						
Balance at the beginning of the period	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	15.079	2.053	426.591	230.061	693.445	723.808
Interest and commission income received ⁽³⁾	558	7	3.514	450	30.156	2.776

(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 6 months period ended June 30, 2011.

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

Group's risk group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 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	3.965	10.801	8.132.226	7.546.932	8.186.845	4.885.191
Interest expense on deposits ⁽³⁾	203	263	170.151	113.649	101.217	128.470

(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 6 months period ended June 30, 2011.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 ⁽¹⁾	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Transactions at fair value through profit or loss ⁽²⁾						
Beginning of the period ⁽³⁾	-	38.038	216.174	187.782	97.206	642.637
End of the period ⁽³⁾	273.823	-	90.055	216.174	215.645	97.206
Total profit / loss⁽⁴⁾	(93.723)	(379)	(579)	755	77.262	(21.310)
Transactions for hedging purposes						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

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

(2) The Bank's derivative instruments are classified as "Financial instruments at fair value through profit or loss" or "Derivative financial instruments held for hedging" according to TAS 39.

(3) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

(4) December 31, 2011 columns represent profit / loss figures for the 6 months period ended June 30, 2011.

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

Salaries and benefits paid to the Group's top management amount to TL 21.954 as of June 30, 2012 (June 30, 2011 - TL 21.327).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements at June 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 a total nominal amount of TL 200.000 with 179 days of maturity in July 11-12-13, 2012 as of July 16, 2012 through demand process according to the B.02.6.SPK.0.13.00-105.04.02-1779-7200 permission of Capital Markets Board dated July 05, 2012 with 43/BB-519 Certificate of Registration.
- 2- With the decision of Board of Directors dated July 26, 2012, as Selim Hakkı Tezel the assistant general manager responsible for the Retail Credits Management will take over another position in UniCredit Group, it was decided to appoint Mehmet Gökmen Uçar, who is currently the Financial Reporting and Accounting Executive Vice President, as the Assistant General Manager responsible for the Retail Credits Management effective August 1, 2012 subject to approval of Banking Regulation and Supervision Agency ("BRSA").
- 3- The Parent Bank has applied to Capital Markets Board for issuance of asset backed securities with allocated sales method within one year and total amounting to EUR 300 million with fixed or variable interest rates where the interest rate will be decided on at the issuance date according to the market conditions at that date and to be issued in one or more tranches at various compositions and maturities for the purpose of selling these securities to corporate investors.
- 4- Following the completion of the parallel run application period of Basel II regulations on June 30, 2012, final Basel II regulations is published in the Official Gazette Numbered 28337 and dated June 28, 2012, decisive Basel II application period started on July 1, 2012. Calculations in accordance with Basel II as of July 31, 2012 will be reported to BRSA in August 2012.
- 5- Within the framework of restructuring the insurance business of the Bank, the Board of Directors of the Bank decided on July 27, 2012 to jointly appoint Deutsche Bank AG, UniCredit Bank Austria AG and Yapı Kredi Yatırım Menkul Değerler A.Ş. as the financial advisors to the Bank.

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

Yapı ve Kredi Bankası A.Ş.

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

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

Section six

Other explanations

I. Other explanations on the Group's operations

None.

Section seven

Explanations on independent review report

I. Explanations on independent auditor's review report

The consolidated financial statements for the period ended June 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 August 2, 2012 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.