

Yapı ve Kredi Bankası A.Ş.

**Publicly announced consolidated financial statements
and related disclosures at December 31, 2012 together
with independent auditor's 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 report originally issued in Turkish, See Note I. of Section three)

Independent audit report

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

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

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

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

Auditor's responsibility:

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

Independent auditor's opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for convenience translation to English:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No: 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and international Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Ayşe Zeynep Deidağ
Partner, SMMM

Istanbul, February 14, 2013

Convenience translation of publicly announced consolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three

**The consolidated financial report of
Yapı ve Kredi Bankası A.Ş. as of December 31, 2012**

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

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

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

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

Subsidiaries	Associates	Joint Ventures
1. Yapı Kredi Sigorta A.Ş. 2. Yapı Kredi Emeklilik A.Ş. 3. Yapı Kredi Finansal Kiralama A.O. 4. Yapı Kredi Faktoring A.Ş. 5. Yapı Kredi Yatırım Menkul Değerler A.Ş. 6. Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. 7. Yapı Kredi Portföy Yönetimi A.Ş. 8. Yapı Kredi Holding B.V. 9. Yapı Kredi Bank Nederland N.V. 10. Yapı Kredi Bank Moscow 11. Sticking Custody Services YKB 12. Yapı Kredi Bank Azerbaijan CJSC 13. Yapı Kredi Invest LLC	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

Although, Yapı Kredi Diversified Payment Rights Finance Company (the Special Purpose Entity) is not a subsidiary of the Bank, it has been included in the consolidation since Bank has a 100% control.

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

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

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

Name-Surname / Title : Serkan Savaş / International Reporting and Consolidation Manager
Telephone Number : 0 212 339 63 22
Fax Number : 0 212 339 61 05

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of December 31, 2012

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

Section One

General Information

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

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

General information (continued)

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

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

Board of Directors Members:

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

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

General information (continued)

Assistant General Managers:

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

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

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

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

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

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

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

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

General information (continued)

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

With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

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

As of December 31, 2012, the Parent Bank has 14.733 employees (December 31, 2011 - 14.859 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2012 the Group has 17.459 employees (December 31, 2011 - 17.306 employees).

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

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

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

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., and Enternasyonal Turizm Yatırım A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué of Preparation of Consolidated Financial Statements since these entities are not financial institutions. Kredi Kayıt Bürosu and Bankalararası Kart Merkezi, which are associates of the Bank, are not consolidated but carried at cost since these entities are not controlled by the Bank.

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2012 and 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section two
Consolidated financial statements

I. Consolidated balance sheet (Statement of Financial Position)

Assets	Note (Section Five)	Current Period (31/12/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
I. Cash and balances with Central Bank	I-a	1.620.812	9.867.136	11.487.948	4.652.286	5.429.417	10.081.703
II. Financial assets at fair value through profit or (loss) (net)	I-b	752.700	250.295	1.002.995	440.707	116.123	556.830
2.1 Trading financial assets		752.700	250.295	1.002.995	440.707	116.123	556.830
2.1.1 Government debt securities		383.439	110.557	493.996	199.631	27.459	227.090
2.1.2 Share certificates		34.715	-	34.715	-	-	-
2.1.3 Derivative financial assets held for trading		288.626	131.857	420.483	188.600	86.018	274.618
2.1.4 Other marketable securities	I-c	45.920	7.881	53.801	52.476	2.646	55.122
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. Banks	I-ç	2.100.567	3.241.930	5.342.497	268.424	3.160.100	3.428.524
IV. Money markets		2.662.092	111.234	2.773.236	2.136.726	36.835	2.173.561
4.1 Interbank money market placements		330.046	-	330.046	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		1.399.562	111.234	1.510.796	15.000	36.835	51.835
4.3 Receivables from reverse repurchase agreements		932.394	-	932.394	2.121.726	-	2.121.726
V. Financial assets available-for-sale (net)	I-e	8.050.175	7.600.273	15.650.448	6.520.393	1.490.883	8.011.276
5.1 Share certificates		18.315	312	18.627	17.100	326	17.426
5.2 Government debt securities		6.457.686	7.252.759	13.710.445	5.097.440	1.138.590	6.236.030
5.3 Other marketable securities		1.574.174	347.202	1.921.376	1.405.853	351.967	1.757.820
VI. Loans and receivables	I-f	55.268.236	23.520.611	78.788.847	45.160.589	24.910.325	70.070.914
6.1 Loans and receivables		54.400.213	23.412.445	77.812.658	44.592.162	24.733.855	69.326.017
6.1.1 Loans to bank's risk group		406.497	700.003	1.106.500	336.681	790.617	1.127.298
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		53.993.716	22.712.442	76.706.168	44.255.481	23.943.238	68.198.719
6.2 Loans under follow-up		2.202.516	371.587	2.574.103	1.835.600	302.518	2.138.118
6.3 Specific provisions (-)		(1.334.493)	(263.421)	(1.597.914)	(1.267.173)	(126.048)	(1.393.221)
VII. Factoring receivables		879.902	760.165	1.640.067	795.163	995.598	1.790.761
VIII. Held-to-maturity investments (net)	I-g	3.318.507	2.509.187	5.827.694	3.468.882	9.241.740	12.710.622
8.1 Government debt securities		3.315.536	2.450.123	5.765.659	3.468.882	9.241.740	12.710.622
8.2 Other marketable securities		2.971	59.064	62.035	-	-	-
IX. Investments in associates (net)	I-ğ	4.503	193.934	198.437	4.503	183.940	188.443
9.1 Consolidated based on equity method		-	193.934	193.934	-	183.940	183.940
9.2 Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1 Investments in financial associates		-	-	-	-	-	-
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	I-h	2.300	-	2.300	2.300	-	2.300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	18.459	-	18.459	19.650	-	19.650
11.1 Accounted based on equity method		18.459	-	18.459	19.650	-	19.650
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	735.697	2.360.796	3.096.493	540.478	2.254.005	2.794.483
12.1 Financial lease receivables		882.245	2.713.673	3.595.918	655.326	2.643.519	3.298.845
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(146.548)	(352.877)	(499.425)	(114.848)	(389.514)	(504.362)
XIII. Derivative financial assets held for hedging	I-j	94.166	-	94.166	376.973	362	377.335
13.1 Fair value hedge		93.996	-	93.996	369.747	-	369.747
13.2 Cash flow hedge		170	-	170	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	1.021.111	34.352	1.055.463	1.043.112	20.272	1.063.384
XV. Intangible assets (net)	I-l	1.353.964	7.427	1.361.391	1.281.233	2.932	1.284.165
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		374.471	7.427	381.898	301.740	2.932	304.672
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		164.140	4.091	168.231	359.938	4.524	364.462
17.1 Current tax asset		-	753	753	-	2.584	2.584
17.2 Deferred tax asset	I-n	164.140	3.338	167.478	359.938	1.940	361.878
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	139.078	575	139.653	103.572	-	103.572
18.1 Held for sale purposes		139.078	575	139.653	103.572	-	103.572
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.640.539	1.208.897	2.849.436	1.029.662	1.398.484	2.428.146
Total assets		79.826.858	51.670.903	131.497.761	68.204.591	49.245.540	117.450.131

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2012 and 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

I. Consolidated balance sheet (Statement of Financial Position)

Liabilities	Note (Section Five)	Current Period (31/12/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	41,016,265	30,127,126	71,143,391	35,075,620	31,110,930	66,186,550
1.1 Deposits of the Bank's risk group		4,179,284	4,916,255	9,095,539	3,373,946	3,964,002	7,337,948
1.2 Other		36,836,981	25,210,871	62,047,852	31,701,674	27,146,928	58,848,602
II. Derivative financial liabilities held for trading	II-b	286,978	97,503	384,481	409,917	130,422	540,339
III. Funds borrowed	II-c	1,340,562	12,953,769	14,294,331	1,367,084	13,315,818	14,682,902
IV. Money markets		3,365,822	3,107,853	6,473,675	1,846,799	5,040,094	6,885,893
4.1 Funds from interbank money market		-	-	-	-	19,137	19,137
4.2 Funds from Istanbul stock exchange money market		1,654,814	-	1,654,814	942,043	-	942,043
4.3 Funds provided under repurchase agreements		1,711,008	3,107,853	4,818,861	903,756	5,020,957	5,924,713
V. Marketable securities issued (net)	II-ç	1,419,407	2,527,098	3,946,505	1,095,354	2,153,363	3,248,717
5.1 Bills		716,171	-	716,171	951,004	5,582	956,586
5.2 Asset backed securities		-	1,641,731	1,641,731	-	2,147,781	2,147,781
5.3 Bonds		703,236	885,367	1,588,603	144,350	-	144,350
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		5,007,655	767,827	5,775,482	3,961,864	833,636	4,795,500
VIII. Other liabilities	II-d	1,650,397	1,056,655	2,707,052	767,922	842,187	1,610,109
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-e	-	-	-	-	-	-
10.1 Financial lease payables		-	-	-	-	-	-
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	-	-	-	-	-
XI. Derivative financial liabilities held for hedging	II-f	412,001	492,686	904,687	62,652	440,189	502,841
11.1 Fair value hedge		90,233	-	90,233	18,959	-	18,959
11.2 Cash flow hedge		321,768	492,686	814,454	43,693	440,189	483,882
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	3,413,375	780,821	4,194,196	2,760,713	784,192	3,544,905
12.1 General loan loss provision		941,376	398,305	1,339,681	670,146	382,122	1,052,268
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		235,694	10,701	246,395	201,362	4,979	206,341
12.4 Insurance technical provisions (net)		883,156	296,060	1,179,216	731,166	332,728	1,063,894
12.5 Other provisions		1,353,149	75,755	1,428,904	1,158,039	64,363	1,222,402
XIII. Tax liability	II-ğ	436,602	2,179	438,781	292,396	929	293,325
13.1 Current tax liability		436,602	2,179	438,781	292,396	929	293,325
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5,195,642	5,195,642	-	2,523,816	2,523,816
XVI. Shareholders' equity	II-ı	15,260,450	789,088	16,039,538	13,151,420	(516,186)	12,635,234
16.1 Paid-in capital		4,347,051	-	4,347,051	4,347,051	-	4,347,051
16.2 Capital reserves		878,378	789,088	1,667,466	669,711	(516,186)	153,525
16.2.1 Share premium		543,881	-	543,881	543,881	-	543,881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		135,262	1,352,161	1,487,423	(131,975)	17,109	(114,866)
16.2.4 Property and equipment revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-
16.2.8 Hedging funds (effective portion)		(94,470)	(563,073)	(657,543)	111,991	(533,295)	(421,304)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		293,705	-	293,705	145,814	-	145,814
16.3 Profit reserves		7,118,712	-	7,118,712	5,443,918	-	5,443,918
16.3.1 Legal reserves		359,847	-	359,847	266,973	-	266,973
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		6,546,849	-	6,546,849	4,930,128	-	4,930,128
16.3.4 Other profit reserves		212,016	-	212,016	246,817	-	246,817
16.4 Income or (loss)		2,841,517	-	2,841,517	2,623,562	-	2,623,562
16.4.1 Prior years' income or (loss)		753,844	-	753,844	338,858	-	338,858
16.4.2 Current year income or (loss)		2,087,673	-	2,087,673	2,284,704	-	2,284,704
16.5 Minority interest	II-ı	64,792	-	64,792	67,178	-	67,178
Total liabilities and shareholders' equity		73,599,514	57,898,247	131,497,761	60,790,741	56,659,390	117,450,131

The accompanying explanations and notes form an integral part of these consolidated financial statements. **GÜNEY**
SERBEST MUH. MALİ MÜŞ. A.Ş.

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2012 and 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Consolidated off-balance sheet commitments

	Note (Section five)	(31/12/2012)			(31/12/2011)		
		TL	FC	Total	TL	FC	Total
A							
Off-balance sheet commitments (I+II+III)		113.308.694	116.216.598	229.525.292	81.022.711	111.769.068	192.791.779
I.							
Guarantees and warranties	III-a-2, 3	11.375.121	17.268.280	28.644.401	10.895.392	15.877.117	26.372.509
1.1 Letters of guarantee		11.271.953	9.347.999	20.619.952	9.943.564	8.871.149	18.814.713
1.1.1 Guarantees subject to state tender law		567.403	522.814	1.090.217	502.263	628.039	1.130.302
1.1.2 Guarantees given for foreign trade operations		1.131.282	8.716.891	9.848.173	1.105.898	8.126.300	9.232.298
1.1.3 Other letters of guarantee		9.573.268	108.294	9.681.562	8.335.303	118.810	8.452.113
1.2 Bank acceptances		-	121.325	121.325	-	158.915	158.915
1.2.1 Import letter of acceptance		-	121.325	121.325	-	158.915	158.915
1.2.2 Other bank acceptances		-	-	-	-	-	-
1.3 Letters of credit		13.789	5.770.136	5.783.925	13.687	4.993.297	5.006.984
1.3.1 Documentary letters of credit		13.789	5.756.593	5.770.382	13.687	4.983.502	4.997.189
1.3.2 Other letters of credit		-	13.543	13.543	-	9.795	9.795
1.4 Prefinancing given as guarantee		143	2.377	2.520	143	2.510	2.662
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		90.236	1.057.479	1.147.715	737.998	614.488	1.352.486
1.9 Other warranties		-	968.964	968.964	-	1.036.749	1.036.749
II.							
Commitments	III-a-1	75.280.393	28.504.711	103.785.104	50.502.978	30.435.022	80.938.000
2.1 Irrevocable commitments		29.934.837	7.091.744	37.026.581	23.716.890	6.930.298	30.647.188
2.1.1 Asset purchase and sale commitments		35.590	6.661.062	6.696.652	42.700	6.067.378	6.110.078
2.1.2 Deposit purchase and sales commitments		-	-	-	1.692	301	1.993
2.1.3 Share capital commitments to associates and subsidiaries		-	-	-	1.000	-	1.000
2.1.4 Loan granting commitments		4.992.286	385.966	5.378.252	4.345.799	814.889	5.160.785
2.1.5 Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Commitments for cheques		5.258.480	-	5.258.480	4.220.740	-	4.220.740
2.1.8 Tax and fund liabilities from export commitments		38.106	-	38.106	37.251	-	37.251
2.1.9 Commitments for credit card limits		17.856.081	44.716	17.900.797	13.666.113	47.569	13.713.682
2.1.10 Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11 Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12 Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		1.754.294	-	1.754.294	1.401.599	61	1.401.659
2.2 Revocable commitments		45.345.556	21.412.967	66.758.523	26.786.088	23.504.724	50.290.812
2.2.1 Revocable loan granting commitments		45.345.556	21.394.837	66.740.393	26.786.088	23.504.724	50.290.812
2.2.2 Other revocable commitments		-	18.130	18.130	-	-	-
III.							
Derivative financial instruments	III-b-c	26.652.180	70.443.607	97.095.787	19.824.341	65.656.929	85.481.270
3.1 Derivative financial instruments for hedging purposes		14.124.458	26.657.257	40.781.715	9.094.408	29.549.643	38.644.051
3.1.1 Transactions for fair value hedge		1.772.858	2.048.951	3.821.809	2.782.808	3.424.046	6.206.854
3.1.2 Transactions for cash flow hedge		12.351.600	24.608.306	36.959.906	6.311.600	26.125.597	32.437.197
3.1.3 Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2 Trading transactions		12.527.722	43.786.350	56.314.072	10.729.933	38.107.286	46.837.219
3.2.1 Forward foreign currency buy/sell transactions		2.554.504	5.708.082	8.262.586	3.531.519	7.107.230	10.638.749
3.2.1.1 Forward foreign currency transactions-buy		955.972	3.141.413	4.097.385	1.219.066	4.078.821	5.297.887
3.2.1.2 Forward foreign currency transactions-sell		1.598.532	2.566.669	4.165.201	2.312.453	3.028.409	5.340.862
3.2.2 Swap transactions related to foreign currency and interest rates		5.757.892	26.467.192	32.225.074	3.156.890	20.650.084	23.806.774
3.2.2.1 Foreign currency swap-buy		2.630.863	11.682.759	14.313.622	1.915.136	7.568.292	9.483.428
3.2.2.2 Foreign currency swap-sell		3.127.019	11.088.661	14.215.680	1.241.554	6.502.444	9.743.998
3.2.2.3 Interest rate swap-buy		-	1.847.886	1.847.886	-	2.289.674	2.289.674
3.2.2.4 Interest rate swap-sell		-	1.847.886	1.847.886	-	2.289.674	2.289.674
3.2.3 Foreign currency, interest rate and securities options		3.608.336	10.956.972	14.465.308	3.334.724	7.566.881	10.901.605
3.2.3.1 Foreign currency options-buy		1.263.301	3.568.308	4.821.609	1.159.806	1.778.855	2.938.671
3.2.3.2 Foreign currency options-sell		1.701.389	3.233.041	4.934.430	1.643.280	1.704.174	3.347.454
3.2.3.3 Interest rate options-buy		70.800	2.117.807	2.188.607	337.350	2.655.238	2.992.588
3.2.3.4 Interest rate options-sell		145.800	2.047.816	2.193.616	112.350	1.354.184	1.466.534
3.2.3.5 Securities options-buy		215.704	-	215.704	18.044	13.729	31.773
3.2.3.6 Securities options-sell		111.342	-	111.342	63.894	60.691	124.585
3.2.4 Foreign currency futures		-	-	-	-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-	-	-	-
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		707.000	654.104	1.361.104	707.000	783.091	1.490.091
B.							
Custody and pledges received (IV+V+VI)		120.933.383	26.226.444	147.159.827	107.146.729	27.609.924	134.756.653
IV.							
Items held in custody		57.125.421	4.264.804	61.390.225	53.463.516	4.289.298	57.752.814
4.1 Customer fund and portfolio balances		2.273	117	2.390	10.497	122	10.619
4.2 Investment securities held in custody		45.448.129	3.646.706	49.094.835	42.441.549	3.581.191	46.022.740
4.3 Checks received for collection		9.375.958	91.571	9.467.529	8.669.405	92.110	8.761.515
4.4 Commercial notes received for collection		2.288.833	502.434	2.791.267	2.336.937	590.894	2.927.731
4.5 Other assets received for collection		-	23.976	23.976	-	24.981	24.981
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		10.228	-	10.228	5.228	-	5.228
4.8 Custodians		-	-	-	-	-	-
V.							
Pledges received		62.639.447	21.378.880	84.018.327	52.561.567	22.673.972	75.235.539
5.1 Marketable securities		220.984	193	221.187	207.970	204	208.174
5.2 Guarantee notes		703.951	376.676	1.080.627	560.893	442.768	1.003.661
5.3 Commodity		28.559	18.418	46.975	38.944	-	38.944
5.4 Warrants		-	727.967	727.967	-	-	-
5.5 Properties		41.434.412	15.279.209	56.713.621	36.292.482	16.967.526	53.260.008
5.6 Other pledged items		20.251.531	4.973.254	25.224.785	15.461.278	5.260.128	20.721.406
5.7 Pledged items-depository		-	3.165	3.165	-	3.346	3.346
VI.							
Accepted independent guarantees and warranties		1.168.515	582.760	1.751.275	1.121.646	646.654	1.768.300
Total off-balance sheet commitments (A+B)		234.242.077	142.443.042	376.685.119	188.169.440	139.378.992	327.544.432

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2012 and 2011

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

III. Consolidated income statement

Income and expense items		Note (Section Five)	Current Period 01/01-31/12/2012	Prior Period 01/01-31/12/2011
I.	Interest income	IV-a	10.117.090	7.839.559
1.1	Interest on loans	IV-a-1	7.791.862	5.738.756
1.2	Interest received from reserve deposits		186	505
1.3	Interest received from banks	IV-a-2	128.321	115.615
1.4	Interest received from money market transactions		146.241	33.007
1.5	Interest received from marketable securities portfolio	IV-a-3	1.655.011	1.574.371
1.5.1	Trading financial assets		25.978	43.495
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		679.086	599.915
1.5.4	Held to maturity investments		949.947	930.961
1.6	Financial lease income		237.891	222.355
1.7	Other interest income		157.578	154.950
II.	Interest expense	IV-b	(5.169.506)	(4.094.381)
2.1	Interest on deposits	IV-b-4	(4.036.391)	(3.137.304)
2.2	Interest on funds borrowed	IV-b-1	(625.356)	(537.565)
2.3	Interest expense on money market transactions		(278.109)	(317.144)
2.4	Interest on securities issued	IV-b-3	(219.679)	(77.445)
2.5	Other interest expenses		(9.971)	(24.923)
III.	Net interest income (I + II)		4.947.584	3.745.178
IV.	Net fees and commissions income		1.791.167	1.969.214
4.1	Fees and commissions received		2.340.348	2.369.225
4.1.1	Non-cash loans		249.197	233.835
4.1.2	Other	IV-j	2.091.151	2.135.390
4.2	Fees and commissions paid		(549.181)	(400.011)
4.2.1	Non-cash loans		(7.562)	(429)
4.2.2	Other		(541.619)	(399.582)
V.	Dividend income	IV-c	1.661	5.891
VI.	Trading gain/(loss) (net)	IV-ç	33.315	(137.246)
6.1	Trading gains/(losses) on securities		321.260	34.730
6.2	Derivative financial transactions gains/(losses)	IV-d	(766.936)	(533.847)
6.3	Foreign exchange gains/(losses)		478.991	361.871
VII.	Other operating income	IV-e	609.336	1.050.117
VIII.	Total operating income / loss (III+IV+V+VI+VII)		7.383.063	6.633.154
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(1.400.192)	(860.585)
X.	Other operating expenses (-)	IV-g	(3.277.968)	(2.910.825)
XI.	Net operating income/(loss) (VIII-IX-X)		2.704.903	2.861.744
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		17.791	14.420
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)		2.722.694	2.876.164
XVI.	Tax provision for continuing operations (±)	IV-h	(624.934)	(584.784)
16.1	Current tax provision		(771.905)	(512.317)
16.2	Deferred tax provision		146.971	(72.467)
XVII.	Net profit/loss from continuing operations (XV±XVI)		2.097.760	2.291.380
XVIII.	Income from discontinued operations		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
XX.	Profit /losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI.	Tax provision for discontinued operations (±)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII.	Net profit/loss (XVII+XXII)	IV-t	2.097.760	2.291.380
23.1	Group's profit/loss		2.087.673	2.284.704
23.2	Minority interest profit/losses (-)	IV-i	10.087	6.676
	Earnings/(loss) per share (in TL full)		0,0048	0,0053

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of December 31, 2012 and 2011

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

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

	Current Period	Prior Period
Income and expense items accounted under shareholders' equity		
I. Transfers to marketable securities valuation differences from financial assets available for sale	2.000.536	(352.195)
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	(10.938)	160.469
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	(336.707)	(237.914)
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	20.055	(88.958)
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	269	219
IX. Deferred tax on valuation differences	(341.371)	118.272
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	1.331.844	(400.107)
XI. Current year profit/loss	2.097.760	2.291.380
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	17.791	10.303
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(209.965)	(185.994)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	2.289.934	2.467.071
XII. Total profit/loss related to the current period (X+XI)	3.429.604	1.891.273

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

GÜNEY
SERBEST MÜHÜRLEME VE
MUTLAKA BAĞIMSIZ DENETİM VE
MÜHÜRLEME A.Ş.

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

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of December 31, 2011
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

Prior Period December 31, 2011	Note (Section five)	Paid-in capital	Adjust- ment to share capital	Share premium	Share cancellatio n profits	Legal reserves *	Status reserves *	Extraordinar y reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging revaluation funds	Asset held for resale/ discontinue d operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Period opening balance		4.347.051	-	543.881	-	163.959	-	3.038.543	159.613	2.248.031	151.117	173.915	-	-	(143.436)	-	10.682.674	63.095	10.745.769
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		4.347.051	-	543.881	-	163.959	-	3.038.543	159.613	2.248.031	151.117	173.915	-	-	(143.436)	-	10.682.674	63.095	10.745.769
IV. Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.1 Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(298.513)	-	-	-	-	(298.513)	(785)	(299.298)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	(261.497)	-	-	-	-	(261.497)	-	(261.497)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	(190.331)	-	-	-	-	(190.331)	-	(190.331)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	(71.166)	-	-	-	-	(71.166)	-	(71.166)
VII. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	9.732	-	-	(16.371)	-	160.469	-	160.469
X. Foreign exchange differences		-	-	-	-	-	-	-	167.108	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219	-	219
XIX. Current year income or loss		-	-	-	-	-	-	-	-	2.284.704	-	-	-	-	-	-	2.284.704	8.676	2.291.380
XX. Profit distribution		-	-	-	-	-	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	(1.808)	(1.808)	(1.808)
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	-	-	1.891.585	65.691	(2.248.031)	187.741	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+.....+ XVIII +XIX+XX)		4.347.051	-	543.881	-	266.973	-	4.930.128	392.631	2.284.704	338.858	(114.866)	-	-	(421.304)	-	12.568.056	67.178	12.635.234

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 502.769 and TL 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.

GÜNEY

BAĞIMSIZ DENETİM VE
SERBEST MUHÜR MÜŞ. A.Ş.

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

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of December 31, 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

Current Period December 31, 2012	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			Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority shareholders Interest	Total shareholders equity
													fund	fund	fund				
I.		4,347,051	-	543,881	-	266,973	-	4,930,128	392,631	2,284,704	338,858	(114,866)	-	(421,304)	-	12,568,056	67,178	12,635,234	
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.		-	-	-	-	-	-	-	-	-	-	1,599,013	-	-	-	1,599,013	595	1,599,608	
IV.		-	-	-	-	-	-	-	-	-	-	(253,322)	-	-	(253,322)	(269,366)	(253,322)		
4.1		-	-	-	-	-	-	-	-	-	-	(269,366)	-	-	(269,366)	(269,366)	(269,366)		
4.2		-	-	-	-	-	-	-	-	-	-	16,044	-	-	16,044	-	16,044		
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII.		-	-	-	-	-	-	-	(35,070)	-	-	3,276	-	17,083	-	(14,711)	-	(14,711)	
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XVI.		-	-	-	-	-	-	-	293	-	-	-	-	-	-	289	-	289	
XVII.		-	-	-	-	-	-	-	-	2,087,673	-	-	-	-	-	2,087,673	10,087	2,097,760	
XVIII.		-	-	-	-	-	-	1,616,721	147,891	(2,284,704)	427,218	-	-	-	-	(5,066)	(5,066)		
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
18.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
18.3		-	-	-	-	-	-	1,616,721	147,891	(2,284,704)	427,218	-	-	-	-	(3,066)	(3,066)		
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XXI.		-	-	-	-	-	-	-	-	-	(12,232)	-	-	-	(12,232)	(10,002)	(22,234)		
XXII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period end balance (I+II+III+...+XXII)		4,347,051	-	543,881	-	359,847	-	6,546,849	505,721	2,087,673	763,844	1,487,423	-	(657,643)	-	15,874,746	64,792	16,039,538	

(* Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 584,397 and TL 7,224,739 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at December 31, 2012 and 2011

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

VI. Consolidated statement of cash flows

	Note (Section Five)	Current Period (31/12/2012)	Prior Period (31/12/2011)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		6.818.339	2.026.926
1.1.1 Interest received		8.263.036	7.595.985
1.1.2 Interest paid		(4.998.689)	(3.889.448)
1.1.3 Dividend received		1.661	5.891
1.1.4 Fees and commissions received		2.340.801	2.374.835
1.1.5 Other income		311.327	331.228
1.1.6 Collections from previously written-off loans and other receivables		1.588.590	1.346.270
1.1.7 Payments to personnel and service suppliers		(2.774.753)	(2.733.322)
1.1.8 Taxes paid		(768.750)	(606.786)
1.1.9 Other	VI-c	2.855.116	(2.397.727)
1.2 Changes in operating assets and liabilities		(8.390.416)	953.376
1.2.1 Net (increase)/decrease in trading securities		(287.388)	62.288
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(4.542.544)	(761.304)
1.2.4 Net (increase)/decrease in loans		(11.473.714)	(17.389.935)
1.2.5 Net (increase)/decrease in other assets		(415.895)	(496.008)
1.2.6 Net increase /(decrease) in bank deposits		(89.492)	(234.362)
1.2.7 Net increase /(decrease) in other deposits		5.051.392	11.064.633
1.2.8 Net increase /(decrease) in funds borrowed		(1.396.580)	7.132.577
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	4.763.805	1.575.487
I. Net cash flows from banking operations		(1.572.077)	2.980.302
B. Cash flows from investing activities			
II. Net cash flows from investing activities		444.301	(388.890)
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(22.236)	-
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(316.509)	(247.644)
2.4 Disposals of property and equipment		46.126	188.868
2.5 Purchase of investments available-for-sale		(3.768.824)	(4.462.379)
2.6 Sale of investments available-for-sale		3.609.598	2.194.414
2.7 Purchase of investment securities		(50.325)	(563.716)
2.8 Sale of investment securities		946.471	2.501.567
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		729.130	2.114.382
3.1 Cash obtained from funds borrowed and securities issued		7.791.928	6.319.492
3.2 Cash used for repayment of funds borrowed and securities issued		(7.059.732)	(4.203.302)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(3.066)	(1.808)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-c	(233.440)	653.549
V. Net increase in cash and cash equivalents (I+II+III+IV)		(632.086)	5.359.343
VI. Cash and cash equivalents at beginning of the period	VI-a	11.464.375	6.105.032
VII. Cash and cash equivalents at end of the period	VI-a	10.832.289	11.464.375

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2012 and 2011

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

VII. Profit appropriation statement ⁽¹⁾ ⁽²⁾

	Current Period (31/12/2012)	Prior Period (31/12/2011)
I. Distribution of current year income		
1.1 Current year income	2.449.242	2.355.065
1.2 Taxes and duties payable (-)	(535.770)	(497.579)
1.2.1 Corporate tax (income tax)	(739.096)	(420.569)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	203.326	(77.010)
A. Net income for the year (1.1-1.2)	1.913.472	1.857.486
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(92.874)
1.5 Other statutory reserves (-)	-	-
B. Net income available for distribution [(A+(1.3+1.4+1.5))]	1.913.472	1.764.612
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1.616.721
1.13 Other reserves	-	-
1.14 Special funds	-	147.891
II. Distribution of reserves		
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
III. Earnings per share		
3.1 To owners of ordinary shares	0,0044	0,0043
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
IV. Dividend per share		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

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

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

(3) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 and 2011

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

Section Three

Accounting Policies

I. Explanations on basis of presentation:

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

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated June 28, 2012.

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

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

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

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

(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 December 31, 2012 (continued)

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

Accounting policies (continued)

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

Additional paragraph for convenience translation into English:

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

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

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

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

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Hedging funds" in equity.

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

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Accounting policies (continued)

III. Information on consolidation principles:

a. Consolidation principles applied:

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

1. Consolidation principles of subsidiaries:

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

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

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

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

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) December 31, 2012	Direct and indirect rates (%) December 31, 2012
Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	Insurance	93,94	93,94
Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	Insurance	93,94	100,00
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,98	99,98
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	Portfolio Management	56,06	56,07
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Bank Moscow	Moscow/Russia	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	Special Purpose Company	-	-

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

2. Consolidation principles of associates:

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

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

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

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

Title	(City/ Country)	Main activities	Effective rates % December 31, 2012	Direct and indirect rates % December 31, 2012
Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	Banking	30,67	30,67

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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 % December 31, 2012	Direct and indirect rates % December 31, 2012
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	REIT	30,45	30,45

4. Transactions with minority shareholders:

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

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

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

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

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

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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 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.

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

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

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

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

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

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

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

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

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

V. Explanations on interest income and expense:

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

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Accounting policies (continued)

VI. Explanations on fee and commission income and expenses:

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

VII. Explanations on financial assets:

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

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.

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Accounting policies (continued)

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

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

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

d. Available-for-sale financial assets:

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

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

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

VIII. Explanations on impairment of financial assets:

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

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

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

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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.

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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%

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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".

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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.

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Company has set this provision in accordance with the Communiqué of BRSA named "The Procedures Regarding the Provisions to Be Provided for the Loans of Leasing, Factoring and Consumer Finance Companies" ("Provisions Communiqué") which was published in the Official Gazette dated 20 July 2007, numbered 26588. According to the Communiqué, specific provisions are set in following proportions: minimum 20% for collateralized lease receivables for which related collections are delayed between 150 and 240 days, minimum 50% for collateralized lease receivables for which related collections are delayed between 240 and 360 day and 100% for collateralized lease receivables for which related collections are delayed more than 1 year.

In accordance with the related Communiqué of Provision, the Financial Lease Company also recognizes specific provision even if the overdue days are less than the days stated above or receivables are not over due at all, by taking into account all the existing data regarding the creditor and based on the principals of reliability and prudence as indicated in the Communiqué about Preparation and Presentation of Financial Statements published in the Official Gazette dated 16 January 2005, numbered 25702.

In the Communiqué of Provisions, it is stated that although it is not mandatory, a general provision which is not related to a specific transaction can be recognised for the losses arising from the principal or interest of lease receivables that are not over due or overdue less than 150 days but the amount of loss is not certain. In accordance with the Communiqué of Provisions, the Company sets a general provision for the lease receivables that have not been considered as doubtful yet.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

XV. Explanations on provisions and contingent assets and liabilities:

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Accounting policies (continued)

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

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

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

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

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

b. Pension rights

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

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

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

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

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

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

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

c. Defined contribution plans:

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

d. Short term benefits of employee:

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

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 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.

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Accounting policies (continued)

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

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

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

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

b. Deferred tax:

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

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

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

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

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

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

c. Transfer pricing:

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

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

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

XVIII. Explanations on borrowings:

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

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

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

XIX. Explanations on issuance of share certificates:

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

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

XX. Explanations on avalized drafts and letter of acceptances:

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

XXI. Explanations on government grants:

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	December 31, 2012	December 31, 2011
Group's Profit	2.087.673	2.284.704
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0048	0,0053

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

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

XXIV. Related parties:

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

XXV. Explanations on operating segments:

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

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

XXVI. Explanations on other matters:

Foreign exchange differences arising from translation of foreign subsidiaries have been reclassified to "Other profit reserves". The effect of these classifications on the financial statements as of December 31, 2011 and 2010 are summarized below:

December 31, 2011	Published	Adjustments	Restated
Marketable Securities Valuation Differences	131.124	(245.990)	(114.866)
Other capital reserves	146.641	(827)	145.814
Other profit reserves	-	246.817	246.817

December 31, 2010	Published	Adjustments	Restated
Marketable Securities Valuation Differences	252.797	(78.882)	173.915
Other capital reserves	80.731	(609)	80.122
Other profit reserves	-	79.491	79.491

XXVII. Legal mergers under common control:

As in TFRS 3 or in another standard in TFRS there is an absence of treatment that specifically applies to business combinations involving entities under common control, by examining the practices included in the generally accepted global accounting standards the Group decided to apply an accounting policy in parallel with the "pooling of interests" method in view of its judgement that the economic substance of the relevant transaction will be most reliably and accurately reflected in this manner. In the accounting of business combinations which occur under common control, assets and liabilities, subject to business combinations, are accounted for in the consolidated financial statements at their carrying values. Income statements are consolidated as of the beginning of the financial year in which the business combinations occurred. Financial statements belonging to previous periods also are adjusted in the same way in order to ensure the comparability. As a result of those transactions, any goodwill or negative goodwill is not calculated. The difference between the investment amount and the share in capital in the acquired company is directly accounted under equity as "the effect of legal mergers under common control".

XXVIII. Other accounting policies:

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

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

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

Non-life

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

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

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

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

Accounting policies (continued)

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.

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Notes to consolidated financial statements December 31, 2012 (continued)

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Accounting policies (continued)

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

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

Fund management charge, which is charged in return for the fund management services, representation and other services provided to pension funds, is recorded as income in the Group's accounts and is shared between the Group and the funds' portfolio manager according to the ratios specified in the agreement signed between the parties. The total charge is recorded to the Group's technical income as fund management revenue and the part of charge which belongs to the funds' portfolio manager thereof, is recorded in the Group's technical expenses.

Management expense deduction, which is deducted as 8% at most, from contributions made to participants' private pension accounts, is accounted for under the management expense deductions account.

Commission expenses incurred for pension fund operations are accounted as pension operating expenses when incurred. The Group, defers the commissions paid for issuing the private pension contracts in the context of TAS 18 "Revenue" and TAS 39 "Financial Instruments: Recognition and Measurement" with the condition of not exceeding the total guaranteed income from these contracts and by considering the expected period of time to secure this income.

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Notes to consolidated financial statements December 31, 2012 (continued)

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Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

- a. The consolidated capital adequacy ratio of the Group is 15,19% (Parent Bank is 16,30 %).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" (the "Regulation"), "Regulation Credit Risk Mitigation Techniques", "Regulation on calculation of Risk-Weighted Amounts of Securitizations" published in the Official Gazette No. 28337 dated June 28, 2012 ("Regulation") and "Regulation Regarding Banks' Shareholders' Equity" published in the Official Gazette No. 26333 as of November 1, 2006".

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

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

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

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

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

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Information related to financial position of the Group (continued)

c. Information related to capital adequacy ratio:

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

	Risk Weights							Total
	Consolidated							
	0%	20%	50%	75%	100%	150%	200%	
Amounts subject to credit risk	23.197.568	6.101.218	23.653.728	30.609.356	66.292.798	3.655.925	3.902.915	157.413.508
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	21.476.246	14.167	11.253.341	-	37.991	-	-	32.781.745
Conditional and unconditional receivables from regional or local governments	-	148	1.505	-	-	-	-	1.653
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	4.438	-	-	4.438
Conditional and unconditional receivables from multilateral development banks	2.766	-	-	-	-	-	-	2.766
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	6.086.748	3.850.891	-	2.213.674	-	-	12.151.313
Conditional and unconditional receivables from corporates	-	-	-	-	59.910.148	-	-	59.910.148
Conditional and unconditional retail receivables	-	-	-	30.609.356	-	-	-	30.609.356
Conditional and unconditional receivables secured by mortgages	-	-	8.547.991	-	-	-	-	8.547.991
Past due receivables	-	-	-	-	698.621	489.311	-	1.187.932
Receivables defined as high risk category by the Regulator	-	-	-	-	-	3.166.614	3.902.915	7.069.529
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1.718.556	155	-	-	3.427.926	-	-	5.146.637
Credit Risk Weighted Amounts	-	1.220.244	11.826.864	22.957.017	66.292.798	5.483.888	7.805.830	115.586.641

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

d. Summary information about capital adequacy ratio⁽¹⁾:

	The Parent Bank Consolidated	
	Current Period	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8.639.259	9.246.931
Capital requirement for market risk (II) (MRCR)	134.553	220.278
Capital requirement for operational risk (III) (ORCR)	746.900	854.231
Shareholders' equity	19.397.778	19.600.066
Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12.5*100	16,30	15,19

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

e. Information about shareholders' equity items:

	Current Period
Core capital	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	7.118.712
Adjustment to legal reserves	-
Profit	2.841.517
Net Current period profit	2.087.673
Prior period profit	753.844
Provisions for possible losses up to 25% of core capital	246.317
Profit on sale of associates, subsidiaries and buildings	293.705
Primary subordinated loans	-
Minority shares	64.792
Loss that is not covered with reserves (-)	-
Net current period loss	-
Prior period loss	-
Development cost of operating lease (-)	96.067
Intangible assets (-)	1.361.391
Deferred- assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3 rd paragraph) (-)	-
Goodwill (Net)	-
Total core capital	13.998.517

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

	Current Period
Supplementary capital	
General provisions	1.339.681
45% of increase in revaluation fund of movables	-
45% of increase in revaluation fund of fixed asstes	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary subordinated loans	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Minority share	-
Total supplementary capital	6.013.921
Capital	20.012.438
Deductions from the capital	412.372
Partnership share on non-consolidated banks and financial institutions.	-
Loans extended o banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Banks and financial institution to which equity method is applied, however, assets and liabilities are not consolidated	212.393
Loans extended being noncompliant with articles 50 and 51of the Law	3.190
Net book value of properties owned, exceeding 50% bank's equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.844
Securitisations positions that is deducted-preferably-from the shareholders' equity	-
Other	189.945
Total shareholders' equity	19.600.066

- (1) Prior period information is not disclosed as per the temporary article 1 of the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements".
- (2) The figure includes income on sale of equity shares and real estates for TL 297.559 and other reserves for TL (3.854)
- (3) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

f. Approaches for assessment of adequacy of internal capital requirements for current and future activities

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

II. Explanations on consolidated credit risk:

- a. Credit risk is the loss or the risk of the Parent Bank in case a counterparty can not fulfill its obligations stated in agreements where the Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

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

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

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

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

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

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

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

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

Risk classifications:	Current Period Risk Amount⁽¹⁾	Average Risk Amount⁽²⁾
Conditional and unconditional receivables from central governments or central banks	32.605.103	31.924.137
Conditional and unconditional receivables from regional or local governments	1.653	1.590
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4.438	8.744
Conditional and unconditional receivables from multilateral development banks	2.766	3.368
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	12.079.698	13.662.754
Conditional and unconditional receivables from corporates	61.915.949	62.028.838
Conditional and unconditional retail receivables	30.829.171	30.068.036
Conditional and unconditional receivables secured by mortgages	8.547.991	7.583.482
Past due receivables	1.187.932	1.159.593
Receivables defined as high risk category by the Regulator	7.069.530	6.675.616
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	5.146.637	6.283.078
Total	159.390.868	159.399.236

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

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

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

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

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

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

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

- e. 1. The proportion of the Parent Bank's top 100 and 200 cash loan balances in total cash loans is 18% and 23%.
2. The proportion of the Parent Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 39% and 48%.
3. The proportion of the Parent Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 19% and 25% of total cash loans and non-cash loans.

- f. The Group provided a general loan loss provision amounting to TL 1.339.681 (December 31, 2011 - TL 1.052.268).

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

ğ. Risk profile according to the geographical concentration:

	Risk Classifications*											Total	
	1	2	3	4	5	6	7	8	9	10	11		
Current Period													
Domestic	32.051.168	277	4.438	-	5.311.757	58.959.712	30.815.645	8.528.549	1.169.033	7.069.530	5.133.441	149.043.550	
EU countries	504.173	-	-	1.335	5.409.395	886.615	4.480	18.868	1.305	-	-	6.826.171	
OECD countries **	14.088	-	-	-	385.837	33.553	233	-	7.280	-	-	440.991	
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	22.059	
USA, Canada	-	-	-	1.431	557.587	152.494	6.533	141	3	-	-	718.189	
Other countries	35.674	1.376	-	-	413.361	1.863.285	2.272	433	10.311	-	6.393	2.333.105	
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	6.803	6.803	
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-	
Total	32.605.103	1.653	4.438	2.766	12.079.698	61.915.949	30.829.171	8.547.991	1.187.932	7.069.530	5.146.637	159.390.868	

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Bank (continued)

ğ. Risk profile according to sectors and counterparties:

	Risk Classifications*											Total		
	1	2	3	4	5	6	7	8	9	10	11		TL	FC
Agricultural	-	-	-	-	-	1,487,097	794,578	151,506	36,315	-	-	473,395	1,996,101	2,469,496
Farming and raising livestock	-	-	-	-	-	1,373,896	686,480	138,108	33,119	-	-	412,423	1,819,180	2,231,603
Forestry	-	-	-	-	-	64,938	87,653	11,042	1,546	-	-	36,784	128,395	165,179
Fishing	-	-	-	-	-	48,263	20,445	2,356	1,650	-	-	24,188	48,526	72,714
Manufacturing	-	1	20	-	2,399	31,281,593	5,916,378	1,993,497	371,159	-	2,343	22,279,958	17,287,422	39,567,380
Mining	-	-	-	-	2,399	6,415,216	687,467	234,874	63,055	-	43	4,689,612	2,713,442	7,403,054
Production	-	1	11	-	-	20,033,163	5,126,057	1,666,873	301,050	-	2,300	13,132,889	13,996,566	27,129,455
Electric, gas and water	-	-	9	-	-	4,833,204	102,854	91,750	7,054	-	-	4,457,457	577,414	5,034,871
Construction	4	134	-	-	289,449	7,644,386	2,103,247	823,207	103,244	-	-	5,063,587	5,900,084	10,963,671
Services	32,322,861	68	4,179	1,431	8,973,923	15,489,145	4,592,720	1,752,080	214,598	-	3,031,215	32,409,138	33,983,082	66,392,220
Wholesale and retail trade	-	1	3	-	54,696	5,163,766	2,631,825	557,728	84,123	-	-	1,692,561	6,809,581	8,492,142
Hotel, food and beverage services	-	-	-	-	-	1,235,195	366,395	609,290	18,878	-	-	1,333,517	896,265	2,229,782
Transportation and telecommunication	-	-	24	-	-	3,837,081	672,839	316,057	48,540	-	-	3,323,134	1,551,491	4,874,625
Financial institutions	-	-	8	-	100	3,212,203	119,173	49,540	12,575	-	3,028,462	25,051,620	22,609,819	47,661,439
Real estate and renting services	32,322,861	6	8	1,431	8,915,180	190,703	28,849	14,299	10,439	-	-	133,538	110,752	244,290
Self-employment services	-	-	-	-	-	427,048	223,575	34,114	7,298	-	95	208,394	483,736	692,130
Education services	-	-	67	-	-	76,132	57,414	10,999	1,948	-	-	24,675	121,885	146,560
Health and social services	-	61	4,069	-	3,947	1,357,017	492,650	160,053	30,797	-	2,658	651,699	1,399,553	2,051,252
Other	282,238	1,450	239	1,335	2,813,927	6,003,738	17,422,248	3,827,701	462,616	7,069,530	2,113,079	5,043,636	34,954,485	39,998,101
Total	32,605,103	1,653	4,438	2,766	12,079,698	61,915,949	30,829,171	8,547,991	1,187,932	7,069,530	5,146,637	65,269,714	94,121,154	159,390,868

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on banks and intermediary institutions
- 6- Claims on corporates
- 7- Claims included in the regulatory retail portfolios
- 8- Claims secured by residential property
- 9- Past due loans
- 10- Higher risk categories decided by the Board
- 11- Other receivables

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

h. Risk profile according to remaining maturities:

Risk classifications	According to their outstanding maturities					Total
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Conditional and unconditional receivables from central governments or central banks	9.068.910	332.597	681.591	64.545	20.545.301	30.692.944
Conditional and unconditional receivables from regional or local governments	-	-	1.505	-	3	1.508
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	3	-	41	44
Conditional and unconditional receivables from multilateral development banks	415	115	332	874	522	2.258
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.706.931	2.254.129	1.411.816	684.185	2.367.476	10.424.537
Conditional and unconditional receivables from corporates	7.149.864	6.110.001	9.604.314	7.074.299	25.045.192	54.983.670
Conditional and unconditional retail receivables	523.084	1.486.885	3.766.393	4.074.505	21.827.505	31.678.372
Conditional and unconditional receivables secured by mortgages	140.305	252.951	663.664	444.245	7.046.900	8.548.065
Past due receivables	5.078	48.347	107.101	23.915	289.101	473.542
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	182.703	34.093	55.057	51.850	494.302	818.005
General Total	20.777.290	10.519.118	16.291.776	12.418.418	77.616.343	137.622.945

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

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

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

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

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Information related to financial position of the Group (continued)

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

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

i. Risk balances according to risk weights:

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

	Risk Weights	0%	20%	50%	75%	100%	150%	200%	Total	Deductions from the shareholders' equity
1	Total exposure before credit risk mitigation	23.134.193	6.123.950	23.446.113	30.829.172	68.296.600	3.655.925	3.902.915	159.390.868	412.372
2	Total exposure after credit risk mitigation	23.197.568	6.101.218	23.653.728	30.609.356	66.292.798	3.655.925	3.902.915	157.413.508	412.372

j. Information according to sectors and counterparties:

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

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

Sectors / Counterparties	Loans			
	Impaired Loans	Past due	General Provisions	Specific Provisions
Agricultural	63.728	122.729	3.492	35.934
Farming and raising livestock	56.117	106.137	3.167	32.009
Forestry	3.787	7.483	156	2.028
Fishing	3.824	9.109	169	1.897
Manufacturing	996.445	1.163.294	51.804	649.482
Mining	16.469	136.130	11.520	10.060
Production	966.689	1.015.302	39.969	633.931
Electric, gas and water	13.287	11.862	315	5.491
Construction	222.735	527.932	24.152	111.321
Services	429.718	775.075	28.082	268.890
Wholesale and retail trade	172.464	304.019	9.490	91.506
Hotel, food and beverage services	31.939	90.596	1.805	14.263
Transportation and telecommunication	125.672	214.600	10.950	89.309
Financial institutions	5.076	35.219	2.561	2.726
Real estate and renting services	58.971	63.652	1.444	52.123
Self-employment services	-	-	-	-
Education services	3.423	7.402	177	1.606
Health and social services	32.173	59.587	1.655	17.357
Other	1.116.322	1.300.067	42.244	649.036
Total	2.828.948	3.889.097	149.774	1.714.663

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

k. Information about value adjustments and changes in the loan impairment:

The Group provides specific provisions for loans which are overdue for 90 days or more by taking into account the collaterals received from customers in accordance with the Provisioning Regulation. Impaired Credits; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness. For such credits, "specific provision" are allocated as per the Provisioning Regulation and carried out taking into account the collaterals received from customers.

	Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments*	Close out balance
1 Specific provisions	1.393.221	794.368	(29.869)	(559.806)	1.597.914
2 General provisions	1.052.268	358.601	(71.188)	-	1.339.681

* Figure represents write-off's and also includes NPL sales amounts.

III. Explanations on market risk⁽¹⁾:

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

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

Market risk policies, which are approved by the Board of Directors of the Bank and updated annually, if needed; include limit, methodologies, processes and responsibilities. Market risk calculations for the trading portfolio are performed by using standard method and Value at Risk (VaR) method. VaR is calculated using historical simulation method and reported to the management on a daily basis and Executive Committee on a monthly basis. In order to keep the effect of interest rate and foreign currency fluctuations at minimum, the Bank enters into derivative transactions of which some of the derivative transactions are subject to hedge accounting applications. The table below shows details of the market risk as of December 31, 2012 in accordance with "Regulation on Banks' Internal Control and Risk Management Systems" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 28337 dated June 28, 2012.

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

(1). Information on market risk:

	Current Period
(I) Capital requirement against general market risk - standard method	28.424
(II) Capital requirement against specific risks - standard method	28.588
Capital requirement against specific risks of securitization positions- standard method	-
(III) Capital requirement against currency exchange risk - standard method	139.660
(IV) Capital requirement against commodity risks - standard method	3.024
(V) Capital requirement against exchange risks - standard method	-
(VI) Capital requirement against market risks of options - standard method	1.277
(VII) Capital requirement against counterparty credit risks - standard method	19.305
(VIII) Capital requirement against market risks of banks applying risk measurement model	-
(IX) Total capital requirement against market risk (i+ii+iii+iv+v+vi+vii) (i+ii+iii+iv+v+vi+vii+viii)	220.278
(IX) Value-at-market risk ((12.5*viii) or (12.5*ix))	2.753.475

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

b. Average market risk table of calculated market risk at month ends:

	Average ⁽¹⁾	Maximum ⁽¹⁾	Minimum ⁽¹⁾
Interest rate risk	24.539	28.424	20.653
Share price risk	27.076	28.588	25.564
Currency risk	83.764	139.660	27.868
Commodity risk	2.513	3.024	2.002
Settlement risk	-	-	-
Option risk	828	1.277	379
Counterparty credit risk	23.056	26.807	19.305
Total amount subject to risk	161.776	227.780	95.771

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

(2) Quantitative information on counterparty risk;

The "counterparty credit risk" is calculated for repurchase transactions and derivative transactions. In counterparty credit risk calculations, the fair value methodology is used according to the Appendix-2 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". In case of derivative transactions, the total of replacement costs and potential credit risks is considered as the exposure amount. The total of volatility, currency, credit quality levels and holding periods for marketable securities subject to repurchase and funding through repurchases are considered during the calculation of risk amount for repurchase transactions.

In counterparty credit risk calculations, credit limits are set by internal methods and fair value methodology is used for capital allocation calculations.

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

The Bank uses the same policy and procedures applicable to credit collateral and provisioning for counterparty credit risk.

In accordance with the counterparty risk policies the Bank does not have the risk of the opposite tendency.

Risk and collateral amounts are calculated daily. Changes applicable to market values are also revised by using realizations.

Fair value methodology is used for capital adequacy calculations without using a coefficient.

Total counterparty credit risk from trading activities is TL 241.313 for the period ended December 31, 2012.

Information related to financial position of the Group (continued)

	Current Period ⁽¹⁾
Interest rate contracts	56.795
Foreign exchange rate contracts	538.089
Commodity contracts	-
Equity shares related contracts	6.768
Other	-
Gross Positive Fair Value	291.112
Netting benefits	-
Net current exposure amount	-
Collateral received	-
Net derivative position	291.112

(1) Includes only the counterparty risks arising from trading book.

(3) Explanations on calculation of capital requirements through a risk measurement model which is permitted to be used by the authorities;

Market risk is measured for trading portfolio and standard method and value at risk method are used.

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2011, 2010 and 2009 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2012, the total amount subject to operational risk is TL 10.677.893 (December 31, 2011 - TL 9.764.669) and the amount of the related capital requirement is TL 854.231 (December 31, 2011 - TL 781.174).

	2 PP value	1 PP value	CD value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5.812.628	5.408.337	5.863.663	5.694.876	15	854.231
Amount subject to operational risk (Total*12,5)						10.677.893

V. Explanations on consolidated currency risk:

The difference between the Group's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Cross currency risk is also taken into consideration for the currency risk calculations and measurements.

The Group keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition, although the internal exchange position limit is lower when compared to the related legal limit, there has not been any limit exceeding during the period. As an instrument of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied. Value at risk method is used for the measurement of foreign exchange risk

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note XIII.

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	TL 1,73800	TL 2,29290
December 31, 2012 bid rate	TL 1,73800	TL 2,29290
December 28, 2012 bid rate	TL 1,73830	TL 2,30660
December 27, 2012 bid rate	TL 1,74020	TL 2,29770
December 26, 2012 bid rate	TL 1,74300	TL 2,29960
December 25, 2012 bid rate	TL 1,74460	TL 2,30600
Arithmetic average of the last 31 days:	TL 1,73512	TL 2,27387
As of December 31, 2011;		
	USD	EUR
Balance sheet evaluation rate	TL 1,84170	TL 2,38270

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Information on currency risk of the Group:

	EURO	USD	Other FC	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.137.276	6.247.407	1.482.453	9.867.136
Banks	1.386.565	1.263.648	591.717	3.241.930
Financial assets at fair value through profit or loss	42.680	206.608	1.007	250.295
Money market placements	-	111.234	-	111.234
Available-for-sale financial assets	441.374	7.122.856	36.043	7.600.273
Loans ⁽¹⁾	8.487.116	17.249.373	1.005.895	26.742.384
Investments in associates, subsidiaries and joint ventures	-	-	193.934	193.934
Held-to-maturity investments	227.237	2.281.950	-	2.509.187
Hedging derivative financial assets	-	-	-	-
Tangible assets	1.376	-	32.976	34.352
Intangible assets	-	-	7.427	7.427
Other assets ⁽²⁾	2.279.373	1.817.321	195.644	4.292.338
Total assets	15.002.997	36.300.397	3.547.096	54.850.490
Liabilities				
Bank deposits	537.326	313.551	92.004	942.881
Foreign currency deposits	9.738.974	17.455.225	1.990.046	29.184.245
Funds from money market	229.655	2.878.198	-	3.107.853
Funds borrowed from other financial institutions	6.625.576	6.231.463	96.730	12.953.769
Marketable securities issued	791.762	1.735.336	-	2.527.098
Miscellaneous payables	378.281	347.672	41.874	767.827
Hedging derivative financial liabilities	101.488	391.198	-	492.686
Other liabilities	3.188.761	3.525.678	9.355	6.723.794
Total liabilities	21.591.823	32.878.321	2.230.009	56.700.153
Net on balance sheet position	(6.588.826)	3.422.076	1.317.087	(1.849.663)
Net off balance sheet position⁽²⁾	6.793.461	(2.450.573)	(1.125.486)	3.217.402
Financial derivative assets	8.414.043	8.012.504	498.265	16.924.812
Financial derivative liabilities	1.620.582	10.463.077	1.623.751	13.707.410
Non-cash loans	6.646.932	10.302.197	319.151	17.268.280
December 31, 2011				
Total assets	17.210.270	33.171.768	2.572.881	52.954.919
Total liabilities	22.184.070	32.385.364	2.154.678	56.724.112
Net on-balance sheet position	(4.973.800)	786.404	418.203	(3.769.193)
Net off-balance sheet position	6.151.489	(2.580.679)	(45.548)	3.525.262
Financial derivative assets	7.405.899	7.682.168	375.922	15.463.989
Financial derivative liabilities	1.254.410	10.262.847	421.470	11.938.727
Non-cash loans	4.852.200	10.223.512	601.405	15.677.117

(1) Includes FX indexed loans amounting to TL 3.221.773 (December 31, 2011 - TL 3.920.053) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 42.186 (December 31, 2011 - TL 34.204).

Currency risk sensitivity analysis ⁽¹⁾:

The table below represents the sensitivity of the Parent Bank to 15% change of currency exchange rates (USD and EUR).

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

Change in currency exchange rates	Current Period	Prior Period
	Profit/loss effect ⁽¹⁾	Profit/loss effect ⁽¹⁾
(+) 15%	(27.818)	(39.850)
(-) 15%	27.818	39.850

(1) Disclosed above is that of the Parent Bank.

(2) Excluding tax effect.

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Notes to consolidated financial statements December 31, 2012 (continued)

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Information related to financial position of the Group (continued)

VI. Explanations on consolidated interest rate risk:

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

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	11,487,948	11,487,948
Banks	2,392,151	432,471	554,909	234,203	-	1,728,763	5,342,497
Financial assets at fair value through profit/loss	143,366	129,234	226,709	131,175	297,895	74,616	1,002,995
Money market placements	2,664,118	109,118	-	-	-	-	2,773,236
Available-for-sale financial assets	1,687,065	1,608,723	2,450,574	3,206,361	6,679,098	18,627	15,650,448
Loans	17,633,269	18,762,035	20,163,124	15,503,331	4,821,813	1,905,275	78,788,847
Held-to-maturity investments	17,390	1,614,522	1,462,174	326,880	2,406,728	-	5,827,694
Other assets	1,565,677	733,369	981,945	1,489,414	123,421	5,730,270	10,624,096
Total assets	26,103,036	23,389,472	25,839,435	20,891,364	14,328,955	20,945,499	131,497,761
Liabilities							
Bank deposits	173,294	363,879	406,122	124,776	66,040	315,172	1,449,283
Other deposits	42,197,427	12,674,271	2,692,833	669,909	9,385	11,450,283	69,694,108
Funds from money market	4,871,821	1,601,854	-	-	-	-	6,473,675
Miscellaneous payables	31	-	-	-	-	5,775,451	5,775,482
Marketable securities issued	170,578	1,673,832	1,233,009	869,086	-	-	3,946,505
Funds borrowed from other financial institutions	1,528,821	3,746,112	6,369,533	2,032,146	617,719	-	14,294,331
Other liabilities and shareholders' equity	319,467	2,780,837	1,750,754	350,692	1,877,374	22,785,253	29,864,377
Total liabilities	49,261,439	22,840,785	12,452,251	4,046,609	2,570,518	40,326,159	131,497,761
Balance sheet long position	-	548,687	13,387,184	16,844,755	11,758,437	-	42,539,063
Balance sheet short position	(23,158,403)	-	-	-	-	(19,380,660)	(42,539,063)
Off-balance sheet long position	4,790,681	13,604,142	-	-	-	-	18,394,823
Off-balance sheet short position	-	-	(1,488,734)	(16,149,146)	(1,356,983)	-	(18,994,863)
Total position	(18,367,722)	14,152,829	11,898,450	695,609	10,401,454	(19,380,660)	(600,040)

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Information related to financial position of the Group (continued)

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

b. Average interest rates for monetary financial instruments:

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

Current Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	0,15	-	-	-
Banks	0,68	2,17	-	7,92
Financial assets at fair value through profit/loss	0,89	3,80	-	6,81
Money market placements	-	0,60	-	6,16
Available-for-sale financial assets	4,49	7,05	-	9,16
Loans	5,24	5,15	4,40	12,48
Held-to-maturity investments	4,68	5,51	-	8,97
Liabilities				
Bank deposits	3,49	0,90	-	6,23
Other deposits	2,98	2,95	0,30	8,34
Funds from money market	0,71	1,41	-	6,21
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,34	3,81	2,46	8,29

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Information related to financial position of the Group (continued)

Prior Period	EURO	USD	Yen	TL
Assets	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	0,07	-	-	-
Banks	1,52	3,39	-	11,59
Financial assets at fair value through profit/loss	5,76	4,20	-	8,32
Money market placements	-	0,50	-	12,48
Available-for-sale financial assets	5,83	6,80	-	9,80
Loans	5,61	4,92	4,02	13,74
Held-to-maturity Investments	5,00	6,70	-	9,91
Liabilities				
Bank deposits	3,00	1,89	-	9,46
Other deposits	3,97	4,70	0,30	10,91
Funds from money market	2,45	1,95	-	9,19
Miscellaneous payables	-	-	-	-
Marketable securities issued	2,20	3,00	-	10,40
Funds borrowed from other financial institutions	3,09	2,44	2,21	11,45

c. Interest rate risk arising from banking accounts:

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

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

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

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

Economic value differences resulting from interest rate fluctuations as of December 31, 2012 are presented in the table below in accordance with the "Regulation of measurement and assessment of interest rate risk by standard shock method arising from banking accounts".

Currency ⁽¹⁾	Applied shock (+/- x basis points)	Gains/Losses	Gains/SE-Losses/SE
TRY	(+)500 bp	(1.128.662)	% (5,82)
TRY	(-)400 bp	1.133.925	%5,85
EURO	(+)200 bp	16.022	%0,08
EURO	(-)200 bp	(2.965)	% (0,02)
USD	(+)200 bp	(846.215)	% (4,36)
USD	(-)200 bp	1.209.228	%6,23
Total (for negative shock)		2.340.188	%12,06
Total (for positive shock)		(1.958.855)	% (10,10)

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

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Information related to financial position of the Group (continued)

VII. Information about position risk of equity shares in banking book:

1. Information on realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Group has no unconsolidated subsidiaries and joint venture quoted in Istanbul Stock Exchange as of December 31, 2012.

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

None.

VIII. Explanations on consolidated liquidity risk:

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

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

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

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

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

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2012 and 2011 are disclosed below.

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Information related to financial position of the Group (continued)

Current Period	First-term period (Weekly)		Second-term period (Monthly)	
	FC	Total	FC	Total
Average %	133,42	150,92	101,86	110,66
Highest %	164,51	173,79	124,58	120,79
Lowest %	110,12	133,42	87,53	104,79

Prior Period	First-term period (Weekly)		Second-term period (Monthly)	
	FC	Total	FC	Total
Average %	146,26	154,79	101,83	113,56
Highest %	187,20	189,05	128,50	126,62
Lowest %	115,02	135,55	83,91	100,74

(1)The table disclosed above is that of the Parent Bank.

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years and over	Unclassified ⁽¹⁾⁽²⁾	Total	
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	3.657.400	7.830.548	-	-	-	-	11.487.948	
Banks	1.728.763	2.392.153	431.164	553.508	236.909	-	5.342.497	
Financial assets at fair value through profit or loss	39.901	123.651	100.733	224.895	142.727	34.715	1.002.995	
Money market placements	-	2.664.118	109.118	-	-	-	2.773.236	
Available-for-sale financial assets	80.940	862.895	323.454	273.382	4.840.883	18.627	15.650.448	
Loans	-	14.216.810	8.351.301	19.661.444	22.011.620	13.571.483	78.788.847	
Held-to-maturity Investments	-	17.390	28.963	24.094	3.350.519	2.406.728	5.827.694	
Other assets ⁽¹⁾	2.023.819	1.690.833	723.694	1.183.599	1.835.099	178.219	2.988.833	
Total assets	7.530.823	29.798.398	10.068.427	21.920.922	32.417.757	25.743.070	4.018.364	131.497.761
Liabilities								
Bank deposits	315.172	173.294	363.879	406.122	124.776	66.040	1.449.283	
Other deposits	11.450.283	41.911.199	12.704.904	2.711.973	906.364	9.385	69.694.108	
Funds borrowed from other financial institutions	-	1.386.088	533.132	7.838.842	3.324.978	1.211.291	14.294.331	
Funds from money market	-	4.871.821	1.601.854	-	-	-	6.473.675	
Marketable securities issued	-	170.578	110.590	1.217.897	2.335.267	112.173	3.946.505	
Miscellaneous payables	713.649	4.832.424	52.776	83.762	5.509	64	5.775.482	
Other liabilities ⁽²⁾	382.727	362.910	342.635	1.172.764	4.867.694	3.396.861	19.338.786	
Total liabilities	12.861.831	53.708.314	15.709.770	13.431.360	11.564.588	4.795.814	19.426.084	131.497.761
Net liquidity gap	(5.331.008)	(23.909.916)	(5.641.343)	8.489.562	20.853.169	20.947.256	(15.407.720)	-
Prior Period								
Total assets	8.800.029	20.271.069	7.646.772	19.435.121	30.964.178	26.505.875	3.827.087	117.450.131
Total liabilities	13.264.260	47.158.808	16.145.014	15.457.901	9.726.194	2.422.734	13.275.220	117.450.131
Net liquidity gap	(4.464.231)	(26.887.739)	(8.498.242)	3.977.220	21.237.984	24.083.141	(9.448.133)	-

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

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Information related to financial position of the Group (continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period ⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	54.142.891	13.250.322	3.220.517	1.122.603	83.901	71.820.234
Funds borrowed from other financial institutions	1.389.694	673.331	8.081.360	3.734.421	1.316.431	15.195.237
Funds from money market	4.883.739	1.605.242	-	-	-	6.488.981
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	219.245	1.247.226	2.540.568	112.173	4.289.790
Total	60.586.902	15.790.378	12.809.772	10.918.280	5.130.746	105.236.078

(1) Maturities of non-cash loans are described in Note 3 (iv) of Section V.

Prior Period ⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	48.631.002	13.429.422	3.674.818	696.942	145.030	66.577.214
Funds borrowed from other financial institutions	1.799.739	649.283	9.104.618	3.235.131	827.007	15.615.778
Funds from money market	3.529.197	1.647.208	1.096.668	663.952	-	6.937.025
Subordinated loans	-	28.585	100.180	2.534.617	491.272	3.154.654
Marketable securities issued	700	116.212	1.457.768	1.692.192	133.264	3.400.136
Total	53.960.638	15.870.710	15.434.052	8.822.834	1.596.573	95.684.807

(1) Maturities of non-cash loans are described in Note 3 (iv) of Section V.

IX Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

The Group does not use on-balance and off-balance sheet netting for the calculation of credit risk mitigation factors.

The Group applies credit risk mitigation according to the comprehensive method in compliance with the article 34 of the "Regulation on Credit Risk Mitigation Techniques". Only cash and cash equivalent collaterals are taken into account for the purpose of credit risk migration.

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

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

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Information related to financial position of the Group (continued)

the maximum Loan-to-Value ratio set by BRSA. For the guarantees that are taken to mitigate the credit risk, credit worthiness of the guarantor is measured.

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

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

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

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

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

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

Information about guaranties according to risk classifications:

Risk classifications ⁽¹⁾	Amount ⁽¹⁾	Financial guaranties ⁽²⁾	Other / Physical guaranties ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	34.908.557	-	-	-
Conditional and unconditional receivables from regional or local governments	2.257	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	16.558	-	-	-
Conditional and unconditional receivables from multilateral development banks	139.548	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	53.195.501	35.649	-	-
Conditional and unconditional receivables from corporates	186.894.338	2.468.165	-	110.424
Conditional and unconditional retail receivables	74.958.666	253.163	-	9.112
Conditional and unconditional receivables secured by mortgages	8.663.206	-	-	-
Past due receivables	1.187.932	-	-	-
Receivables defined in high risk category by the Regulator	7.069.530	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	8.792.805	-	-	-
Total	375.828.898	2.756.977	-	119.536

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

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

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Information related to financial position of the Group (continued)

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

XII. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Group. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	108.382.722	96.394.897	110.127.482	98.662.117
Due from money market	2.773.236	2.173.561	2.773.236	2.173.561
Banks	5.342.497	3.428.524	5.366.421	3.445.199
Available-for-sale financial assets	15.650.448	8.011.276	15.650.448	8.011.276
Held-to-maturity investments	5.827.694	12.710.622	6.192.442	12.975.342
Loans	78.788.847	70.070.914	80.144.935	72.056.739
Financial liabilities	100.355.351	91.437.485	101.538.028	91.381.062
Bank deposits	1.449.283	1.562.489	1.546.848	1.565.177
Other deposits	69.694.108	64.624.061	69.694.108	64.624.061
Funds borrowed from other financial institutions	14.294.331	14.682.902	14.377.989	14.623.791
Subordinated loans	5.195.642	2.523.816	6.166.951	2.523.816
Marketable securities issued	3.946.505	3.248.717	3.976.650	3.248.717
Miscellaneous payables	5.775.482	4.795.500	5.775.482	4.795.500

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The fair values of bank deposits, banks and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

The fair value of other deposits due to the short maturity is assumed to approximate their carrying value.

TFRS 7, "Financial Instruments: Disclosures", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	565.441	437.554	-	1.002.995
Government debt securities	493.996	-	-	493.996
Share certificates	31.365	3.350	-	34.715
Trading derivative financial assets	-	420.483	-	420.483
Other marketable securities	40.080	13.721	-	53.801
Available-for-sale financial assets	13.967.588	1.664.233	18.627	15.650.448
Government debt securities	13.704.705	5.740	-	13.710.445
Other marketable securities ⁽¹⁾	262.883	1.658.493	18.627	1.940.003
Hedging derivative financial assets	-	94.166	-	94.166
Total assets	14.533.029	2.195.953	18.627	16.747.609
Trading derivative financial liabilities	-	384.481	-	384.481
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	-	1.289.168	-	1.289.168

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

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Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	268.127	288.703	-	556.830
Government debt securities	227.090	-	-	227.090
Share certificates	-	-	-	-
Trading derivative financial assets	-	274.618	-	274.618
Other marketable securities	41.037	14.085	-	55.122
Available-for-sale financial assets	6.352.710	1.641.140	17.426	8.011.276
Government debt securities	6.236.030	-	-	6.236.030
Other marketable securities ⁽¹⁾	116.680	1.641.140	17.426	1.775.246
Hedging derivative financial assets	-	377.335	-	377.335
Total assets	6.620.837	2.307.178	17.426	8.945.441
Trading derivative financial liabilities	-	540.339	-	540.339
Hedging derivative financial liabilities	-	502.841	-	502.841
Total liabilities	-	1.043.180	-	1.043.180

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs.

In the current year, there is no transfer between Level 1 and Level 2.

The increase in the current year on Level 3 amounting to TL 1.201 is due to capital increases in non-public equity shares.

XIII. Explanations on hedge accounting:

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

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

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

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

	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Hedging instrument						
Interest rate swap	18.479.953	170	814.454	16.218.598	7.588	483.882
Cross currency interest rate swap	1.772.858	93.996	90.233	2.782.807	369.747	18.959
Total	20.252.811	94.166	904.687	19.001.405	377.335	502.841

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 20.528.904 (December 31, 2011 - TL 19.642.646) the total notional of derivative financial assets amounting to TL 40.781.715 (December 31, 2011 - TL 38.644.051) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

The impact of application of FVH accounting is summarized below;

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	148.635	93.996	90.233	41.431

- (1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.
- (2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
- (3) The ineffective portion of the mentioned hedging transaction is TL 5.689.

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

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

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Information related to financial position of the group (continued)

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

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

Cash flow hedge accounting:

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

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	170	814.454	(560.813)	(252.283)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

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

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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Information related to financial position of the group (continued)

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

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

Net Investment Hedge

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2012 is EUR 264 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 96.731 net-of tax (December 31, 2011 - TL 112.775 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

XIV. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no fiduciary transactions.

XV. Explanations on consolidated operating segments:

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

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

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

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

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

The Group's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Foreign operations include the Group's banking transactions in the Netherlands, Azerbaijan and Russia. Other operations mainly consist of treasury management's results, operations of supporting business units, insurance operations and other unallocated transactions.

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

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

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance and retirement	Treasury, Asset-Liability Management and Other	Consolidation adjustments (2)	Total operations of the Group
Operating revenue	3.003.309	1.565.201	123.909	159.724	434.233	326.476	1.859.785	(91.235)	7.381.402
Operating expenses	(2.283.382)	(424.478)	(67.650)	(72.831)	(173.799)	(192.777)	(1.510.829)	47.586	(4.678.160)
Net operating income	719.927	1.140.723	56.259	86.893	260.434	133.699	348.956	(43.649)	2.703.242
Dividend income ⁽²⁾							1.661		1.661
Income/Loss from Investments accounted based on equity method							17.791		17.791
Profit before tax	719.927	1.140.723	56.259	86.893	260.434	133.699	368.408	(43.649)	2.722.694
Tax provision ⁽²⁾							(624.934)		(624.934)
Net Profit	719.927	1.140.723	56.259	86.893	260.434	133.699	(256.526)	(43.649)	2.097.760
Minority interest (-)							(10.087)		(10.087)
Group income/loss	719.927	1.140.723	56.259	86.893	260.434	133.699	(266.613)	(43.649)	2.087.673
Segment assets	38.170.950	31.191.828	169.225	4.955.523	7.149.217	2.019.163	48.760.496	(1.137.837)	131.278.565
Investments in associates, subsidiaries and joint ventures							219.196		219.196
Toplam varlıklar	38.170.950	31.191.828	169.225	4.955.523	7.149.217	2.019.163	48.979.692	(1.137.837)	131.497.761
Segment liabilities ⁽³⁾	30.189.733	25.936.583	17.125.662	4.095.876	5.626.880	1.578.500	32.066.188	(1.161.199)	115.458.223
Shareholders' equity							16.039.538		16.039.538
Total liabilities	30.189.733	25.936.583	17.125.662	4.095.876	5.626.880	1.578.500	48.105.726	(1.161.199)	131.497.761

- (1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
- (2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
- (3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

(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 December 31, 2012 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other foreign operations	Other domestic operations	Insurance and retirement	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽²⁾	Total operations of the Group
Operating revenue	2.685.663	1.325.890	128.391	166.037	419.034	269.858	1.553.626	78.764	6.627.263
Operating expenses	(1.551.352)	(480.026)	(65.899)	(92.821)	(123.717)	(164.068)	(1.369.431)	75.904	(3.771.410)
Net operating income	1.134.311	845.864	62.492	73.216	295.317	105.790	184.195	154.668	2.855.853
Dividend income ⁽²⁾							5.891		5.891
Income/Loss from Investments accounted based on equity method							14.420		14.420
Profit before tax	1.134.311	845.864	62.492	73.216	295.317	105.790	204.506	154.668	2.876.164
Tax provision ⁽²⁾							(584.784)		(584.784)
Net Profit	1.134.311	845.864	62.492	73.216	295.317	105.790	(380.278)	154.668	2.291.380
Minority interest (-)							(6.676)		(6.676)
Group income/loss	1.134.311	845.864	62.492	73.216	295.317	105.790	(386.954)	154.668	2.284.704
Segment assets ⁽³⁾	31.022.708	32.454.527	230.862	5.068.889	6.447.543	1.734.755	42.526.127	(2.245.673)	117.239.738
Investments in associates, subsidiaries and joint ventures							210.393		210.393
Toplam varlıklar	31.022.708	32.454.527	230.862	5.068.889	6.447.543	1.734.755	42.736.520	(2.245.673)	117.450.131
Segment liabilities ⁽³⁾	25.921.556	22.672.713	15.712.099	4.250.605	5.041.952	1.360.840	32.096.423	(2.241.291)	104.814.897
Shareholders' equity							12.635.234		12.635.234
Total liabilities	25.921.556	22.672.713	15.712.099	4.250.605	5.041.952	1.360.840	44.731.657	(2.241.291)	117.450.131

- (1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.
- (2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".
- (3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Section five

Explanations and notes related to consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.206.771	339.996	781.556	251.463
The CBRT ⁽¹⁾	414.040	9.147.081	3.870.730	4.850.192
Other	1	380.059	-	327.762
Total	1.620.812	9.867.136	4.652.286	5.429.417

- (1) The balance of gold amounting to TL 1.398.753 is accounted for under the Central Bank foreign currency account as of December 31, 2012 (December 31 2011 – 564.607 TL).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	414.040	1.316.533	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	7.830.548	-	3.439.176
Total	414.040	9.147.081	3.870.730	4.850.192

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

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

As of December 31, 2012, the Group's reserve deposits, including those at foreign banks, amount to TL 9.591.973 (December 31, 2011 - TL 8.986.633).

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

- As of December 31, 2012, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2011 - None) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 43.171 (December 31, 2011 - TL 57.144).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	53.199	13.903	107.654	5.973
Swap transactions ⁽¹⁾	226.076	95.622	34.541	65.637
Futures transactions	-	-	-	-
Options	9.351	22.332	46.405	14.408
Other	-	-	-	-
Total	288.626	131.857	188.600	86.018

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

ç. Information on banks:

- Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	2.100.562	857.187	221.993	1.355.011
Foreign ⁽¹⁾	5	2.384.743	46.431	1.805.089
Head quarters and branches abroad	-	-	-	-
Total	2.100.567	3.241.930	268.424	3.160.100

(1) As of December 31, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 451.315 (December 31, 2011 – 14.228 TL).

- Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.528.022	1.239.550	100.349	105.538
USA, Canada	488.017	334.092	-	-
OECD countries (1)	46.218	18.001	-	-
Off-shore banking regions	109	213	-	-
Other	191.713	125.120	30.320	29.006
Total	2.254.079	1.716.976	130.669	134.544

(2) OECD countries except EU countries, USA and Canada.

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

d. Information on available-for-sale financial assets which are subject to repurchase agreements and given as collateral / blocked:

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

As of December 31, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 1.586.077 (December 31, 2011 - TL 555.400) and available-for-sale financial assets subject to repo transactions amount to TL 2.639.269 (December 31, 2011 - TL 705.903).

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

Information on available-for-sale financial assets:

	Current Period	Prior Period
Debt securities	15.703.687	8.046.603
Quoted in stock exchange ⁽¹⁾	14.067.931	6.376.457
Not quoted ⁽²⁾	1.635.756	1.670.146
Share certificates	63.927	64.717
Quoted in stock exchange	133	140
Not quoted	63.794	64.577
Impairment provision (-) ⁽²⁾	(198.106)	(187.463)
Other ⁽³⁾	80.940	87.419
Total	15.650.448	8.011.276

(1) Includes credit linked notes amounting to TL 895.659 (December 31, 2011 - TL 951.989).

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

(3) As of December 31, 2012, other available-for-sale financial assets include mutual funds amounting to TL 80.940 (December 31, 2011 - TL 87.419).

As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the current period in accordance with the requirements of TAS 39, the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378,400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes.

f. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	5.390	403.915	4.576	230.061
Loans granted to employees	104.931	68	96.504	71
Total	110.321	403.983	101.080	230.132

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	75.229.315	2.759.085	-	2.583.343	348.669	80.262
Loans given to enterprises	26.927.240	143.810	-	401.350	28.375	60.091
Export loans	3.686.363	181.022	-	138.075	36.002	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.656.487	-	-	-	-	-
Consumer loans	14.209.929	2.400.590	-	1.100.817	269.602	10.382
Credit cards	14.143.219	-	-	287.207	-	9.787
Other ⁽¹⁾	13.606.077	33.663	-	655.894	14.690	2
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	75.229.315	2.759.085	-	2.583.343	348.669	80.262

- (1) As explained in the Note IV of Section XIII. TL 148.635 of fair value difference of hedged items is classified under other loans.

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan⁽¹⁾		
Extended by 1 or 2 times	2.703.777	333.337
Extended by 3,4 or 5 times	23.251	2.960
Extended by more than 5 times	32.057	12.372
Total	2.759.085	348.669

	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended period of time⁽¹⁾		
0 - 6 Months	261.706	27.209
6 - 12 Months	235.553	25.259
1 - 2 Years	861.630	155.365
2 - 5 Years	1.137.190	136.026
5 Years and over	263.006	4.810
Total	2.759.085	348.669

- (1) Four loans which are restructured in accordance with the temporary article 5 subsection 2 of the amendment of Provisioning Regulation dated April 9, 2011 have maturities between 6 months to 1 year and 1 year to 5 years.

One loan which is restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 has a maturity between 1 to 5 years.

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	34.318.288	497.259	639.779	60.224
Non-specialised loans	34.318.288	497.259	639.779	60.224
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	38.151.943	2.261.825	1.515.936	367.404
Non-specialised loans	38.151.943	2.261.825	1.515.936	367.404
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

4.(i) Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans		Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	46.876.167	14.209.929	14.143.219	2.853.576	1.542.319	79.625.210	
Watch list	1.195.319	1.100.817	287.207	131.268	86.760	2.801.371	
Loans under legal follow-up	1.580.473	565.084	428.546	251.433	62.048	2.887.584	
Specific provisions (-)	(1.042.729)	(291.018)	(264.167)	(139.784)	(51.060)	(1.788.758)	
Total	48.609.230	15.584.812	14.594.805	3.096.493	1.640.067	83.525.407	

Prior Period	Corporate, commercial and other loans		Consumer loans	Credit cards	Financial leasing	Factoring	Total
Standard loans	44.749.627	12.936.404	10.147.831	2.549.066	1.787.155	72.170.083	
Watch list	720.622	525.182	246.351	131.498	-	1.623.653	
Loans under legal follow-up	1.452.724	317.376	368.018	264.121	22.836	2.425.075	
Specific provisions (-)	(977.538)	(156.082)	(259.601)	(150.202)	(19.230)	(1.562.653)	
Total	45.945.435	13.622.880	10.502.599	2.794.483	1.790.761	74.656.158	

According to the Board of Directors meeting held on November 22, 2012 Yapı Kredi Leasing sold its TL 37.239 of nonperforming loan portfolio as of October 31, 2012 for TL 82 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., and İstanbul Varlık Yönetimi A.Ş..

According to the Board of Directors meeting held on November 22, 2012 Yapı Kredi Factoring sold its TL 19.303 of nonperforming loan portfolio as of December 5, 2012 for TL 70 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., and İstanbul Varlık Yönetimi A.Ş..

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	378.696	541.309	-	65.429	-	985.434
Loans under legal follow-up ⁽¹⁾	293.403	37.981	-	94.300	-	425.684
Toplam	672.099	579.290	-	159.729	-	1.411.118

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing	Factoring	Total
Watch List	333.927	232.157	-	59.312	-	625.396
Loans under legal follow-up ⁽¹⁾	302.664	52.892	-	91.951	-	447.507
Toplam	636.591	285.049	-	151.263	-	1.072.903

(1) Fair values of collaterals received for non-performing loans are calculated by using hair-cuts over their nominal values in accordance with the "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside".

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	142.421	14.591.464	14.733.885
Real estate loans	2.663	7.109.226	7.111.889
Automotive loans	8.359	1.133.691	1.142.050
Consumer loans	2.874	50.990	53.864
Other	128.525	6.297.557	6.426.082
Consumer loans-FC indexed	-	120.968	120.968
Real estate loans	-	118.013	118.013
Automotive loans	-	21	21
Consumer loans	-	2.416	2.416
Other	-	518	518
Consumer loans-FC	18.166	104.901	123.067
Real estate loans	44	62	106
Automotive loans	2.542	22.375	24.917
Consumer loans	7.005	65.885	72.890
Other	8.575	16.579	25.154
Individual credit cards-TL	12.222.373	507.555	12.729.928
With installments	7.747.931	501.303	8.249.234
Without installments	4.474.442	6.252	4.480.694
Individual credit cards-FC	166	10.255	10.421
With installments	166	10.255	10.421
Without installments	-	-	-
Personnel loans-TL	4.781	40.106	44.887
Real estate loans	-	930	930
Automotive loans	78	1.280	1.358
Consumer loans	-	-	-
Other	4.703	37.896	42.599
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	316	206	522
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	80	60	140
Other	236	146	382
Personnel credit cards-TL	57.325	793	58.118
With installments	35.465	793	36.258
Without installments	21.860	-	21.860
Personnel credit cards-FC	-	153	153
With installments	-	153	153
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	287.279	-	287.279
Credit deposit account-FC (real person)	138	-	138
Total	12.732.965	15.376.401	28.109.366

(1) TL 1.251 of the credit deposit account belongs to the loans used by personnel.

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period		
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	447.473	5.233.844	5.681.317
Business loans	1.162	289.995	291.157
Automotive loans	34.409	1.776.186	1.810.595
Consumer loans	-	28	28
Other	411.902	3.167.635	3.579.537
Commercial installments loans-FC indexed	27.885	383.391	411.276
Business loans	-	20.522	20.522
Automotive loans	757	73.257	74.014
Consumer loans	-	-	-
Other	27.128	289.612	316.740
Commercial installments loans-FC	262.843	97.974	360.817
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	135.192	29.160	164.352
Other	127.651	68.814	196.465
Corporate credit cards-TL	1.626.158	5.648	1.631.806
With installment	1.064.384	5.648	1.070.032
Without installment	561.774	-	561.774
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	825.680	-	825.680
Credit deposit account-FC (legal person)	7	-	7
Total	3.190.046	5.720.857	8.910.903
	Prior Period		
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	217.164	5.246.725	5.463.889
Business loans	842	291.731	292.573
Automotive loans	30.681	1.868.356	1.899.037
Consumer loans	-	78	78
Other	185.641	3.086.560	3.272.201
Commercial installments loans-FC indexed	20.996	529.262	550.258
Business loans	-	30.519	30.519
Automotive loans	766	115.317	116.083
Consumer loans	-	-	-
Other	20.230	383.426	403.656
Commercial installments loans-FC	245.831	176.342	422.173
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	125.770	63.936	189.706
Other	120.061	112.406	232.467
Corporate credit cards-TL	622.862	1.224	624.086
With installment	238.440	1.224	239.664
Without installment	384.422	-	384.422
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	526.472	-	526.472
Credit deposit account-FC (legal person)	10	-	10
Total	1.633.335	5.953.553	7.586.888

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.153.905	1.471.372
Private	76.658.753	67.854.645
Total	77.812.658	69.326.017

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

	Current Period	Prior Period
Domestic loans	76.571.527	67.117.882
Foreign loans	1.241.131	2.208.135
Total	77.812.658	69.326.017

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	35.480	15.079
Indirect loans granted to associates and subsidiaries	-	-
Total	35.480	15.079

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	95.603	75.878
Loans and other receivables with doubtful collectability	360.082	201.954
Uncollectible loans and other receivables	1.142.229	1.115.389
Total	1.597.914	1.393.221

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	977.538	156.082	259.601	1.393.221
Allowance for impairment	579.894	480.246	244.706	1.304.846
Amount recovered during the period	(183.090)	(278.827)	(75.801)	(537.718)
Loans written off during the period as uncollectible ⁽¹⁾	(329.169)	(66.306)	(164.331)	(559.806)
Exchange difference	(2.444)	(177)	(8)	(2.629)
December 31	1.042.729	291.018	264.167	1.597.914

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	850.564	221.947	402.573	1.475.084
Allowance for impairment	345.479	368.826	84.455	798.760
Amount recovered during the period	(226.251)	(361.706)	(45.441)	(633.398)
Loans written off during the period as uncollectible ⁽¹⁾	(103)	(73.646)	(182.003)	(255.752)
Exchange difference	7.849	661	17	8.527
December 31	977.538	156.082	259.601	1.393.221

(1) Also includes the effects of the sales of non-performing loan portfolios

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

(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
Current Period			
(Gross amounts before specific reserves)	21.912	40.704	142.583
Restructured loans and other receivables	21.912	40.704	142.583
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	116.892	32.509	82.818
Restructured loans and other receivables	116.892	32.509	82.818
Rescheduled loans and other receivables	-	-	-

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period	501.821	355.670	1.280.627
Additions (+)	2.316.593	150.860	121.242
Transfers from other categories of non-performing loans (+)	-	1.580.836	1.094.255
Transfer to other categories of non-performing loans (-)	(1.580.836)	(1.094.255)	-
Collections (-)	(682.301)	(254.161)	(652.128)
FX valuation differences	(753)	(68)	(1.479)
Write-offs (-)	-	(3)	(561.817)
Corporate and commercial loans	-	(3)	(330.234)
Consumer loans	-	-	(66.607)
Credit cards	-	-	(164.976)
Other	-	-	-
Current Period	554.524	738.879	1.280.700
Specific provision (-)	(95.603)	(360.082)	(1.142.229)
Net balance on balance sheet	458.921	378.797	138.471

The Parent Bank sold its TL 626.078 (includes the capital and uncollected interest and other receivables) of nonperforming loan portfolio from Corporate, Commercial, Retail, SME and Credit Card businesses on October 31, 2012 for TL 66.823 to LBT Varlık Yönetimi A.Ş., Girişim Varlık Yönetimi A.Ş., Anadolu Varlık Yönetim A.Ş. and İstanbul Varlık Yönetimi A.Ş. through tender. The Bank had set aside provision for TL 559.806.

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	1.340	3.381	366.866
Specific provision (-)	(184)	(1.952)	(261.285)
Net balance on-balance sheet	1.156	1.429	105.581
Prior Period			
Period end balance	135.453	50.685	116.380
Specific provision (-)	(18.886)	(12.745)	(94.417)
Net balance on-balance sheet	116.567	37.940	21.963

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (net)	458.921	378.797	138.471
Loans granted to real persons and corporate entities (gross)	554.524	738.879	1.172.116
Specific provision amount (-)	(95.603)	(360.082)	(1.033.645)
Loans granted to real persons and corporate entities (net)	458.921	378.797	138.471
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) ⁽¹⁾	-	-	-
Prior Period (net)	425.943	153.716	165.238
Loans granted to real persons and corporate entities (gross)	501.821	331.082	1.196.631
Specific provision amount (-)	(75.878)	(177.366)	(1.031.393)
Loans granted to real persons and corporate entities (Net)	425.943	153.716	165.238
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (Net) ⁽¹⁾	-	-	-

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

12. Explanation on liquidation policy for uncollectible loans and receivables;

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected through legal follow-up, voluntary payments and liquidation of collaterals.

13. Explanation on "Write-off" policies:

The Bank's general policy for write-offs of loans and receivables under follow-up is to write of such loans and receivables that are proven to be uncollectible in legal follow-up process.

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

g. Information on held-to-maturity investments:

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

As of December 31, 2012, held-to-maturity investments given as collateral/blocked amount to TL 1.299.927 (December 31, 2011 - TL 2.760.106). Held-to-maturity investments subject to repurchase agreements amount to TL 2.986.312 (December 31, 2011 - TL 6.467.221).

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

	Curren Period	Prior Period
Government bond	5.765.659	12.710.622
Treasury bill	-	-
Other debt securities	62.035	-
Total	5.827.694	12.710.622

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

	Curren Period	Prior Period
Debt securities	5.867.172	12.853.755
Quoted on stock exchange	5.867.172	12.853.755
Not quoted	-	-
Impairment provision (-) ^{(1) (2)}	(39.478)	(143.133)
Total	5.827.694	12.710.622

- (1) Necessary impairment provision has been provided for foreign government securities held in Group companies.
(2) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

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

	Curren Period	Prior Period
Beginning balance	12.710.622	12.974.944
Foreign currency differences on monetary assets ⁽¹⁾	(574.402)	1.738.227
Purchases during year	50.325	563.716
Disposals through sales and redemptions	(6.358.851)	(2.501.567)
Impairment provision (-) ⁽²⁾	-	(64.698)
Period end balance	5.827.694	12.710.622

- (1) Also includes the changes in the interest income accruals.
(2) Figure also includes the amount transferred to available for sale portfolio.
(3) Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities and the impairment provisions, if any.

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

As per the legislation on capital adequacy (Basel II) effective starting from 1 July 2012, the risk weight of securities in foreign currencies issued by the Turkish Treasury increased from 0% to 50%. Accordingly, in the current period, in accordance with the requirements of TAS 39 the Bank sold part of its foreign currency securities issued by the Turkish Treasury with a total face value of USD 378,400 thousand and classified to Available for Sale Portfolio with a total face value of USD 2.969.624 thousand from its held-to-maturity portfolio as a result of increase in the risk weights of held-to-maturity investments used for regulatory risk-based capital purposes.

ğ. Information on investments in associates (net):

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Kredi Kayıt Bürosu ⁽¹⁾	Istanbul/Türkiye	18,18	18,18
2	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	Istanbul/Türkiye	9,98	9,98

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	65.251	58.310	4.769	1.395	-	24.044	12.969	-
2	28.465	22.672	13.462	680	-	4.189	3.179	-

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

2. Consolidated investments in associates:

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

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

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	4.083.595	645.519	5.427	89.247	16.697	57.429	55.033	-

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Balance at the beginning of the period	183.940	71.906
Movements during the period	9.994	112.034
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	18.982	17.035
Sales	-	-
Revaluation (decrease)/increase ⁽¹⁾⁽²⁾	(8.988)	94.999
Impairment provision	-	-
Balance at the end of the period	193.934	183.940
Capital commitments	-	-
Share holding percentage at the end of the period (%)	30,67	30,67

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

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

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

	Current Period	Prior Period
Banks	193.934	183.940
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
	-	-
Total financial investments	193.934	183.940

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

h. Information on shareholders' equity of the significant subsidiaries (net):

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

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

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Sigorta A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nderland N.V.
Core Capital						
Paid-in capital	98.918	45.599	101.991	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Marketable Securities	39	-	566	-	-	465
Legal reserves	61.050	23.149	-	72.801	35.235	-
Extraordinary reserves	28.127	-	-	361.394	-	283.753
Other reserves	-	-	-	-	-	115.250
Profit/loss	3.108	45.458	115.057	402.925	23.734	47.712
Current period net profit	75.722	24.861	78.087	130.074	23.734	47.712
Prior period profit	(72.614)	20.597	36.970	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-	-
Intangible assets (-)	752	33	15.039	3.274	291	-
Total core capital	190.490	114.173	202.575	1.223.774	64.385	559.622
Supplementary capital	-	7.883	-	17.995	-	128
Capital	190.490	122.056	202.575	1.241.769	64.385	559.750
Deductions from the capital	-	-	-	-	-	-
Total shareholders' equity	190.490	122.056	202.575	1.241.769	64.385	559.750

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financials of the Bank as of December 31, 2012.

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

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

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

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

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

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

1. Unconsolidated subsidiaries

1(i). Information on unconsolidated subsidiaries

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

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

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value
1	15.027	12.289	833	48	-	1.405	1.338	-
2	37.672	24.459	3.898	1.539	-	1.141	621	-

2. Consolidated subsidiaries:

2 (i). Information on consolidated subsidiaries:

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

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

- (1) Includes the balances for Sticking Custody Services YKB.
- (2) Includes the balances for Yapı Kredi Invest LLC.
- (3) On June 27, 2012 the Bank has decided to consider the alternatives to reorganize its operations in insurance business.
- (4) The Parent Bank bought the shares of Yapı Kredi Leasing with a nominal value of TL 4.429.167 for a share call price of full 5,02 per share in accordance with the ongoing delisting process, which was started in June'12, of Yapı Kredi leasing. With the Board of Directors decision dated June 7, 2012; the share capital of Yapı Kredi Sigorta has increased by TL 21,992 through other profit reserves.
- (5) According to the decision of the Board of Directors of the Parent Bank, dated September 28, 2012, share purchase agreement was signed on September 28, 2012 for Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş of which The Bank owns 11.09% of the issued share capital of TL 31.425.000, representing a total of TL 3.485.661 shares. The Parent Bank owns these shares as of the date of these financial statements and following the permission of the CMB, transfer of the shares will be made.

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value ⁽²⁾
1	104.127	104.059	-	-	-	(130)	5	143.860
2	2.068.137	299.332	5.356	105.150	4.914	75.722	84.107	626.739
3	1.674.262	114.206	516	138.712	-	24.861	32.584	345.466
4	368.748	120.224	9.999	20.925	1.898	11.033	10.155	94.615
5	1.066.119	383.163	10.495	40.007	14.046	75.773	55.185	1.652.657
6	3.299.283	1.009.944	4.038	244.182	-	130.074	142.736	1.020.597
7	86.958	85.416	8	2.921	415	8.305	(528)	79.506
8	884.219	186.557	24.018	24.086	12.167	64.754	42.433	-
9	71.815	64.676	718	6.083	32	23.734	41.505	219.936
10	4.030.311	559.624	1.376	205.048	8.672	47.712	33.314	305.108
11	512.557	135.960	30.405	40.560	548	7.657	15.478	122.316

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

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

Financial statement information disclosed above has been obtained from the financial statements of subsidiaries as at December 31, 2012.

2 (iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period⁽⁴⁾	3.349.666	3.286.724
Movements during the period	468.213	62.942
Purchases ⁽¹⁾	22.236	-
Transfers	-	-
Bonus shares obtained ^{(2) (3)}	35.738	11.382
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	410.239	51.560
Impairment provision	-	-
Balance at the end of the period	3.817.879	3.349.666
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

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

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

Financial Subsidiaries	Current Period	Prior Period
Banks	421.937	422.081
Insurance companies	1.223.132	728.259
Factoring companies	345.301	327.683
Leasing companies	1.020.417	1.136.774
Finance companies	-	-
Other financial subsidiaries	807.092	734.869
Total financial subsidiaries	3.817.879	3.349.666

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2 (v). Subsidiaries quoted to stock exchange:

	Current Period	Prior Period
Quoted on domestic stock exchanges ⁽¹⁾	1.231.950	1.870.121
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	1.231.950	1.870.121

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

i. Information on joint ventures (net):

1. Unconsolidated joint ventures: None.

2. Consolidated joint ventures :

2 (i). Information on consolidated Joint Ventures:

Joint ventures	The Parent Bank's shareholding percentage	Group's shareholding percentage	Current assets	Non-current assets	Long term debts	Income	Expense
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	71.432	32.448	132	32.210	39.080
Total			71.432	32.448	132	32.210	39.080

Financial statement information disclosed above shows December 31, 2012 results.

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.290.027	1.075.226	1.093.526	893.073
Between 1- 4 years	1.827.960	1.588.013	1.690.542	1.443.695
More than 4 years	477.931	433.254	514.777	457.715
Total	3.595.918	3.096.493	3.298.845	2.794.483

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2) Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	882.245	2.713.673	655.326	2.643.519
Unearned financial income from leases (-)	(146.548)	(352.877)	(114.848)	(389.514)
Amount of cancelled leases (-)	-	-	-	-
Total	735.697	2.360.796	540.478	2.254.005

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	93.996	-	369.747	-
Cash flow hedge ⁽¹⁾	170	-	7.226	362
Foreign net investment hedge	-	-	-	-
Total	94.166	-	376.973	362

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

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	2.012.485	434.744	3.457	870.019	3.320.705
Accumulated depreciation (-)	(1.323.156)	(297.084)	(3.030)	(634.051)	(2.257.321)
Net book value	689.329	137.660	427	235.968	1.063.384
Current Period					
Net book value at beginning of the period	689.329	137.660	427	235.968	1.063.384
Additions	4.445	34.627	149	120.214	159.435
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(4.065)	(106)	(207)	(1.378)	(5.756)
Reversal of impairment, net	1.015	-	-	-	1.015
Impairment (-)	-	-	-	-	-
Depreciation (-)	(40.511)	(41.799)	(188)	(79.699)	(162.197)
Foreign exchange differences, net	(6)	(400)	77	(89)	(418)
Net book value at end of the period	650.207	129.982	258	275.016	1.055.463
Cost at the end of the period	2.005.413	457.338	2.612	922.153	3.387.516
Accumulated depreciation at the period end (-)	(1.355.206)	(327.356)	(2.354)	(647.137)	(2.332.053)
December 31, 2012	650.207	129.982	258	275.016	1.055.463

As of December 31, 2012, the Parent Bank had total provision for impairment amounting to TL 327.804 (December 31, 2011 – TL 328.682) for the property and equipment.

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

I. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	1.284.165	1.243.080
Additions during the period	157.074	104.367
Unused and disposed items (-)	(6.762)	(3.666)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(72.957)	(60.014)
Foreign exchange valuation differences	(129)	398
Balance at the end of the period	1.361.391	1.284.165

m. Information on investment property:

None (December 31, 2010 - None).

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	246.395	49.590	206.341	41.332
Provision for the actuarial deficit of the pension fund	827.177	165.435	775.286	155.057
Derivative financial liabilities	1.299.005	248.606	1.050.724	204.298
Securities portfolio valuation differences	642.366	128.474	198.453	39.691
Subsidiaries, investment in associates and share certificates	122.587	24.517	123.072	24.614
Other	614.870	122.521	699.127	139.283
Total deferred tax asset	3.752.400	739.143	3.053.003	604.275
Derivative financial assets	(767.365)	(137.826)	(821.361)	(159.232)
Valuation difference of securities portfolio	(1.887.272)	(377.192)	(179.761)	(35.952)
Property, equipment and intangibles, net	(258.926)	(41.322)	(264.371)	(42.255)
Other	(76.509)	(15.325)	(25.940)	(4.958)
Total deferred tax liability	(2.990.072)	(571.665)	(1.291.433)	(242.397)
Deferred tax asset, net	762.328	167.478	1.761.570	361.878

Deferred tax income amounting to TL 146.971 was recognized in profit and loss statements, whereas deferred tax expense amounting to TL 341.371 was recognized directly in equity accounts for the period ended December 31, 2012.

(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 December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Net book value at the beginning of the period	103.572	82.416
Additions	72.707	64.432
Disposals (-), net	(33.608)	(42.028)
Impairment provision reversal	983	1.380
Impairment provision (-)	(235)	(238)
Depreciation (-)	(3.766)	(2.390)
Net book value at the end of the period	139.653	103.572
Cost at the end of the period	148.942	110.958
Accumulated depreciation at the end of the period (-)	(9.289)	(7.386)
Net book value at the end of the period	139.653	103.572

As of December 31, 2012, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 9.043 (December 31, 2011 - TL 9.791).

ö. Information on other assets:

As of December 31, 2012, other assets do not exceed 10% of the total assets.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

II. Explanations and notes related to consolidated liabilities:

a. Information on deposits:

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

1 (i). Current Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.989.253	21	1.449.688	18.992.918	1.125.611	132.465	409.769	24.099.725
Foreign currency deposits	4.850.304	97.757	3.955.412	13.700.918	1.940.964	389.794	2.936.105	27.871.254
Residents in Turkey	4.072.979	-	3.847.280	12.287.829	1.059.186	264.835	1.098.881	22.630.990
Residents abroad	777.325	97.757	108.132	1.413.089	881.778	124.959	1.837.224	5.240.264
Public sector deposits	598.082	-	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.124.645	2.602	1.941.039	6.355.783	2.049.293	156.353	191.445	13.821.160
Other institutions deposits	31.789	-	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	-	156.010	75.288	79.255	144.228	1.312.991
Bank deposits	315.172	87.454	71.838	352.113	68.683	448.365	105.658	1.449.283
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	1.868	-	55.042	155.268	65.190	51.170	6.836	335.374
Foreign banks	209.357	87.454	16.796	196.845	3.493	397.195	98.822	1.009.962
Participation banks	103.947	-	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-	-
Total	11.765.455	187.834	7.573.895	40.363.210	6.258.225	1.206.937	3.787.835	71.143.391

1 (ii). Prior Period:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Total
Saving deposits	1.940.416	3.167	1.382.500	15.301.949	1.106.198	302.340	1.272.065	21.308.635
Foreign currency deposits	4.708.743	130.728	3.832.802	15.696.455	2.330.317	357.924	1.507.173	28.564.142
Residents in Turkey	4.045.617	50.442	3.445.831	13.773.807	2.046.671	123.073	723.724	24.209.165
Residents abroad	663.126	80.286	386.971	1.922.648	283.646	234.851	783.449	4.354.977
Public sector deposits	136.025	-	281	101.058	564	139	17	238.084
Commercial deposits	3.038.540	4.968	1.263.337	5.506.015	1.750.784	199.152	159.582	11.922.378
Other institutions deposits	31.314	-	23.494	584.712	485.866	7.940	48.570	1.181.896
Precious metals vault	993.545	-	380	166.607	132.281	64.377	51.736	1.408.926
Bank deposits	178.739	77.714	685.174	165.957	279.759	33.559	141.587	1.562.489
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	12.673	-	391.434	-	-	-	3.104	407.211
Foreign banks	117.216	77.714	293.740	165.957	279.759	33.559	138.483	1.106.428
Participation banks	48.850	-	-	-	-	-	-	48.850
Other	-	-	-	-	-	-	-	-
Total	11.027.322	216.577	7.187.968	37.522.753	6.085.769	965.431	3.180.730	66.186.550

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. Information on saving deposits insurance:

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

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	9.048.545	8.566.760	15.038.237	12.781.415
Foreign currency savings deposit	2.458.309	2.775.243	8.934.590	7.657.333
Other deposits in the form of savings deposits	527.019	607.610	663.011	633.098
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.128	9.026
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	43.604	38.330
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

b. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	90.951	3.526	94.915	8.414
Swap transactions ⁽¹⁾	177.425	68.929	285.853	91.283
Futures transactions	-	-	-	17
Options	18.602	25.048	29.149	30.708
Other	-	-	-	-
Total	286.978	97.503	409.917	130.422

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

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Information on borrowings:

1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	830.303	259.396	713.873	394.273
From foreign banks, institutions and funds	510.259	12.694.373	653.211	12.921.545
Total	1.340.562	12.953.769	1.367.084	13.315.818

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	918.643	5.999.319	915.891	6.938.501
Medium and long-term	421.919	6.954.450	451.193	6.377.317
Total	1.340.562	12.953.769	1.367.084	13.315.818

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	716.171	-	951.004	5.582
Asset backed securities	-	1.641.731	-	2.147.781
Bonds	703.236	885.367	144.350	-
<i>Collateralized securities</i>	462.720	-	-	-
Toplam	1.419.407	2.527.098	1.095.354	2.153.363

The Parent Bank has a securitisation borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 264 million and EUR 139 million, the equivalent of TL 778.703 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010, and during 2012, a total of TL 396.868 is paid (December 31, 2011 - TL 387.701)

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 863.027 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

d. Information on other liabilities:

As of December 31, 2012, other liabilities do not exceed 10% of the total balance sheet commitments.

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

e. Information on lease payables:

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

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

f. Information on hedging derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	90.233	-	18.959	-
Cash flow hedge ⁽¹⁾	321.768	492.686	43.693	440.189
Foreign net investment hedge	-	-	-	-
Total	412.001	492.686	62.652	440.189

(1) Explained in Note VI of Section XIII.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for Group I loans and receivables	974.242	783.800
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	149.950	60.151
Provisions for Group II loans and receivables	123.769	73.036
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	16.103	1.540
Provisions for non cash loans	73.205	67.095
Other	168.465	128.337
Total	1.339.681	1.052.268

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.

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

	Current Period	Prior Period
Discount rate (%)	3,86	4,66
Possibility of being eligible for retirement (%)	94,94	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.129,25 effective from January 1, 2013 (January 1, 2012 - full TL 2.805,04) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	113.983	101.701
Changes during the period	60.055	36.817
Paid during the period	(31.673)	(25.063)
Foreign currency differences	(158)	528
Balance at the end of the period	142.207	113.983

In addition, the Group has accounted for unused vacation rights provision amounting to TL 104.188 as of December 31, 2012 (December 31, 2011 - TL 92.358).

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

As of December 31, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 65.231 (December 31, 2011 - TL 17.520). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

4. Other provisions:

- (i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	827.177	775.286
Non-cash loan provision	125.749	108.232
Provisions on credit cards and promotion campaigns related to banking services	36.708	33.905
Provision on export commitment estimated tax and funds liability	38.106	37.251
Other	154.847	115.768
Total	1.182.587	1.070.442

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

(ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	246.317	151.960
Total	246.317	151.960

5. Pension fund provision:

The Parent Bank provided provision amounting to TL 827.177 (December 31, 2011 – TL 775.286) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	Current Period	Prior Period
Income statement (charge)/benefit	(51.891)	62.750

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	1.538.766	1.293.105
- Pension benefits transferable to SSI	1.564.411	1.250.572
- Post employment medical benefits transferable to SSI	(25.645)	42.533
Fair value of plan assets	(711.589)	(517.819)
Provision for the actuarial deficit of the pension fund	827.177	775.286

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	%9,80	%9,80
- Post employment medical benefits transferable to SSI	%9,80	%9,80

Mortality rate: Average life expectation is defined according to the mortality table based on statistical data, as 13 years for men and 18 years for women who retire at the age of 66 and 64, respectively.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Government bonds and treasury bills	173.291	24	195.456	38
Premises and equipment	229.547	32	116.055	22
Bank placements	265.346	37	167.717	32
Short term receivables	19.000	3	19.367	4
Other	24.405	4	19.224	4
Total	711.589	100	517.819	100

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	231.592	112.576
Taxation of Marketable Securities	80.757	71.281
Property Tax	1.709	1.489
Banking Insurance Transaction Tax ("BITT")	64.110	56.607
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.870	3.759
Other	30.658	24.848
Total	415.696	270.560

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	1.218	1.864
Social security premiums - employer	1.435	2.196
Bank pension fund premiums - employee	8.946	8.097
Bank pension fund premiums - employer	9.327	8.471
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	719	710
Unemployment insurance - employer	1.440	1.427
Other	-	-
Total	23.085	22.765

(iii) Information on deferred tax liability:

There is no deferred tax liability of TL as of December 31, 2012 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been net off in their standalone financial statements as per TAS 12 (December 31, 2011 - none).

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

h. Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	5.195.642	-	2.523.816
From other foreign institutions	-	-	-	-
Total	-	5.195.642	-	2.523.816

At March 31, 2006, the Parent Bank obtained a subordinated loan amounting to EUR 500 million, with 10 years maturity and a repayment option at the end of five years. The interest rate was determined as EURIBOR+2% for the first five years. The loan was obtained from Merrill Lynch Capital Corporation with UniCredito Italiano S.p.A. as guarantor. In addition, the subordinated loan obtained by Koçbank on April 27, 2006 amounting to EUR 350 million, with 10 years maturity and a repayment option at the end of 5 years has been transferred to the Bank. The interest rate is determined as EURIBOR+2,25% for the first five years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. The Parent Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements. In addition, the Bank obtained a subordinated loan on September 25, 2007 amounting to EUR 200 million, with 10 years maturity and a repayment option at the end of 5 years. The interest rate is determined as EURIBOR+1,85% for the first 5 years. The loan was obtained from Citibank, N.A., London Branch with UniCredito Italiano SpA as guarantor. With the written approvals of the BRSA dated April 3, 2006, May 2, 2006 and September 19, 2007, the loans have been approved as subordinated loans and can be taken into consideration as supplementary capital within the limits of the Regulation Regarding Banks' Shareholders' Equity. According to the Regulation, subordinated loans obtained from Merrill Lynch Capital Corporation and Goldman Sachs International Bank are considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of these loans is less than 4 years. Subordinated loans obtained from Citibank, N.A.London Branch is considered in the supplementary capital calculation at the rate of 80% since the remaining maturity of this loan is less than 5 years.

As of February 22, 2012 the bank obtained a subordinated loan from UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of 5 years, at an interest rate of 3 months LIBOR + 8,30%. According to the authorization of BRSA dated February 20, 2012, this loan has been utilised as subordinated loan in compliance with the conditions of Regulation Regarding Banks' Shareholders' Equity.

Subordinated borrowing through bond issuance amounting to USD 1 billion with an interest rate of 5.50% and maturity of 10 years was finalized on December 6, 2012 and considered as supplementary capital in accordance with the "Regulation on Own Fund of Banks".

i. Information on shareholders' equity:

1. Presentation of paid-in capital

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

2. 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 Parent Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

3. Information on the share capital increases during the period and the sources:
None (December 31, 2011 - None).

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

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

6. Information on prior period's indicators on the Group's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	-	-	-	-
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	135.262	1.352.161	(131.975)	17.109
Valuation differences	117.657	1.354.153	(129.398)	2.195
Foreign currency differences ⁽¹⁾	17.605	(1.992)	(2.577)	14.914
Total	135.262	1.352.161	(131.975)	17.109

(1) Includes current period foreign currency differences.

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	67.178	63.095
Current period income/(loss)	10.087	6.676
Dividends paid	(3.066)	(1.808)
Translation differences	595	(785)
Transaction done with minority	(10.002)	-
Period ending balance	64.792	67.178

(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 December 31, 2012 (continued)

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Explanations and notes related to consolidated financial statements (continued)

III. Explanations and notes related to consolidated off-balance sheet accounts

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	17.900.797	13.713.682
Loan granting commitments	5.378.252	5.160.785
Commitments for cheques	5.258.480	4.220.740
Other irrevocable commitments	8.489.052	7.551.981
Total	37.026.581	30.647.188

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its non-cash loans amounting to TL 73.205 (December 31, 2011 - TL 67.095) and specific provision for TL 125.749 (December 31, 2011 - TL 108.232) for non-cash loans which are not indemnified yet for TL 258.609 (December 31, 2011 - TL182.752).

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

	Current Period	Prior Period
Bank acceptance loans	121.325	158.915
Letter of credits	5.783.925	5.006.984
Other guarantees and collaterals	2.119.199	2.391.897
Total	8.024.449	7.557.796

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

	Current Period	Prior Period
Temporary letter of guarantees	1.572.512	1.789.616
Definite letter of guarantees	14.503.571	13.020.400
Advance letter of guarantees	2.677.145	2.476.742
Letter of guarantees given to customs	1.032.686	1.048.085
Other letter of guarantees	834.038	479.870
Total	20.619.952	18.814.713

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

3. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	635.957	342.946
With original maturity of 1 year or less than 1 year	103.986	32.580
With original maturity of more than 1 year	531.971	310.366
Other non-cash loans	28.008.444	26.029.563
Total	28.644.401	26.372.509

3(ii) Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	167.706	1,48	336.850	1,95	153.475	1,44	254.661	1,62
Farming and raising livestock	133.845	1,18	315.460	1,83	115.608	1,08	241.083	1,54
Forestry	29.706	0,26	16.222	0,09	33.968	0,32	8.424	0,05
Fishing	4.155	0,04	5.168	0,03	3.899	0,04	5.154	0,03
Manufacturing	4.363.236	38,35	8.093.851	46,87	3.966.462	37,09	7.464.265	47,64
Mining	528.278	4,64	1.018.901	5,90	474.401	4,44	650.116	4,15
Production	3.313.134	29,12	5.904.088	34,19	3.058.194	28,59	5.661.873	36,14
Electric, gas and water	521.824	4,59	1.170.862	6,78	433.867	4,06	1.152.276	7,35
Construction	3.264.824	28,70	3.901.814	22,60	3.164.314	29,59	3.788.942	24,17
Services	2.475.221	21,76	2.706.915	15,67	2.330.696	21,79	3.931.494	25,08
Wholesale and retail trade	1.095.298	9,63	1.039.520	6,02	1.112.054	10,4	853.137	5,44
Hotel, food and beverage services	122.334	1,08	92.529	0,54	97.522	0,91	127.342	0,81
Transportation and telecommunication	470.803	4,14	351.926	2,04	317.317	2,97	396.460	2,53
Financial institutions	412.537	3,63	510.290	2,96	470.730	4,40	1.949.497	12,44
Real estate and leasing services	99.138	0,87	413.127	2,39	94.246	0,88	277.906	1,77
Self-employment services	-	-	-	-	-	-	-	-
Education services	14.901	0,13	1.495	0,01	15.498	0,14	2.531	0,02
Health and social services	260.210	2,28	298.028	1,71	223.329	2,09	324.621	2,07
Other	1.105.134	9,71	2.228.850	12,91	1.080.445	10,09	237.755	1,49
Total	11.376.121	100,00	17.268.280	100,00	10.695.392	100,00	15.677.117	100,00

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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Explanations and notes related to consolidated financial statements (continued)

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

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	11.136.586	9.286.177	135.367	61.822
Bank acceptances	-	121.325	-	-
Letters of credit	13.789	5.769.495	-	641
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446
Total	11.240.754	17.202.371	135.367	65.909
Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	9.846.873	8.818.586	96.691	52.563
Bank acceptances	-	158.915	-	-
Letters of credit	13.687	4.993.297	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	738.141	1.653.756	-	-
Total	10.598.701	15.624.554	96.691	52.563

3(iv) Maturity distribution of non cash loans:

Current Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of guarantee	9.619.433	3.350.772	6.596.747	1.053.000	20.619.952
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	13.361.776	6.369.761	7.691.851	1.221.013	28.644.401
Prior Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of guarantee	9.164.695	3.183.647	5.468.158	998.213	18.814.713
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
Total	12.964.606	5.633.649	6.761.100	1.013.154	26.372.509

(1) The distribution is based on the original maturities.

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

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Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

b. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	46.547.927	36.152.300
FC trading forward transactions	8.262.586	10.638.749
Trading swap transactions	28.529.302	19.227.426
Futures transactions	-	-
Trading option transactions	9.756.039	6.286.125
Interest related derivative transactions (II)	8.077.995	9.038.470
Forward interest rate agreements	-	-
Interest rate swaps	3.695.772	4.579.348
Interest rate options	4.382.223	4.459.122
Interest rate futures	-	-
Other trading derivative transactions (III)	1.688.150	1.646.449
A. Total trading derivative transactions (I+II+III)	56.314.072	46.837.219
Types of hedging derivative transactions		
Transactions for fair value hedge	3.821.809	6.206.854
Cash flow hedges	36.959.906	32.437.197
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	40.781.715	38.644.051
Total derivative transactions (A+B)	97.095.787	85.481.270

c. Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(41.042)	(4.474)	114.882	(528.320)	(157.000)	(615.954)
– Inflow	12.467.989	4.357.347	6.920.444	1.975.186	-	25.720.966
– Outflow	(12.509.031)	(4.361.821)	(6.805.562)	(2.503.506)	(157.000)	(26.336.920)
Interest rate derivatives	259	(2.256)	39.907	53.997	30.600	122.507
– Inflow	23.713	259.367	1.547.445	2.950.139	454.205	5.234.869
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.896.142)	(423.605)	(5.112.362)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(41.305)	9.547	(213.752)	(1.463.759)	(158.052)	(1.867.321)
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	12.513.413	4.790.490	12.563.139	20.118.755	1.640.546	51.626.343
Total cash outflow	(12.595.501)	(4.787.673)	(12.622.102)	(22.056.837)	(1.924.998)	(53.987.111)

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

Explanations and notes related to unconsolidated financial statements (continued)

Prior Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(125.298)	(95.077)	92.234	(602.951)	(163.310)	(894.402)
– Inflow	9.136.901	4.156.536	4.805.995	3.000.351	368.340	21.468.123
– Outflow	(9.262.199)	(4.251.613)	(4.713.761)	(3.603.302)	(531.650)	(22.362.525)
Interest rate derivatives	454	2.010	(1.374)	3.017	887	4.994
– Inflow	97.487	5.159	294.006	3.814.968	662.743	4.874.363
– Outflow	(97.033)	(3.149)	(295.380)	(3.811.951)	(661.856)	(4.869.369)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(33.879)	(7.309)	(170.816)	(571.407)	30.649	(752.762)
– Inflow	17.528	263.013	1.481.977	18.229.258	495.315	20.487.091
– Outflow	(51.407)	(270.322)	(1.652.793)	(18.800.665)	(464.666)	(21.239.853)
Total cash inflow	9.251.916	4.424.708	6.581.978	25.044.577	1.526.398	46.829.577
Total cash outflow	(9.410.639)	(4.525.084)	(6.661.934)	(26.215.918)	(1.658.172)	(48.471.747)

(1) In table above no amortization of the notional amount has been taken into consideration.

d. Information on credit derivatives and risk exposures:

Derivative portfolio includes credit default swaps for TL 1.257.334 (31 December 2011 – TL 1.398.767) for the period ended 31 December 2012. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure.

e. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 48.743 (December 31, 2011 – TL 43.528) for litigation against the Bank and has accounted for it in the financial statements under the "Other provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054. The investigation and evaluation of the Competition Board is still ongoing.

f. Information on services in the name and account of others:

The Group's activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

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

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(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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.568.263	246.858	2.384.819	222.848
Medium/long-term loans ⁽¹⁾	2.736.626	1.128.172	2.072.204	961.496
Interest on loans under follow-up	111.893	50	97.260	129
Premiums received from resource utilisation support fund	-	-	-	-
Total	6.416.782	1.375.080	4.554.283	1.184.473

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

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	87.050	18.220	59.367	24.952
From foreign banks	2.620	20.431	2.551	28.745
Headquarters and branches abroad	-	-	-	-
Total	89.670	38.651	61.918	53.697

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	23.936	2.042	41.904	1.591
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	629.871	49.215	531.621	68.294
From held-to-maturity investments	336.554	613.393	348.634	582.327
Total	990.361	664.650	922.159	652.212

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	1.743	1.360

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	98.196	527.160	147.070	390.391
The CBRT	-	-	-	-
Domestic banks	32.486	23.757	37.246	5.824
Foreign banks	65.710	503.403	109.824	384.567
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	104
Total⁽¹⁾	98.196	527.160	147.070	390.495

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	538	489

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued	130.516	89.163	48.042	29.403
Total	130.516	89.163	48.042	29.403

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	December 31, 2011
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposit	228	1.243	2.969	2.436	1.262	257	-	8.395	13.942
Saving deposit	2	86.318	1.817.753	78.248	17.590	68.642	-	2.068.553	1.484.050
Public sector deposit	-	27	332	134	14	3	-	510	1.320
Commercial deposit	24	109.429	641.539	128.322	11.338	22.479	-	913.131	735.621
Other deposit	-	3.254	84.283	56.177	439	9.037	-	153.190	81.571
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	254	200.271	2.546.876	265.317	30.643	100.418	-	3.143.779	2.316.504
FC									
Foreign currency deposit	1.791	183.078	506.219	46.180	12.798	103.077	5.386	858.529	791.579
Bank deposit	174	3.192	7.058	546	15.794	4.523	-	31.287	28.007
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	1.575	927	122	125	47	-	2.796	1.214
Total	1.965	187.845	514.204	46.848	28.717	107.647	5.386	892.612	820.800
Grand total	2.219	388.116	3.061.080	312.165	59.360	208.065	5.386	4.036.391	3.137.304

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	211
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	103	158
Subsidiaries and associates	1.558	5.522
Total	1.661	5.891

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

	Current Period	Prior Period
Gain	47.708.268	23.566.321
Gain from capital market transactions	331.996	60.867
Derivative financial transaction gains	20.117.430	13.831.192
Foreign exchange gains	27.258.842	9.674.262
Loss(-)	(47.674.953)	(23.703.567)
Loss from capital market transactions	(10.736)	(26.137)
Derivative financial transaction losses	(20.884.366)	(14.365.039)
Foreign exchange loss	(26.779.851)	(9.312.391)
Net gain/loss	33.315	(137.246)

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 340.291 (December 31, 2011 - TL 67.798 profit).

f. 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.

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Explanations and notes related to consolidated financial statements (continued)

g. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	867.657	491.825
III. Group loans and receivables	44.004	132.905
IV. Group loans and receivables	175.359	46.837
V. Group loans and receivables	648.294	312.083
General provision expenses	357.507	248.713
Provision expense for possible risks	94.730	24.371
Marketable securities impairment expenses ⁽¹⁾	2.302	29.345
Financial assets at fair value through profit or loss	1.693	1.014
Available-for-sale financial assets	609	28.331
Impairment of investments in associates, subsidiaries and held-to-maturity securities	72.886	62.997
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	72.886	62.997
Other	5.110	3.334
Total	1.400.192	860.585

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

h. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.424.126	1.281.148
Reserve for employee termination benefits	21.439	11.659
Provision expense for pension fund	51.891	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	162.197	153.433
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	72.957	60.014
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	235	238
Depreciation expenses of assets held for resale	3.766	2.390
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.014.876	908.683
Operational lease expenses	150.179	130.722
Repair and maintenance expenses	55.422	30.856
Advertising expenses	88.015	74.496
Other expense	721.260	672.609
Loss on sales of assets	147	888
Other	526.334	492.372
Total	3.277.968	2.910.825

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

i. Explanations on income/loss from continuing operations and discontinued operations before tax:

Income before tax includes net interest income amounting to TL 4.947.584 (December 31, 2011 - TL 3.745.178), net fee and commission income amounting to TL 1.791.167 (December 31, 2011 - TL 1.969.214) and total other operating expense amounting TL 3.277.968 (December 31, 2011 - TL 2.910.825).

The Group has no discontinued operations.

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

As of December 31, 2012, the Group has current tax expense amounting to TL 771.905 (December 31, 2011 - TL 512.317) and deferred tax income amounting to TL 146.971 (December 31, 2011 - TL 72.467 deferred tax expense).

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

	Current Period	Prior Period
Income before tax provision	2.722.694	2.876.164
Tax calculated with tax rate of 20%	544.539	575.233
Disallowables, deductions and other, net	77.222	7.331
Tax rate difference	3.173	2.220
Total provision for taxes on income	624.934	584.784

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

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

l. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	10.087	6.676

m. Other items in income statement:

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

(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 December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

V. Explanations and notes related to consolidated statement of changes in shareholders' equity

a. Information on dividends:

Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

b. Information on increase/decrease amounts resulting from merger:

None.

c. Information on increase/decrease amounts resulting from merger:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statement but recognized in the "Marketable securities valuation differences" account under equity, until the financial assets are derecognised, sold, disposed or impaired.

d. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EURO and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2012 is TL 560.813 loss. (December 31, 2011 - TL 308.530 loss).

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2012 is EUR 264 million (December 31, 2011 - EUR 238 million). The foreign exchange loss of TL 96.731 (December 31, 2011 - TL 112.775 foreign exchange loss), net of tax, on translation of the borrowing to TL at the statement of financial position date is recognized in "hedging reserves" in equity.

e. Information on share issue premium:

Explained in details in Note XIX of Section Three.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

VI. Explanations and notes related to consolidated statement of cash flows

a. Information on cash and cash equivalent :

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

2. Effect of a change in the accounting policies: None.
3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:
- 3 (i). Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	7.647.595	4.127.914
Cash and effectives	1.033.190	702.227
Demand deposits in banks	6.614.405	3.425.687
Cash equivalents	3.816.780	1.977.118
Interbank money market	2.172.189	970.536
Deposits in bank	1.644.591	1.006.582
Total cash and cash equivalents	11.464.375	6.105.032

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

	Current Period	Prior Period
Cash	5.386.164	7.647.595
Cash and effectives	1.546.923	1.033.190
Demand deposits in banks	3.839.241	6.614.405
Cash equivalents	5.446.125	3.816.780
Interbank money market	2.768.409	2.172.189
Deposits in bank	2.677.716	1.644.591
Total cash and cash equivalents	10.832.289	11.464.375

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

As of December 31, 2012, the Group's reserve deposits, including those at foreign banks and the TL reserve requirements, amount to TL 9.591.973 (December 31, 2011 - TL 8.986.633). There is also TL 130.530 blocked amount in foreign banks account.

(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 December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents::

Increase in "Other account" amounting to TL 2.855.116 (December 31, 2011 - TL 2.397.727 decrease) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 4.763.805 (December 31, 2011 - TL 1.575.487 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 233.440 as of December 31, 2012 (December 31, 2011 - TL 653.549 increase).

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

None.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

VIII. Explanations and notes related to Group's risk group

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

1. Information on loans of the Group's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	35.480	2.559	361.814	403.915	777.335	937.437
Interest and commission income received	1.743	24	12.950	2.215	65.755	14.903

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

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

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Group's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	25.085	3.271	258.251	81.282	951.016	671.337
Balance at the end of the period	15.079	2.053	426.591	230.061	693.445	723.808
Interest and commission income received	1.360	16	8.156	1.191	64.530	5.913

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

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

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

Group's risk group ⁽¹⁾⁽²⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	10.801	11.699	7.546.932	4.367.079	4.885.191	5.279.564
End of the period	15.788	10.801	8.646.705	7.546.932	8.339.879	4.885.191
Interest expense on deposits	538	489	345.778	275.723	240.433	244.178

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Group's risk group ⁽¹⁾	Associates , subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	-	38.038	216.174	187.782	97.206	642.637
End of the period ⁽³⁾	-	-	300.627	216.174	432.403	97.206
Total profit / loss⁽⁴⁾	2.224	(3.745)	2.951	3.718	10.317	(17.777)
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

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

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

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

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

Salaries and benefits paid to the Group's top management amount to TL 34.709 as of December 31, 2012 (December 31, 2011 - TL 30.299).

IX. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:

	Number	Number of Employees		Total asset	Statutory share capital
Domestic Branch	927	14.729			
			Country of incorporation		
Foreign Rep. Office	-	-	-		
Foreign Branch	1	4	Bahrain	5.818.342	-
Off-Shore Banking Region Branch ⁽¹⁾	-	-	-	-	-

(1) The values disclosed above are those of the Parent Bank.

(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 December 31, 2012 (continued)

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

X. Explanations and notes related to subsequent events

- 1) It was decided to appoint Feza Tan as Assistant General Manager responsible for Corporate and Commercial Banking, who was previously responsible for Corporate and Commercial Loans, upon resignation of Mert Güvenen from this position on 4 February 2013 and it was decided to appoint Nurgün Eyübođlu as Assistant General Manager responsible for Corporate and Commercial Loans, who was previously General Manager of Yapı Kredi Finansal Kiralama A.Ş. with the Board of Directors' decision dated 25 January 2013.
- 2) By utilizing its early payment option the Bank has repaid the subordinated loan on January 9, 2013 which was obtained from UniCredit Bank Austria AG on February 22, 2012, amounting to USD 585 million. At the same date the Bank obtained a new subordinated loan from UniCredit Bank Austria AG amounting to USD 585 million with 10 years maturity and 5.5% interest rate and a repayment option by the borrower at the end of 5 years.
- 3) Yapı Kredi Sigorta A.Ş., one of the subsidiaries of the Bank, applied for permission of Capital Market Boards for spinning of Yapı Kredi Emeklilik A.Ş., in which Yapı Kredi Sigorta A.Ş.'s equity stake is 99.9%, by transferring its shares to a newly established joint stock company with the carrying value of these shares as at September 30, 2012.
- 4) On January 22, 2013, the Parent Bank issued eurobond for non Turkish resident; real person and corporate entities amounting to USD 500 million nominal value with a semi annually coupon at an interest rate of 4% with a maturity of January, 22 2020.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements December 31, 2012 (continued)

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

Section six

Other Explanations and Notes

I. Other explanations on Group's operations

None

Section Seven

Explanations on independent review report

I. Explanations on independent auditor's review report

The consolidated financial statements for the period ended December 31, 2012 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's report dated February 14, 2013 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.