

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated interim financial statements and related disclosures at March 31, 2013 together with independent auditor's review report

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

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

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at March 31, 2013 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at March 31, 2013 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

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

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

Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, May 7, 2013

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

**The consolidated interim financial report of
Yapı ve Kredi Bankası A.Ş. as of March 31, 2013**

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The consolidated financial report for the three months 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** - Independent auditor's review report

Investments in subsidiaries, associates and joint ventures, whose financial statements have been consolidated in this consolidated 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. Sticing 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 the Bank has a 100% control.

The accompanying consolidated financial statements for the three months 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 reviewed.

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Carlo VIVALDI
Executive Director
and Deputy CEO

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

Benedetta NAVARRA
Member of Audit Committee

Adil G. ÖZTOPRAK
Member of Audit Committee

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

Name-Surname / Title : Serkan Savaş / International Reporting and Consolidation Manager
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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2013

(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 Borsa Istanbul (“BIST”) since 1987 and the representatives of these shares, Global Depository Receipts, are quoted at the London Stock Exchange. As of March 31, 2013, 18,20% of the shares of the Bank are publicly traded (December 31, 2012 - 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 BIST 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 March 31, 2013 (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 March 31, 2013, 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
Adil Giray ÖZTOPRAK	Member
Ahmet Fadıl ASHABOĞLU	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Füsun Akkal BOZOK	Member
Jürgen Dr. KULLNIGG	Member
Laura Stefania PENNA	Member
Osman Turgay DURAK	Member

Audit Committee Members:

Name	Responsibility
Gianni F.G. PAPA	Chairman
Adil Giray ÖZTOPRAK	Member
Benedetta NAVARRA	Member
Francesco GIORDANO	Member
Füsun Akkal BOZOK	Member

General Manager and Deputy General Manager:

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2013 (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	Corporate and Commercial Banking Management
Marco CRAVARIO ⁽¹⁾	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 ÖNCÜ	Treasury Management
Mert YAZICIOĞLU	Private Banking and Asset Management
Nurgün EYÜBOĞLU	Corporate and Commercial Credit 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) With the decision of Board of Directors dated March 25, 2013, as Marco Cravario the Assistant General Manager responsible for the Financial Planning and Administration Management will take over another position in UniCredit Group, it was decided to appoint Marco Iannaccone as the Assistant General Manager responsible for the Financial Planning and Administration Management effective April 1, 2013 subject to approval of Banking Regulation and Supervision Agency (“BRSA”).

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

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

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 article 3 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2013 (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 March 31, 2013, the Parent Bank has 928 branches operating in Turkey and 1 branch overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas).

As of March 31, 2013, the Parent Bank has 14.732 employees (December 31, 2012 - 14.733 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of March 31, 2013 the Group has 17.580 employees (December 31, 2012 - 17.459 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 Enternasyonel 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 and there is no significant influence 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 March 31, 2013 and December 31, 2012

(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)

	Note (Section Five)	Current Period (31/03/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
Assets							
I. Cash and balances with Central Bank	I-a	2.630.508	12.020.356	14.650.864	1.620.812	9.867.136	11.487.948
II. Financial assets at fair value through profit or (loss) (net)	I-b	353.094	138.014	491.108	752.700	250.295	1.002.995
2.1.1 Trading financial assets		353.094	138.014	491.108	752.700	250.295	1.002.995
2.1.2 Government debt securities		66.906	27.191	94.097	383.439	110.557	493.996
2.1.3 Share certificates		61.231	-	61.231	34.715	-	34.715
2.1.4 Derivative financial assets held for trading	I-c	224.927	109.139	334.066	288.626	131.857	420.483
2.2 Other marketable securities		30	1.684	1.714	45.920	7.881	53.801
2.2.2 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	1.349.752	2.386.047	3.735.799	2.100.567	3.241.930	5.342.497
IV. Money markets	I-b	2.586.787	-	2.586.787	2.662.002	111.234	2.773.236
4.1 Interbank money market placements		-	-	-	330.046	-	330.046
4.2 Receivables from Istanbul Stock Exchange Money Market		1.836.178	-	1.836.178	1.399.562	111.234	1.510.796
4.3 Receivables from reverse repurchase agreements		750.609	-	750.609	932.394	-	932.394
V. Financial assets available-for-sale (net)	I-e	7.739.962	6.857.921	14.596.883	8.050.175	7.600.273	15.650.448
5.1 Share certificates		17.529	319	17.848	18.315	312	18.627
5.2 Government debt securities		6.169.985	6.405.197	12.575.182	6.457.686	7.252.759	13.710.445
5.3 Other marketable securities		1.551.448	452.405	2.003.853	1.574.174	347.202	1.921.376
VI. Loans and receivables	I-f	56.289.161	25.287.491	81.576.652	55.268.236	23.520.611	78.788.847
6.1 Loans and receivables		55.394.323	25.176.315	80.570.638	54.400.213	23.412.445	77.812.658
6.1.1 Loans to bank's risk group		324.741	671.645	996.386	406.497	700.003	1.106.500
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		55.069.582	24.504.670	79.574.252	53.993.716	22.712.442	76.706.158
6.2 Loans under follow-up		2.431.909	387.384	2.799.293	2.202.518	371.587	2.574.103
6.3 Specific provisions (-)		(1.537.071)	(256.208)	(1.793.279)	(1.334.493)	(263.421)	(1.597.914)
VII. Factoring receivables		772.171	768.260	1.540.431	879.902	760.165	1.640.067
VIII. Held-to-maturity investments (net)	I-g	3.266.682	2.568.729	5.835.411	3.318.507	2.509.187	5.827.694
8.1 Government debt securities		3.263.556	2.505.495	5.769.051	3.315.536	2.450.123	5.765.659
8.2 Other marketable securities		3.126	63.234	66.360	2.971	59.064	62.035
IX. Investments in associates (net)	I-ğ	4.503	197.825	202.328	4.503	193.934	198.437
9.1 Consolidated based on equity method		-	197.825	197.825	-	193.934	193.934
9.2 Unconsolidated		4.503	-	4.503	4.503	-	4.503
9.2.1 Investments in financial associates		-	-	-	-	-	-
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
X. Subsidiaries (net)	I-h	2.300	-	2.300	2.300	-	2.300
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-i	16.293	-	16.293	18.459	-	18.459
11.1 Accounted based on equity method		16.293	-	16.293	18.459	-	18.459
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial joint ventures		-	-	-	-	-	-
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
XII. Lease receivables	I-i	845.974	2.321.194	3.167.168	735.697	2.360.796	3.096.493
12.1 Financial lease receivables		1.023.026	2.659.859	3.682.885	882.245	2.713.673	3.595.918
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		(177.052)	(338.665)	(515.717)	(146.548)	(352.877)	(499.425)
XIII. Derivative financial assets held for hedging	I-j	122.738	-	122.738	94.166	-	94.166
13.1 Fair value hedge		110.906	-	110.906	93.996	-	93.996
13.2 Cash flow hedge		11.832	-	11.832	170	-	170
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	963.801	36.275	1.000.076	1.021.111	34.352	1.055.463
XV. Intangible assets (net)	I-l	1.336.671	7.137	1.343.808	1.353.964	7.427	1.361.391
15.1 Goodwill		979.493	7.137	979.493	979.493	-	979.493
15.2 Other		357.178	-	357.178	374.471	7.427	381.898
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		159.122	4.700	163.822	164.140	4.091	168.231
17.1 Current tax asset		-	2.013	2.013	-	753	753
17.2 Deferred tax asset	I-n	159.122	2.687	161.809	164.140	3.338	167.478
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	1.512.058	346.822	1.858.880	139.078	575	139.653
18.1 Held for sale purposes		1.512.058	346.822	1.858.880	139.078	575	139.653
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.315.233	1.056.522	2.371.755	1.640.539	1.208.897	2.849.436
Total assets		81.265.810	53.997.293	135.263.103	79.826.858	51.670.903	131.497.761

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of March 31, 2013 and December 31, 2012
(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 (31/03/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	45.226.912	28.596.213	73.823.125	41.016.265	30.127.126	71.143.391
1.1 Deposits of the Bank's risk group		4.781.722	3.888.905	8.670.627	4.179.284	4.916.255	9.095.539
1.2 Other		40.445.190	24.707.308	65.152.498	36.836.981	25.210.871	62.047.852
II. Derivative financial liabilities held for trading	II-b	260.621	104.853	365.474	286.978	97.503	384.481
III. Funds borrowed	II-c	1.031.961	13.698.506	14.730.467	1.340.562	12.953.769	14.294.331
IV. Money markets		2.494.416	4.560.857	7.055.273	3.365.822	3.107.853	6.473.675
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul stock exchange money market		1.650.986	-	1.650.986	1.654.814	-	1.654.814
4.3 Funds provided under repurchase agreements		843.430	4.560.857	5.404.287	1.711.008	3.107.853	4.818.861
V. Marketable securities issued (net)	II-ç	1.608.123	3.374.847	4.982.970	1.419.407	2.527.098	3.946.505
5.1 Bills		914.946	-	914.946	716.171	-	716.171
5.2 Asset backed securities		-	1.581.724	1.581.724	-	1.641.731	1.641.731
5.3 Bonds		693.177	1.793.123	2.486.300	703.236	885.367	1.588.603
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		5.685.071	439.580	6.124.651	5.007.655	767.827	5.775.482
VIII. Other liabilities	II-d	461.195	653.617	1.114.812	1.650.397	1.056.655	2.707.052
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	251.394	460.821	712.215	412.001	492.686	904.687
11.1 Fair value hedge		46.088	-	46.088	90.233	-	90.233
11.2 Cash flow hedge		205.306	460.821	666.127	321.768	492.686	814.454
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.450.723	533.097	2.983.820	3.413.375	780.821	4.194.196
12.1 General loan loss provision		919.607	451.975	1.371.582	941.376	398.305	1.339.681
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		226.051	11.227	237.278	235.694	10.701	246.395
12.4 Insurance technical provisions (net)		-	-	-	883.156	296.060	1.179.216
12.5 Other provisions		1.305.065	69.895	1.374.960	1.353.149	75.755	1.428.904
XIII. Tax liability	II-ğ	328.151	2.790	330.941	436.602	2.179	438.781
13.1 Current tax liability		326.465	2.790	329.255	436.602	2.179	438.781
13.2 Deferred tax liability		1.686	-	1.686	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		1.223.065	327.391	1.550.456	-	-	-
14.1 Held for sale		1.223.065	327.391	1.550.456	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5.361.303	5.361.303	-	5.195.642	5.195.642
XVI. Shareholders' equity	II-ı	15.672.303	455.293	16.127.596	15.388.361	651.177	16.039.538
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		1.044.653	455.293	1.499.946	1.016.289	651.177	1.667.466
16.2.1 Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences	II-ı	230.905	981.084	1.211.989	273.173	1.214.250	1.487.423
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)		(28.747)	(525.791)	(554.538)	(94.470)	(563.073)	(657.543)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		298.614	-	298.614	293.705	-	293.705
16.3 Profit reserves		8.744.459	-	8.744.459	7.118.712	-	7.118.712
16.3.1 Legal reserves		463.786	-	463.786	359.847	-	359.847
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		8.051.473	-	8.051.473	6.546.849	-	6.546.849
16.3.4 Other profit reserves		229.200	-	229.200	212.016	-	212.016
16.4 Income or (loss)		1.470.895	-	1.470.895	2.841.517	-	2.841.517
16.4.1 Prior years' income or (loss)		927.984	-	927.984	753.844	-	753.844
16.4.2 Current year income or (loss)		542.911	-	542.911	2.087.673	-	2.087.673
16.5 Minority interest	II-ı	65.245	-	65.245	64.792	-	64.792
Total liabilities and shareholders' equity		76.693.935	58.569.168	135.263.103	73.737.425	57.760.336	131.497.761

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of March 31, 2013 and December 31, 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Consolidated off-balance sheet commitments

		Current period (31/03/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (I+II+III)	125.900.261	135.660.519	261.560.780	113.308.694	116.216.598	229.525.292
I	Guarantees and warranties	11.386.419	17.893.380	29.279.799	11.376.121	17.268.280	28.644.401
1.1	Letters of guarantee	11.301.961	10.672.786	21.974.747	11.271.953	9.347.999	20.619.952
1.1.1	Guarantees subject to state tender law	547.997	550.097	1.098.094	567.403	522.814	1.090.217
1.1.2	Guarantees given for foreign trade operations	1.094.876	10.008.688	11.103.574	1.131.282	8.716.891	9.848.173
1.1.3	Other letters of guarantee	9.659.088	113.991	9.773.079	9.573.268	108.294	9.681.562
1.2	Bank acceptances	-	115.896	115.896	-	121.325	121.325
1.2.1	Import letter of acceptance	-	115.896	115.896	-	121.325	121.325
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	13.571	5.208.554	5.222.125	13.789	5.770.136	5.783.925
1.3.1	Documentary letters of credit	13.571	5.197.692	5.211.263	13.789	5.756.593	5.770.382
1.3.2	Other letters of credit	-	10.862	10.862	-	13.543	13.543
1.4	Prefinancing given as guarantee	143	2.474	2.617	143	2.377	2.520
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	70.744	910.302	981.046	90.236	1.057.479	1.147.715
1.9	Other warranties	-	983.368	983.368	-	968.964	968.964
II	Commitments	81.934.670	40.705.800	122.640.470	75.280.393	28.504.711	103.785.104
2.1	Irrevocable commitments	32.244.517	13.407.971	45.652.488	29.934.837	7.091.744	37.026.581
2.1.1	Asset purchase and sale commitments	877.387	13.020.492	13.897.879	35.590	6.661.062	6.696.652
2.1.2	Deposit purchase and sales commitments	7.152	1.110	8.262	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	-	-	-
2.1.4	Loan granting commitments	5.189.898	338.323	5.528.221	4.992.286	385.966	5.378.252
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.474.008	-	5.474.008	5.258.480	-	5.258.480
2.1.8	Tax and fund liabilities from export commitments	39.126	-	39.126	38.106	-	38.106
2.1.9	Commitments for credit card limits	18.482.516	48.046	18.530.562	17.856.081	44.716	17.900.797
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	2.174.430	-	2.174.430	1.754.294	-	1.754.294
2.2	Revocable commitments	49.690.153	27.297.829	76.987.982	45.345.556	21.412.967	66.758.523
2.2.1	Revocable loan granting commitments	49.690.153	27.263.539	76.953.692	45.345.556	21.394.837	66.740.393
2.2.2	Other revocable commitments	-	34.290	34.290	-	18.130	18.130
III	Derivative financial instruments	32.579.172	77.061.339	109.640.511	26.652.180	70.443.607	97.095.787
3.1	Derivative financial instruments for hedging purposes	13.996.658	27.482.588	41.479.246	14.124.458	26.657.257	40.781.715
3.1.1	Transactions for fair value hedge	1.675.058	1.987.605	3.662.663	1.772.858	2.048.951	3.821.809
3.1.2	Transactions for cash flow hedge	12.321.600	25.494.983	37.816.583	12.351.600	24.608.306	36.959.906
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	18.582.514	49.578.751	68.161.265	12.527.722	43.786.350	56.314.072
3.2.1	Forward foreign currency buy/sell transactions	2.250.314	5.266.421	7.516.735	2.554.504	5.708.082	8.262.586
3.2.1.1	Forward foreign currency transactions-buy	780.495	2.946.204	3.726.699	955.972	3.141.413	4.097.385
3.2.1.2	Forward foreign currency transactions-sell	1.469.819	2.320.217	3.790.036	1.598.532	2.566.669	4.165.201
3.2.2	Swap transactions related to foreign currency and interest rates	10.650.490	32.144.394	42.794.884	5.757.862	26.467.192	32.225.074
3.2.2.1	Foreign currency swap-buy	5.787.903	13.956.546	19.744.449	2.630.863	11.682.759	14.313.622
3.2.2.2	Foreign currency swap-sell	4.862.587	14.831.544	19.694.131	3.127.019	11.088.661	14.215.680
3.2.2.3	Interest rate swap-buy	-	1.678.152	1.678.152	-	1.847.886	1.847.886
3.2.2.4	Interest rate swap-sell	-	1.678.152	1.678.152	-	1.847.886	1.847.886
3.2.3	Foreign currency, interest rate and securities options	4.974.710	11.545.241	16.519.951	3.508.336	10.956.972	14.465.308
3.2.3.1	Foreign currency options-buy	1.656.765	3.671.732	5.328.497	1.263.301	3.558.308	4.821.609
3.2.3.2	Foreign currency options-sell	1.847.232	3.576.283	5.423.515	1.701.389	3.233.041	4.934.430
3.2.3.3	Interest rate options-buy	88.800	2.185.031	2.273.831	70.800	2.117.807	2.188.607
3.2.3.4	Interest rate options-sell	163.800	2.112.195	2.275.995	145.800	2.047.816	2.193.616
3.2.3.5	Securities options-buy	767.575	-	767.575	215.704	-	215.704
3.2.3.6	Securities options-sell	450.538	-	450.538	111.342	-	111.342
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	622.695	1.329.695	707.000	654.104	1.361.104
B	Custody and pledges received (IV+V+VI)	128.392.717	27.388.019	155.780.736	120.933.383	26.226.444	147.159.827
IV	Items held in custody	60.046.863	4.597.921	64.644.784	57.125.421	4.264.804	61.390.225
4.1	Customer fund and portfolio balances	1.258.827	115.830	1.374.657	2.273	117	2.390
4.2	Investment securities held in custody	47.209.891	3.862.954	51.072.845	45.448.129	3.646.706	49.094.835
4.3	Checks received for collection	9.533.673	111.592	9.645.265	9.375.958	91.571	9.467.529
4.4	Commercial notes received for collection	2.036.697	483.203	2.519.900	2.288.833	502.434	2.791.267
4.5	Other assets received for collection	-	24.342	24.342	-	23.976	23.976
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	7.775	-	7.775	10.228	-	10.228
4.8	Custodians	-	-	-	-	-	-
V	Pledges received	67.172.269	22.202.708	89.374.977	62.639.447	21.378.880	84.018.327
5.1	Marketable securities	208.531	201	208.732	220.994	193	221.187
5.2	Guarantee notes	694.424	383.764	1.078.188	703.951	376.676	1.080.627
5.3	Commodity	19.466	26.964	46.430	28.559	18.416	46.975
5.4	Warrants	-	789.391	789.391	-	727.967	727.967
5.5	Properties	45.386.093	15.623.331	61.009.424	41.434.412	15.279.209	56.713.621
5.6	Other pledged items	20.863.755	5.375.774	26.239.529	20.251.531	4.973.254	25.224.785
5.7	Pledged items-depository	-	3.283	3.283	-	3.165	3.165
VI	Accepted independent guarantees and warranties	1.173.585	587.390	1.760.975	1.168.515	582.760	1.751.275
Total off-balance sheet commitments (A+B)		254.292.978	163.048.538	417.341.516	234.242.077	142.443.042	376.685.119

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 2013 and 2012

(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 01/01-31/03/2013	Restated Prior Period 01/01-31/03/2012
I.	Interest income	IV-a	2.502.569	2.399.577
1.1	Interest on loans	IV-a-1	1.957.568	1.792.839
1.2	Interest received from reserve deposits		34	71
1.3	Interest received from banks	IV-a-2	31.876	21.750
1.4	Interest received from money market transactions		47.976	23.803
1.5	Interest received from marketable securities portfolio	IV-a-3	370.919	434.326
1.5.1	Trading financial assets		5.298	5.160
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		271.190	161.725
1.5.4	Held to maturity investments		94.431	267.441
1.6	Financial lease income		63.438	56.750
1.7	Other interest income		30.758	70.038
II.	Interest expense	IV-b	(1.191.305)	(1.320.821)
2.1	Interest on deposits	IV-b-4	(861.184)	(1.031.240)
2.2	Interest on funds borrowed	IV-b-1	(225.918)	(151.966)
2.3	Interest expense on money market transactions		(40.596)	(80.716)
2.4	Interest on securities issued	IV-b-3	(53.854)	(52.916)
2.5	Other interest expenses		(9.753)	(3.983)
III.	Net interest income (I + II)		1.311.264	1.078.756
IV.	Net fees and commissions income		467.429	394.168
4.1	Fees and commissions received		556.186	500.648
4.1.1	Non-cash loans		67.334	62.491
4.1.2	Other	IV-j	488.852	438.157
4.2	Fees and commissions paid		(88.757)	(106.480)
4.2.1	Non-cash loans		(2.337)	(1.706)
4.2.2	Other		(86.420)	(104.774)
V.	Dividend income	IV-c	5.630	105
VI.	Trading gain/(loss) (net)	IV-ç	(87.807)	(45.761)
6.1	Trading gains/(losses) on securities		23.488	18.163
6.2	Derivative financial transactions gains/(losses)	IV-d	(90.610)	(301.897)
6.3	Foreign exchange gains/(losses)		(20.685)	237.973
VII.	Other operating income	IV-e	116.635	103.554
VIII.	Total operating income / loss (III+IV+V+VI+VII)		1.813.151	1.530.822
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(366.204)	(279.171)
X.	Other operating expenses (-)	IV-g	(798.135)	(747.097)
XI.	Net operating income/(loss) (VIII-IX-X)		648.812	504.554
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		2.293	4.087
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	651.105	508.641
XVI.	Tax provision for continuing operations (±)	IV-h	(131.666)	(111.657)
16.1	Current tax provision		(85.829)	(139.778)
16.2	Deferred tax provision		(45.837)	28.121
XVII.	Net profit/loss from continuing operations (XV±XVI)		519.439	396.984
XVIII.	Income from discontinued operations		114.498	92.200
18.1	Income from non-current assets held for resale		114.498	92.200
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		(86.180)	(70.615)
19.1	Expenses for non-current assets held for resale		(86.180)	(70.615)
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)		28.318	21.585
XXI.	Tax provision for discontinued operations (±)		(3.608)	(4.021)
21.1	Current tax provision		(3.256)	(4.632)
21.2	Deferred tax provision		(352)	611
XXII.	Net profit/loss from discontinued operations (XX±XXI)		24.710	17.564
XXIII.	Net profit/loss (XVII+XXII)	IV-i	544.149	414.548
23.1	Group's profit/loss		542.911	412.182
23.2	Minority interest profit/losses (-)	IV-i	1.238	2.366
	Earnings/(loss) per share (in TL full)		0,0012	0,0009

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 2013 and 2012

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

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

	March 31, 2013 Current Period	March 31, 2012 Prior Period
Income and expense items accounted under shareholders' equity		
I. Transfers to marketable securities valuation differences from financial assets available for sale	(387.086)	145.644
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	48.059	1.552
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	151.436	(49.445)
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(6.806)	17.910
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	279	-
IX. Deferred tax on valuation differences	38.834	(30.648)
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(155.284)	85.013
XI. Current year profit/loss	544.149	414.548
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	(1.871)	11.020
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(95.984)	(35.053)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	642.004	438.581
XII. Total profit/loss related to the current period (X+XI)	388.865	499.561

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

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of March 31, 2012

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

V. Consolidated statement of changes in shareholders' equity

	Prior Period March 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 fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
I.	Period opening balance		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.	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	-	266.973	-	4.930.128	392.631	2.284.704	338.858	(114.866)	-	-	(421.304)	-	12.568.056	67.178	12.635.234
	Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	141.000	-	-	-	-	141.000	204	141.204
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(25.228)	-	(25.228)	-	(25.228)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(39.557)	-	(39.557)	-	(39.557)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	14.329	-	14.329	-	14.329
VII.	Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences		-	-	-	-	-	-	-	(28.475)	-	-	(20.821)	-	-	18.333	-	(30.963)	-	(30.963)
XI.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	412.182	-	-	-	-	-	-	412.182	2.366	414.548
XX.	Profit distribution		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	(3.069)	(3.069)
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.069)	(3.069)
20.2	Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(2.284.704)	427.218	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+.....+ XVIII +XIX+XX)		4.347.051	-	543.881	-	359.847	-	6.546.849	512.047	412.182	766.076	5.313	-	-	(428.199)	-	13.065.047	66.679	13.131.726

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 647.784 and TL 7.224.739 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

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

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

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of March 31, 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

Current Period																			
March 31, 2013	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves *	Status reserves	Extraordinary reserves *	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss) *	Marketable securities valuation difference	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Asset held for resale/ discontinued operations revaluation fund.	Total equity except minority interest	Minority Interest	Total shareholders' equity
I.	Prior period-end balance	4.347.051	-	543.881	-	359.847	-	6.546.849	505.721	2.087.673	753.844	1.487.423	-	-	(657.543)	-	15.974.746	64.792	16.039.538
	Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease due to the merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	(312.558)	-	-	-	-	(312.558)	(41)	(312.599)
IV.	Hedging transactions funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	115.703	-	115.703	-	115.703
4.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	121.148	-	121.148	-	121.148
4.2	Foreign net investment hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.445)	-	(5.445)	-	(5.445)
V.	Property and equipment revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares from investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	16.905	-	-	37.124	-	-	(12.698)	-	41.331	-	41.331
IX.	Changes due to the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the changes in equity of investment in associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	279	-	-	-	-	-	-	-	279	-	279
XVII.	Current year income or loss	-	-	-	-	-	-	-	-	542.911	-	-	-	-	-	-	542.911	1.238	544.149
XVIII.	Profit distribution	-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	174.201	-	-	-	-	-	(300.000)	(678)	(300.678)
18.1	Dividend paid	-	-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-	(300.000)	(678)	(300.678)
18.2	Transfers to reserves	-	-	-	-	103.939	-	1.504.624	4.909	(2.087.673)	474.201	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI.	Transactions with minority	-	-	-	-	-	-	-	-	-	(61)	-	-	-	-	-	(61)	(66)	(127)
	Period end balance (I+II+III+.....+XVII+XVIII)	4.347.051	-	543.881	-	463.786	-	8.051.473	527.814	542.911	927.984	1.211.989	-	-	(554.538)	-	16.062.351	65.245	16.127.596

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 699.643 and TL 8.893.248 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 March 31, 2013 and 2012

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

VI. Consolidated statement of cash flows

	Note (Section Five)	Current Period (31/03/2013)	Prior Period (31/03/2012)
A. Cash flows from banking operations			
1.1		1.182.286	2.167.794
1.1.1		2.886.036	2.536.778
1.1.2		(1.307.501)	(1.267.545)
1.1.3		5.630	105
1.1.4		556.687	534.071
1.1.5		130.124	(178.790)
1.1.6		404.381	345.551
1.1.7		(581.923)	(750.448)
1.1.8		(216.871)	(161.655)
1.1.9	VI	(694.277)	1.109.727
1.2		(4.485.191)	(4.673.435)
1.2.1		409.850	(58.318)
1.2.2		-	-
1.2.3		(2.830.820)	(454.349)
1.2.4		(3.312.167)	(658.942)
1.2.5		(1.238.492)	321.763
1.2.6		698.134	(263.825)
1.2.7		1.997.247	(1.740.560)
1.2.8		964.755	(2.605.507)
1.2.9		-	-
1.2.10	VI	(1.173.698)	786.303
I.		(3.302.905)	(2.505.641)
B. Cash flows from investing activities			
II.		652.272	95.625
2.1		(128)	-
2.2		-	-
2.3		(56.641)	(40.598)
2.4		75.744	1.199
2.5		(7.378.296)	(1.453.338)
2.6		7.987.926	1.500.294
2.7		(25.132)	(55)
2.8		48.799	88.123
2.9		-	-
C. Cash flows from financing activities			
III.		1.115.041	1.265.196
3.1		1.427.698	1.366.012
3.2		(311.979)	(97.747)
3.3		-	-
3.4		(678)	(3.069)
3.5		-	-
3.6		-	-
IV.	VI	77.710	(212.692)
V.		(1.457.882)	(1.357.512)
VI.	VI	10.832.289	11.464.375
VII.	VI	9.374.407	10.106.863

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013

(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” and changes and notes to this communiqué 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 financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 2012. IAS/IFRS changes (IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment), IAS 1 Presentation of Financial Statements (Amended) - Presentation of Items of Other Comprehensive Income, IAS 19 Employee Benefits (Amended), IAS 27 Separate Financial Statements (Amended), IAS 28 Investments in Associates and Joint Ventures (Amended), IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IFRS 13 Fair Value Measurement) do not have a significant effect on the Bank’s accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in **Notes II. to XXVII.** below. The changes introduced by IFRS 10 as adopted by the Bank is evaluated and it was concluded the changes have no impact on the accounting policies of the Bank.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

III. Information on consolidation principles:

a. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette No. 26340 dated November 8, 2006 and the “Turkish Accounting Standard for Consolidated Financial Statements” (“TFRS 10”).

1. Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank’s returns.

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) March 31, 2013	Direct and indirect rates (%) March 31, 2013
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	99,99	99,99
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 % March 31, 2013	Direct and indirect rates % March 31, 2013
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

3. Consolidation principles of joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is real estate investment trust (“GYO”) and operates according to special legislation with permission and license and is established in Turkey. The related joint venture is consolidated with equity method in accordance with materiality principle.

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

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates % March 31, 2013	Direct and indirect rates % March 31, 2013
Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Turkey	REIT	30,45	30,45

4. Transactions with minority shareholders:

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

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

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with “Turkish Accounting Standards for Consolidated Financial Statements” (“TFRS 10”) in the consolidated financial statements.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

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

The Group’s derivative transactions mostly include foreign currency money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

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

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in “Derivative Financial Transactions Gains/Losses” account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transactions is reflected to the income statement. 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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Accounting policies (continued)

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

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

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

As of March 31, 2013, 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.

A Credit Valuation Adjustment (CVA) is applied to the Bank’s over-the-counter derivative exposures to take into account the counterparty’s risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank’s over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with international financial reporting standards, IAS 39, comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

V. Explanations on interest income and expense:

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

VI. Explanations on fee and commission income and expenses:

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

VII. Explanations on financial assets:

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

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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Notes to consolidated financial statements March 31, 2013 (continued)

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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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Notes to consolidated financial statements March 31, 2013 (continued)

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Accounting policies (continued)

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

d. Available-for-sale financial assets:

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

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

Interest income on available for sale financial assets are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of an available for sale financial assets before the maturity, the difference between the profit, which is the difference between the cost and sales price of the financial assets, and the interest income accrual are accounted under “Trading gains/(losses) on securities” due to 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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Notes to consolidated financial statements March 31, 2013 (continued)

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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.

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Notes to consolidated financial statements March 31, 2013 (continued)

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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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Notes to consolidated financial statements March 31, 2013 (continued)

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Accounting policies (continued)

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

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

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Notes to consolidated financial statements March 31, 2013 (continued)

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Accounting policies (continued)

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

Operational lease

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

b. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in consolidated balance sheet. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

Allowances for impairment of lease receivables

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 July 20, 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 January 16, 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.

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Notes to consolidated financial statements March 31, 2013 (continued)

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Accounting policies (continued)

XV. Explanations on provisions and contingent assets and liabilities:

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

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

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

XVI. Explanations on obligations related to employee rights:

a. Employee termination benefits

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

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised IAS 19 standard.

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 23th 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.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey (“GNAT”) started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the “Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations” No 5754 (“the New Law”) regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks’ pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the “Amendment of Social Insurance and General Health Insurance Law No. 6283” published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. It was decided to extend the transfer date by one year in accordance with the decision of the Council of Ministers dated April 8, 2013.

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

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 March 31, 2013 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

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 March 31, 2013 the Group received government grant from TÜBİTAK amounting to TL 1.096 (December 31, 2012 - TL 1.096).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Group's profit	542.911	412.182
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0012	0,0009

	Current Period	Prior Period
Net profit from discontinued operations	24.710	17.564
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,00006	0,00004

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.

As of March 31, 2013, no bonus shares were issued during 2013. (December 31, 2012 - 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

XXVI. Explanations on other matters:

The Parent Bank has signed share transfer agreement with Allianz SE (“Allianz”) on March 26, 2013 for the sale of its 7.548.164.112 shares with a notional amount of full TL 75.481.641.12 representing 74,01% of its shares in Yapı Kredi Sigorta (“YKS”) for full TL 1.410.079.178. As of the date of the reporting, carrying value of YKS investment is classified as “Assets held for resale and related to discontinued operations” in the accompanying financial statements. Shares of YKS are still under the control and ownership of the Bank and after the receipt of Undersecretaries of Turkish Treasury and Competition Board; transfer of shares will be executed

The Parent Bank has signed an agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (“YKYO”) amounting to full TL 3.485.661 representing 11.09% of total full TL 31.425.000 paid in capital of KYKO in accordance with the Board of Directors decision dated September 28, 2012. Shares of KYKO are still under the control and ownership of the Bank and the application of the share transfer agreement was approved by the Capital Markets Board dated March 26, 2013, bulletin no. 2013/10. As of the date of the reporting, carrying value of KYKO investment is classified as “Assets held for resale and related to discontinued operations” in the accompanying financial statements.

The Parent Bank has signed a share purchase agreement with YKS for the purchase (by either the Bank or any of the consolidated subsidiary of the Bank) of 115.574.715 shares with a nominal value of TL full 11.557.471,5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812. Based on this agreement; it was decided to purchase these shares through Yapı Kredi Finansal Kiralama A.O., a consolidated subsidiary of the Bank.

In accordance with the above decision, Board of Directors of Yapı Kredi Finansal Kiralama A.O. has decided on May 3, 2013 to purchase 115.574.715 shares with a nominal value of TL full 11.557.471.5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812 upon the receipt of the relevant approvals from Undersecretaries of Turkish Treasury.

The effect of classifications made for comparative presentation on the financial statements as of March 31, 2012 are summarized in the table below.

March 31, 2012	Published	Adjustment	Restated
Interest income	2.413.316	(13.739)	2.399.577
Interest expense	(1.320.791)	(30)	(1.320.821)
Net interest income	1.092.525	(13.769)	1.078.756
Net fees and commissions income	415.782	(21.614)	394.168
Trading gain/(loss) (net)	(44.515)	(1.246)	(45.761)
Other operating income	131.401	(27.847)	103.554
Total operating income / loss	1.595.298	(64.476)	1.530.822
Other operating expenses	(789.989)	42.892	(747.097)
Net operating income/(loss)	526.138	(21.584)	504.554
Profit/(loss) before taxes from continuing operations	530.225	(21.584)	508.641
Tax provision for continuing operations	(115.677)	4.020	(111.657)
Net profit/loss from continuing operations	414.548	(17.564)	396.984
Income from discontinued operations	-	92.200	92.200
Expenses from discontinued operations	-	(70.615)	(70.615)
Profit /losses before taxes from discontinued operations	-	21.585	21.585
Tax provision for discontinued operations	-	(4.021)	(4.021)
Net profit/loss from discontinued operations	-	17.564	17.564

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Accounting policies (continued)

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.

Explanations related to insurance technical reserves

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

Non-life

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

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 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Section four

Information related to financial position of the Group

I. Explanations on consolidated capital adequacy ratio:

- a. The consolidated capital adequacy ratio of the Group is 14,73% (December 31,2012 – 15,19%) and Parent Bank is 15,99% (December 31,2012 – 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.

(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 March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

c. Information related to capital adequacy ratio:

	Risk Weights							Total
	Parent Bank							
	0%	20%	50%	75%	100%	150%	200%	
Amounts subject to credit risk	24.943.744	4.395.560	23.619.485	31.085.866	61.539.782	3.915.844	4.213.774	153.714.055
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	23.499.585	-	10.376.495	-	-	-	-	33.876.080
Conditional and unconditional receivables from regional or local governments	-	139	-	-	-	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	591	-	-	591
Conditional and unconditional receivables from multilateral development banks	1.619	-	-	-	-	-	-	1.619
Conditional and unconditional receivables from international organizations	-	-	-	-	51.351.191	-	-	51.351.191
Conditional and unconditional receivables from banks and brokerage houses	-	-	-	31.085.866	-	-	-	31.085.866
Conditional and unconditional receivables from corporates	-	-	8.540.200	-	-	-	-	8.540.200
Conditional and unconditional retail receivables	-	-	-	-	682.016	327.464	-	1.009.480
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	3.588.380	4.213.774	7.802.154
Past due receivables	-	-	-	-	-	-	-	-
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	1.442.540	43.976	-	-	7.100.922	-	-	8.587.438
Investments similar to collective investment funds	-	879.112	11.809.743	23.314.400	61.539.782	5.873.766	8.427.548	111.844.351

	Risk Weights							Total
	Consolidated							
	0%	20%	50%	75%	100%	150%	200%	
Amounts subject to credit risk	25.373.779	4.505.582	24.301.727	31.512.079	68.857.466	4.005.823	4.213.774	162.770.230
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	23.913.768	25.340	10.803.621	-	45.469	-	-	34.788.198
Conditional and unconditional receivables from regional or local governments	-	139	1.442	-	-	-	-	1.581
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	591	-	-	591
Conditional and unconditional receivables from multilateral development banks	1.619	-	-	-	-	-	-	1.619
Conditional and unconditional receivables from international organizations	-	-	-	-	61.457.928	-	-	61.457.928
Conditional and unconditional receivables from banks and brokerage houses	-	-	-	31.512.079	-	-	-	31.512.079
Conditional and unconditional receivables from corporates	-	-	8.540.200	-	-	-	-	8.540.200
Conditional and unconditional retail receivables	-	-	-	-	755.911	417.443	-	1.173.354
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-	3.588.380	4.213.774	7.802.154
Past due receivables	-	-	-	-	-	-	-	-
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	1.458.392	43.976	-	-	4.017.791	-	-	5.520.159
Investments similar to collective investment funds	-	901.116	12.150.864	23.634.059	68.857.466	6.008.735	8.427.548	119.979.788

(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 March 31, 2013 (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 Current Period	Consolidated Current Period	The Parent Bank Prior Period	Consolidated Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8.947.548	9.598.383	8.639.259	9.246.931
Capital requirement for market risk (II) (MRCR)	140.126	293.315	134.553	220.278
Capital requirement for operational risk (III) (ORCR)	802.350	910.617	746.900	854.231
Shareholders' equity	19.773.461	19.893.399	19.397.778	19.600.066
Shareholders' equity / (CRCR+ MRCR+ORCR) * 12.5*100	15,99	14,73	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	Prior Period
Core capital		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Adjustment to paid in capital	-	-
Share premium	543.881	543.881
Share repeal	-	-
Legal reserves	8.744.459	7.118.712
Adjustment to legal reserves	-	-
Profit	1.470.895	2.841.517
Net Current period profit	542.911	2.087.673
Prior period profit	927.984	753.844
Provisions for possible losses up to 25% of core capital	192.812	246.317
Profit on sale of associates, subsidiaries and buildings ⁽¹⁾	298.614	293.705
Primary subordinated loans	-	-
Minority shares	65.245	64.792
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	88.482	96.067
Intangible assets (-)	1.343.808	1.361.391
Deferred- assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Goodwill (Net)	-	-
Total core capital	14.230.667	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 March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

	Current Period	Prior Period
Supplementary capital	1.371.582	1.339.681
General provisions	-	-
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 ⁽²⁾	4.186.597	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	545.395	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	-	-
Total supplementary capital	6.103.574	6.013.921
Capital	20.334.241	20.012.438
Deductions from the capital	440.842	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	214.118	212.393
Loans extended being noncompliant with articles 50 and 51of the Law	2.045	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	6.792	6.844
Securitisations positions that is deducted-preferably-from the shareholders’ equity	-	-
Other	217.887	189.945
Total shareholders’ equity	19.893.399	19.600.066

(1) The figure includes income on sale of equity shares and real estates for TL 302.468 and other reserves for TL (3.854)

(2) 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

This footnote is not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” for the interim periods.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

III. Explanations on consolidated 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 March 31, 2013 in accordance with “Regulation on Banks’ Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette no. 28337 dated June 28, 2012.

(1). Explanations on market risk:

a. Information on market risk:

	Current Period	Prior Period
(I) Capital requirement against general market risk - standard method	33.107	28.424
(II) Capital requirement against specific risks - standard method	74.441	28.588
Capital requirement against specific risks of securitization positions– standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	166.061	139.660
(IV) Capital requirement against commodity risks - standard method	2.565	3.024
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	439	1.277
(VII) Capital requirement against counterparty credit risks - standard method	16.702	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)	293.315	220.278
(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))	3.666.438	2.753.475

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

(2) Quantitative information on counterparty risk;

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

IV. Explanations on operational risk:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

V. Explanations on consolidated currency risk:

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

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

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

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

(Exchange rates presented as full TL)

	USD	EUR
Balance sheet evaluation rate	TL 1,80870	TL 2,31890
First day	TL 1,80870	TL 2,31890
Second day	TL 1,81370	TL 2,32060
Third day	TL 1,81760	TL 2,32570
Fourth day	TL 1,81680	TL 2,33790
Fifth day	TL 1,81400	TL 2,35510
Arithmetic average of the last 31 days:	TL 1,77045	TL 2,29778
Prior period evaluation rate:	TL 1,73800	TL 2,29290

(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 March 31, 2013 (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 ⁽⁴⁾	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	4.014.078	5.005.810	3.000.468	12.020.356
Banks	1.158.564	972.131	255.352	2.386.047
Financial assets at fair value through profit or loss	32.597	105.173	244	138.014
Money market placements	-	-	-	-
Available-for-sale financial assets	395.127	6.422.292	40.502	6.857.921
Loans ⁽¹⁾	8.861.936	18.895.089	949.239	28.706.264
Investments in associates, subsidiaries and joint ventures	-	-	197.825	197.825
Held-to-maturity investments	224.757	2.343.972	-	2.568.729
Hedging derivative financial assets				
Tangible assets	1.120	-	35.155	36.275
Intangible assets	120	-	7.017	7.137
Other assets ⁽²⁾	2.201.282	2.102.485	154.229	4.457.996
Total assets	16.889.581	35.846.952	4.640.031	57.376.564
Liabilities				
Bank deposits	558.763	389.051	64.363	1.012.177
Foreign currency deposits	11.088.563	14.411.733	2.083.740	27.584.036
Funds from money market	-	4.560.857	-	4.560.857
Funds borrowed from other financial institutions	6.924.155	6.609.284	165.067	13.698.506
Marketable securities issued	761.072	2.613.775	-	3.374.847
Miscellaneous payables	274.880	122.321	42.379	439.580
Hedging derivative financial liabilities	100.441	360.380	-	460.821
Other liabilities	2.859.502	3.647.511	12.836	6.519.849
Total liabilities	22.567.376	32.714.912	2.368.385	57.650.673
	(5.677.795)	3.132.040	2.271.646	(274.109)
Net on balance sheet position	6.140.442	(3.611.755)	(1.553.954)	974.733
Net off balance sheet position ⁽²⁾	9.006.733	8.532.216	1.017.344	18.556.293
Financial derivative assets	2.866.291	12.143.971	2.571.298	17.581.560
Financial derivative liabilities	6.622.058	9.963.672	1.307.650	17.893.380
Non-cash loans				
December 31, 2012	15.002.997	36.300.397	3.547.096	54.850.490
Total assets	21.591.823	32.878.321	2.230.009	56.700.153
Total liabilities	(6.588.826)	3.422.076	1.317.087	(1.849.663)
Net on-balance sheet position	6.793.461	(2.450.573)	(1.125.486)	3.217.402
Net off-balance sheet position	8.414.043	8.012.504	498.265	16.924.812
Financial derivative assets	1.620.582	10.463.077	1.623.751	13.707.410
Financial derivative liabilities	6.646.932	10.302.197	319.151	17.268.280

(1) Includes FX indexed loans amounting to TL 3.418.773 (December 31, 2012 - TL 3.221.773) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 39.502 (December 31, 2012 - TL 42.186).

(3) Does not include foreign currency denominated general provisions for foreign currencies, hedge funds and marketable securities valuation differences under equity.

(4) Other FC column also includes gold amounts.

(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 March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

VI. Explanations on consolidated interest rate risk:

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

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non Interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	14.650.864	14.650.864
Banks	1.913.453	383.633	474.065	63.807	-	900.841	3.735.799
Financial assets at fair value through profit/loss	97.990	99.177	127.993	80.079	24.608	61.261	491.108
Money market placements	2.586.787	-	-	-	-	-	2.586.787
Available-for-sale financial assets	974.970	988.150	3.726.856	2.843.455	6.045.604	17.848	14.596.883
Loans	17.487.248	22.196.650	18.737.334	16.386.649	5.021.232	1.747.539	81.576.652
Held-to-maturity investments	418.427	1.048.705	1.573.851	322.876	2.471.552	-	5.835.411
Other assets	759.377	791.731	1.022.372	1.840.200	426.906	6.949.013	11.789.599
Total assets	24.238.252	25.508.046	25.662.471	21.537.066	13.989.902	24.327.366	135.263.103
Liabilities							
Bank deposits	604.513	207.234	605.580	98.744	-	617.589	2.133.660
Other deposits	43.118.477	9.086.582	7.337.369	622.787	12.802	11.511.448	71.689.465
Funds from money market	4.224.732	2.018.384	812.157	-	-	-	7.055.273
Miscellaneous payables	195	-	-	-	-	6.124.456	6.124.651
Marketable securities issued	252.650	2.647.141	313.450	874.110	895.619	-	4.982.970
Funds borrowed from other financial institutions	3.402.589	4.819.753	3.274.619	2.731.745	501.761	-	14.730.467
Other liabilities and shareholders' equity	1.262.005	2.054.543	1.405.776	328.049	1.933.431	21.562.813	28.546.617
Total liabilities	52.865.161	20.833.637	13.748.951	4.655.435	3.343.613	39.816.306	135.263.103
Balance sheet long position	-	4.674.409	11.913.520	16.881.631	10.646.289	-	44.115.849
Balance sheet short position	(28.626.909)	-	-	-	-	(15.488.940)	(44.115.849)
Off-balance sheet long position	5.626.188	13.740.094	-	-	-	-	19.366.282
Off-balance sheet short position	-	-	(3.271.650)	(15.179.684)	(1.250.100)	-	(19.701.434)
Total position	(23.000.721)	18.414.503	8.641.870	1.701.947	9.396.189	(15.488.940)	(335.152)

(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 March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	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)

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	0,01	-	-	-
Banks	2,08	3,22	-	7,27
Financial assets at fair value through profit/loss	1,93	3,28	-	5,33
Money market placements	-	-	-	6,51
Available-for-sale financial assets	4,37	6,97	-	9,01
Loans	4,92	5,07	4,41	12,43
Held-to-maturity investments	2,79	5,51	-	7,64
Liabilities				
Bank deposits	3,34	1,94	-	6,47
Other deposits	2,48	2,45	0,30	7,28
Funds from money market	-	1,07	-	5,88
Miscellaneous payables	-	-	-	0,23
Marketable securities issued	-	5,44	-	7,42
Funds borrowed from other financial institutions	1,80	3,24	2,55	7,43

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

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

Prior Period	EURO	USD	Yen	TL
Assets	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	0,15	-	-	-
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

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 March 31, 2013 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	(1.228.905)	%(6,22)
TRY	(-)400 bp	1.212.031	%,13
EURO	(+)200 bp	5.663	%,03
EURO	(-)200 bp	6.741	%,03
USD	(+)200 bp	(328.551)	%,166
USD	(-)200 bp	544.424	%,275
Total (for negative shock)		1.763.196	%,892
Total (for positive shock)		(1.551.793)	%,785

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

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Notes to consolidated financial statements March 31, 2013 (continued)

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

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 Borsa Istanbul as of March 31, 2013.

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.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified ⁽¹⁾⁽²⁾	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	3.713.540	10.937.324	-	-	-	-	-	14.650.864
Banks	900.841	1.914.423	383.633	290.606	246.296	-	-	3.735.799
Financial assets at fair value through profit or loss	30	75.095	92.674	120.358	93.997	47.723	61.231	491.108
Money market placements	-	2.586.787	-	-	-	-	-	2.586.787
Available-for-sale financial assets	96.881	87.106	143.344	757.862	4.576.357	8.917.485	17.848	14.596.883
Loans	-	13.303.702	9.200.355	20.020.561	23.636.337	14.409.683	1.006.014	81.576.652
Held-to-maturity Investments	-	294	9.540	1.572.747	1.753.460	2.499.370	-	5.835.411
Other assets ⁽¹⁾	4.110.351	1.386.146	878.887	1.354.866	2.082.167	455.077	1.522.105	11.789.599
Total assets	8.821.643	30.290.877	10.708.433	24.117.000	32.388.614	26.329.338	2.607.198	135.263.103
Liabilities								
Bank deposits	617.589	604.513	207.234	605.580	98.744	-	-	2.133.660
Other deposits	11.511.448	42.865.253	9.094.875	7.465.853	739.234	12.802	-	71.689.465
Funds borrowed from other financial institutions	-	1.222.849	4.050.153	4.255.406	4.071.353	1.130.706	-	14.730.467
Funds from money market	-	4.224.732	2.018.384	812.157	-	-	-	7.055.273
Marketable securities issued	-	252.650	785.344	711.927	2.241.778	991.271	-	4.982.970
Miscellaneous payables	1.304.403	4.617.310	99.257	98.056	207	58	5.360	6.124.651
Other liabilities ⁽²⁾	549.915	326.564	481.599	1.063.178	4.745.085	3.517.717	17.862.559	28.546.617
Total liabilities	13.983.355	54.113.871	16.736.846	15.012.157	11.896.401	5.652.554	17.867.919	135.263.103
Net liquidity gap	(5.161.712)	(23.822.994)	(6.028.413)	9.104.843	20.492.213	20.676.784	(15.260.721)	-
Prior Period								
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
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)	-

(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, assets held for sale stationary 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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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

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.

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

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

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

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Notes to consolidated financial statements March 31, 2013 (continued)

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Information related to financial position of the Group (continued)

Information about guaranties according to risk classifications:

Current Period	Amount ⁽¹⁾	Financial guaranties ⁽²⁾	Other / Physical guaranties ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	35.291.741	-	-	-
Conditional and unconditional receivables from regional or local governments	2.157	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	12.616	-	-	-
Conditional and unconditional receivables from multilateral development banks	144.696	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	28.568.186	43.214	-	-
Conditional and unconditional receivables from corporates	173.004.185	2.711.021	-	94.856
Conditional and unconditional retail receivables	74.670.268	255.179	-	8.714
Conditional and unconditional receivables secured by mortgages	8.632.101	-	-	-
Past due receivables	1.173.354	-	-	-
Receivables defined in high risk category by the Regulator	7.802.154	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	8.503.815	-	-	-
Total	337.805.273	3.009.414	-	103.570

(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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Notes to consolidated financial statements March 31, 2013 (continued)

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

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:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

XIII. Explanations on hedge accounting:

As of March 31, 2013 The Bank applies Fair value Hedge (“FVH”), Cash Flow Hedge (“CFH”), Net Investment Hedge (“NIH) hedge accounting models.

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 March 31, 2013 and December 31, 2012 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	18.908.291	11.832	666.127	18.479.953	170	814.454
Cross currency interest rate swap	1.675.058	110.906	46.088	1.772.858	93.996	90.233
Total	20.583.349	122.738	712.215	20.252.811	94.166	904.687

(1) Only the “sell” legs of the related derivatives are presented with the addition of the “buy” legs of these derivatives amounting to TL 20.895.897 (December 31, 2012 - TL 20.528.904) the total notional of derivative financial assets amounting to TL 41.479.246 (December 31, 2012 - TL 40.781.715) is accounted for in off-balance sheet under “Hedging Derivative Financial Instruments” line item.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the Group (continued)

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

Fair value hedge accounting:

Starting from March 1, 2009, the 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 ⁽²⁾		Type of hedging instrument ⁽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	110.881	110.906	46.088	(37.754)

(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 679.

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 ⁽²⁾		Type of hedging instrument ⁽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 4.426.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the group (continued)

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

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

Cash flow hedge accounting:

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

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the		Hedged item (asset and liability) ⁽¹⁾	Nature of hedged risks ^(2,3)
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	11.832	666.127	(452.363)	108.450

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 224.

Priod Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the		Hedged item (asset and liability) ⁽¹⁾	Nature of hedged risks ^(2,3)
			Asset	Liability		
Interest rate swaps	Customer deposits 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.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Information related to financial position of the group (continued)

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

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

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 March 31, 2013 is EUR 262 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 102.176 net-off tax (December 31, 2012 - TL 96.731 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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Notes to consolidated financial statements March 31, 2013 (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. Treasury, Asset – Liability Management and other operations, mainly consist of treasury management’s results, operations of supporting business units and other unallocated transactions.

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

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 ⁽¹⁾	Total operations of the Group
Operating revenue	803.134	422.975	36.777	40.735	107.931	70.723	414.939	(89.693)	1.807.521
Operating expenses	(627.458)	(130.156)	(16.236)	(20.453)	(41.048)	(53.239)	(346.092)	70.343	(1.164.339)
Net operating income	175.676	292.819	20.541	20.282	66.883	17.484	68.847	(19.350)	643.182
Dividend income ⁽²⁾							5.630		5.630
Income/Loss from Investments accounted based on equity method							2.293		2.293
Profit before tax	175.676	292.819	20.541	20.282	66.883	17.484	76.770	(19.350)	651.105
Tax provision ⁽²⁾							(131.666)		(131.666)
Net Profit	175.676	292.819	20.541	20.282	66.883	17.484	(54.896)	(19.350)	519.439
Minority interest (-)							(1.238)		(1.238)
Discontinued operations					881	13.876		9.953	24.710
Group income/loss	175.676	292.819	20.541	20.282	67.764	31.360	(56.134)	(9.397)	542.911
Segment assets ⁽³⁾	40.069.076	31.798.840	155.808	5.018.616	7.220.666	-	51.648.442	(2.584.958)	133.326.490
Investments in associates, subsidiaries and joint ventures							220.921		220.921
Discontinued operations					90.811	2.039.367		(414.486)	1.715.692
Total assets	40.069.076	31.798.840	155.808	5.018.616	7.311.477	2.039.367	51.869.363	(2.999.444)	135.263.103
Segment liabilities ⁽³⁾	30.351.805	26.468.968	17.729.341	4.126.866	5.817.098		34.665.155	(1.574.182)	117.585.051
Shareholders’ equity							16.127.596		16.127.596
Discontinued operations					5.967	1.585.508		(41.019)	1.550.456
Total liabilities	30.351.805	26.468.968	17.729.341	4.126.866	5.823.065	1.585.508	50.792.751	(1.615.201)	135.263.103

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

(2) Dividend income and tax provision expenses have not been distributed based on operating segments and have been presented under “Treasury, Asset-Liability Management and Other”.

(3) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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(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 ⁽¹⁾	Total operations of the Group
Operating revenue ⁽⁴⁾	646.855	384.490	31.484	37.155	106.410	64.127	354.110	(93.914)	1.530.717
Operating expenses ⁽⁴⁾	(510.837)	(60.484)	(17.080)	(12.850)	(65.562)	(44.129)	(368.867)	53.541	(1.026.268)
Net operating income	136.018	324.006	14.404	24.305	40.848	19.998	(14.757)	(40.373)	504.449
Dividend income ^{(2),(4)}							105		105
Income/Loss from Investments accounted based on equity method ⁽⁴⁾							4.087		4.087
Profit before tax	136.018	324.006	14.404	24.305	40.848	19.998	(10.565)	(40.373)	508.641
Tax provision ^{(2),(4)}							(111.657)		(111.657)
Net Profit	136.018	324.006	14.404	24.305	40.848	19.998	(122.222)	(40.373)	396.984
Minority interest (-) ⁽⁴⁾							(2.366)		(2.366)
Discontinued operations ⁽⁴⁾					2.396	51.872		(36.704)	17.564
Group income/loss	136.018	324.006	14.404	24.305	43.244	71.870	(124.588)	(77.077)	412.182
Segment assets ⁽³⁾	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
Total assets	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).
- (4) Income statement figures represent balances for the 3 months period ended March 31, 2012.

(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 March 31, 2013 (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	1.116.865	341.526	1.206.771	339.996
The CBRT ⁽¹⁾	1.513.643	11.543.552	414.040	9.147.081
Other	-	135.278	1	380.059
Total	2.630.508	12.020.356	1.620.812	9.867.136

- (1) The balance of gold amounting to TL 2.868.992 is accounted for under the Central Bank foreign currency account as of March 31, 2013 (December 31 2012 – 1.398.753 TL).

2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	1.513.643	606.227	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	10.937.325	-	7.830.548
Total	1.513.643	11.543.552	414.040	9.147.081

- (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 March 31, 2013, the Group's reserve deposits, including those at foreign banks, amount to TL 10.948.891 (December 31, 2012 - TL 9.591.973).

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

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Explanations and notes related to consolidated financial statements (continued)

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

1. As of March 31, 2013, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2012 - None) and financial assets at fair value through profit and loss given as collateral/blocked amount to TL 43.886 (December 31, 2012 - TL 43.171).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	FC	TL	FC	FC
Forward transactions	38.356	3.371	53.199	13.903
Swap transactions ⁽¹⁾	175.062	91.059	226.076	95.622
Futures transactions	-	-	-	-
Options	11.509	14.709	9.351	22.332
Other	-	-	-	-
Total	224.927	109.139	288.626	131.857

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

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1.344.679	1.019.045	2.100.562	857.187
Foreign ⁽¹⁾	5.073	1.367.002	5	2.384.743
Head quarters and branches abroad	-	-	-	-
Total	1.349.752	2.386.047	2.100.567	3.241.930

(1) As of March 31, 2013 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 159.340 (December 31, 2012 - 451.315 TL).

2. Information on foreign banks account:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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 March 31, 2013, available-for-sale financial assets given as collateral/blocked amount to TL 1.114.618 (December 31, 2012 - TL 1.586.077) and available-for-sale financial assets subject to repo transactions amount to TL 4.038.260 (December 31, 2012 - TL 2.639.269).

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

Information on available-for-sale financial assets:

	Current Period	Prior Period
Debt securities	14.542.254	15.703.687
Quoted in stock exchange ⁽¹⁾	12.917.048	14.067.931
Not quoted(2)	1.625.206	1.635.756
Share certificates	63.149	63.927
Quoted in stock exchange	138	133
Not quoted	63.011	63.794
Impairment provision (-) ⁽²⁾	(105.401)	(198.106)
Other ⁽³⁾	96.881	80.940
Total	14.596.883	15.650.448

(1) Includes credit linked notes amounting to TL 880.674 as of March 31, 2013 (December 31, 2012 - TL 895.659).

(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 March 31, 2013, other available-for-sale financial assets include mutual funds amounting to TL 96.881 (December 31, 2012 - TL 80.940).

f. Explanations on loans:

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

	Current		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	4.522	210.507	5.390	403.915
Loans granted to employees	101.885	68	104.931	68
Total	106.407	210.575	110.321	403.983

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	78.192.019	1.911.058		2.378.619	195.225	92.700
Loans given to enterprises	27.714.098	-		434.846	-	65.204
Export loans	3.989.891	176.189		63.349	16.580	-
Import loans	-	-		-	-	-
Loans given to financial sector	2.571.587	-		-	-	-
Consumer loans	15.499.297	1.341.156		688.465	28.829	15.112
Credit cards	14.890.548	-		317.302	-	12.383
Other ⁽¹⁾	13.526.598	393.713		874.657	149.816	1
Specialized lending	-	-		-	-	-
Other receivables	-	-		-	-	-
Total	78.192.019	1.911.058		2.378.619	195.225	92.700

- (1) As explained in the Note IV of Section XIII. TL 110.881 of fair value difference of hedged items is classified under other loans.

Number of modifications made to extend payment plan ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
Extended by 1 or 2 times	1.848.952	178.645
Extended by 3,4 or 5 times	20.274	2.672
Extended by more than 5 times	41.832	13.908
Total	1.911.058	195.225

Extended period of time ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	254.554	19.681
6 - 12 Months	114.975	19.426
1 - 2 Years	205.692	82.783
2 - 5 Years	707.929	67.725
5 Years and over	627.908	5.610
Total	1.911.058	195.225

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	143.817	15.447.989	15.591.806
Real estate loans	3.625	7.699.190	7.702.815
Automotive loans	6.603	1.050.328	1.056.931
Consumer loans	1.623	55.015	56.638
Other	131.966	6.643.456	6.775.422
Consumer loans-FC indexed	-	111.469	111.469
Real estate loans	-	110.445	110.445
Automotive loans	-	8	8
Consumer loans	-	725	725
Other	-	291	291
Consumer loans-FC	18.633	113.378	132.011
Real estate loans	106	5.705	5.811
Automotive loans	2.808	28.219	31.027
Consumer loans	7.268	61.493	68.761
Other	8.451	17.961	26.412
Individual credit cards-TL	12.462.852	595.582	13.058.434
With installments	8.145.028	588.948	8.733.976
Without installments	4.317.824	6.634	4.324.458
Individual credit cards-FC	682	23.002	23.684
With installments	682	23.002	23.684
Without installments	-	-	-
Personnel loans-TL	4.281	40.108	44.389
Real estate loans	-	726	726
Automotive loans	60	945	1.005
Consumer loans	-	-	-
Other	4.221	38.437	42.658
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	323	198	521
Real estate loans	-	39	39
Automotive loans	-	-	-
Consumer loans	55	78	133
Other	268	81	349
Personnel credit cards-TL	55.317	847	56.164
With installments	36.242	847	37.089
Without installments	19.075	-	19.075
Personnel credit cards-FC	-	168	168
With installments	-	168	168
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	307.505	-	307.505
Credit deposit account-FC (real person)	61	-	61
Total	12.993.471	16.332.741	16.332.741

(1) TL 1.339 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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 commercial installment loans and corporate credit cards:

	Current Period		Total
	Short-term	Medium and long-term	
Commercial installments loans-TL	527.755	5.310.790	5.838.545
Business loans	603	281.052	281.655
Automotive loans	27.557	1.737.991	1.765.548
Consumer loans	-	24	24
Other	499.595	3.291.723	3.791.318
Commercial installments loans-FC indexed	27.026	344.897	371.923
Business loans	-	18.672	18.672
Automotive loans	715	66.243	66.958
Consumer loans	-	-	-
Other	26.311	259.982	286.293
Commercial installments loans-FC	257.622	118.227	375.849
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	127.560	43.747	171.307
Other	130.062	74.480	204.542
Corporate credit cards-TL	2.062.740	6.660	2.069.400
With installment	1.386.405	6.660	1.393.065
Without installment	676.335	-	676.335
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	731.246	-	731.246
Credit deposit account-FC (legal person)	111	-	111
Total	3.606.500	5.780.574	9.387.074

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

6. Loans according to types of borrowers:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

	Current Period	Prior Period
Domestic loans	79.328.296	76.571.527
Foreign loans	1.242.342	1.241.131
Total	80.570.638	77.812.658

8. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	37.073	35.480
Indirect loans granted to associates and subsidiaries	-	-
Total	37.073	35.480

9. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	91.206	95.603
Loans and other receivables with doubtful collectability	396.081	360.082
Uncollectible loans and other receivables	1.305.992	1.142.229
Total	1.793.279	1.597.914

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

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

	III. Group	IV. Group	V. Group
	Loans and other receivables	Loans and other receivables with	Uncollectible
	With limited collectability	Doubtful collectability	Loans and other receivables
Current Period			
(Gross amounts before specific reserves)	18.091	37.772	104.738
Restructured loans and other receivables	18.091	37.772	104.738
Rescheduled loans and other receivables	-	-	-
Prior 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	-	-	-

(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 March 31, 2013 (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 Loans and other receivables	IV. Group Loans and other receivables with Doubtful collectability	V. Group Uncollectible Loans and other receivables
Prior Period	554.524	738.879	1.280.700
Additions (+)	556.271	26.123	45.854
Transfers from other categories of non- performing loans (+)	-	406.357	255.499
Transfer to other categories of non-performing loans (-)	(406.357)	(255.499)	-
Collections (-)	(198.688)	(66.861)	(138.832)
FX valuation differences	43	61	1.219
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	505.793	849.060	1.444.440
Specific provision (-)	(91.206)	(396.081)	(1.305.992)
Net balance on balance sheet	414.587	452.979	138.448

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period			
Period end balance	3.011	8.387	355.986
Specific provision (-)	(596)	(6.462)	(249.150)
Net balance on-balance sheet	2.415	1.925	106.836
Prior Period	1.340	3.381	366.866
Period end balance	(184)	(1.952)	(261.285)
Specific provision (-)			
Net balance on-balance sheet	1.156	1.429	105.581

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Notes to consolidated financial statements March 31, 2013 (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)	414.587	452.979	138.448
Loans granted to real persons and corporate entities (gross)	505.793	849.060	1.335.856
Specific provision amount (-)	(91.206)	(396.081)	(1.197.408)
Loans granted to real persons and corporate entities (net)	414.587	452.979	138.448
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)	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⁾	-	-	-

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

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

12. Explanation on “Write-off” policies:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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Notes to consolidated financial statements March 31, 2013 (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 March 31, 2013, held-to-maturity investments given as collateral/blocked amount to TL 1.287.152 (December 31, 2012 - TL 1.299.927). Held-to-maturity investments subject to repurchase agreements amount to TL 2.244.869 (December 31, 2012 - TL 2.986.312).

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

	Curren Period	Prior Period
Government bond	5.772.177	5.765.659
Treasury bill	-	-
Other debt securities	63.234	62.035
Total	5.835.411	5.827.694

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

	Curren Period	Prior Period
Debt securities	5.930.188	5.867.172
Quoted on stock exchange	5.930.188	5.867.172
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(94.777)	(39.478)
Total	5.835.411	5.827.694

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

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

	Current Period	Prior Period
Beginning balance	5.827.694	12.710.622
Foreign currency differences on monetary assets ⁽¹⁾	37.482	(574.402)
Purchases during year	25.132	50.325
Disposals through sales and redemptions	(48.799)	(6.358.851)
Impairment provision (-) ⁽²⁾	(6.098)	-
Period end balance	5.835.411	5.827.694

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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 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	79.837	67.449	45.454	2.015	-	33.183	18.566	-
2	32.354	19.628	15.161	730	128	1.444	2.619	-

(1) Financial statement information disclosed above shows December 31, 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	4.489.727	646.605	5.547	20.979	4.596	12.108	16.897	-

(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 March 31, 2013 (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	193.934	183.940
Movements during the period	3.891	9.994
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	4.461	18.982
Sales	-	-
Revaluation (decrease)/increase ⁽¹⁾	(570)	(8.988)
Impairment provision	-	-
Balance at the end of the period	197.825	193.934
Capital commitments	-	-
Share holding percentage at the end of the period (%)	30,67	30,67

(1) Includes TL 2.582 (December 31, 2012 – TL 2.069) of dividend received in the current period.

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

	Current Period	Prior Period
Banks	197.825	193.934
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	197.825	193.934

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)

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

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

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

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Sigorta A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core Capital						
Paid-in capital	98.918	45.599	101.991	389.928	5.707	112.442
Inflation adjustment to share capital	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Marketable Securities	17	-	236	-	-	2.878
Valuation Differences	69.400	23.149	-	79.305	20.469	-
Legal reserves	13.878	-	-	484.964	-	331.465
Extraordinary reserves	-	-	-	-	-	121.680
Other reserves	(29.000)	52.491	115.329	304.059	4.962	10.752
Profit/loss	43.614	7.033	272	31.208	4.962	10.752
Current period net profit	(72.614)	45.458	115.057	272.851	-	-
Prior period profit	-	-	-	-	-	-
Leasehold improvements (-)	666	24	15.011	3.319	263	121
Intangible assets (-)	152.547	121.215	202.545	1.254.937	30.875	579.096
Total core capital	-	8.168	-	18.370	-	130
Supplementary capital	152.547	129.383	202.545	1.273.307	30.875	579.226
Capital	-	-	-	-	-	-
Deductions from the capital	152.547	129.383	202.545	1.273.307	30.875	579.226
Total shareholders' equity	152.547	129.383	202.545	1.273.307	30.875	579.226

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 March 31, 2013.

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 March 31, 2013 (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

Financial statement information disclosed above shows March 31, 2013 results.

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	17.305	13.610	810	3	-	1.321	839	-
2	37.958	24.915	3.885	312	-	286	281	-

(1) Financial statement information disclosed above shows March 31, 2013 results.

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/Nederlands	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 Leasing	Istanbul/Turkey	99,99	99,99
6 Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
7 Yapı Kredi NV ⁽¹⁾	Amsterdam/Nederlands	67,24	100,00
8 Yapı Kredi Azerbaycan ⁽²⁾	Bakü/Azerbaijan	99,80	100,00
9 Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94,
10 Yapı Kredi Emeklilik A.Ş.	Istanbul/Turkey	-	100,00
11 Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	11,09	56,07

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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

The Parent Bank bought the shares of Yapı Kredi Leasing with a nominal value of TL 4.454.669 for a share call price of full 5,02 per share in accordance with the ongoing delisting process and Bank's share has increased to 99,99% as a result of this process.

The Parent Bank has signed share transfer agreement with Allianz SE ("Allianz") on March 26, 2013 for the sale of its 7.548.164.112 shares with a notional amount of full TL 75.481.641.12 representing 74,01% of its shares in Yapı Kredi Sigorta ("YKS") for full TL 1.410.079.178. As of the date of the reporting, carrying value of YKS investment is classified as "Assets held for resale and related to discontinued operations" in the accompanying financial statements. Shares of YKS are still under the control and ownership of the Bank and after the receipt of Undersecretaries of Turkish Treasury and Competition Board; transfer of shares will be executed.

The Parent Bank has signed an agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") amounting to full TL 3.485.661 representing 11,09% of total full TL 31.425.000 paid in capital of YKYO in accordance with the Board of Directors decision dated September 28, 2012. Shares of YKYO are still under the control and ownership of the Bank and the application of the share transfer agreement was approved by the Capital Markets Board dated March 26, 2013, bulletin no. 2013/10. As of the date of the reporting, carrying value of YKYO investment is classified as "Assets held for resale and related to discontinued operations" in the accompanying financial statements.

The Parent Bank has signed a share purchase agreement with YKS for the purchase (by either the Bank or any of the consolidated subsidiary of the Bank) of 115.574.715 shares with a nominal value of TL full 11.557.471.5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812. Based on this agreement; it was decided to purchase these shares through Yapı Kredi Finansal Kiralama A.O., a consolidated subsidiary of the Bank.

In accordance with the above decision, Board of Directors of Yapı Kredi Finansal Kiralama A.O. has decided on May 3, 2013 to purchase 115.574.715 shares with a nominal value of TL full 11.557.471.5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812 upon the receipt of the relevant approvals from Undersecretaries of Turkish Treasury.

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⁾	Required equity
1	105.387	105.301	-	-	-	62	(128)	152.610	-
2	2.190.505	261.303	5.473	29.244	454	43.614	46.079	645.279	-
3	1.598.896	121.239	482	27.383	-	7.033	(7.409)	347.460	-
4	329.920	125.356	10.340	5.578	1.066	3.095	3.082	97.572	-
5	3.406.823	1.041.152	4.020	63.536	-	31.208	29.879	1.062.597	-
6	75.706	31.138	702	1.266	5	4.962	4.988	30.435	-
7	4.052.313	579.217	1.241	46.869	2.560	10.752	11.909	221.940	-
8	591.901	142.780	31.831	12.344	117	1.168	3.966	98.991	-
9	1.275.453	383.577	10.047	10.903	1.536	269	34.437	1.410.080	-
10	882.840	199.811	24.587	5.232	1.807	13.604	15.423	-	-
11	90.784	84.818	7	1.719	(810)	880	2.650	9.028	-

(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 March 31, 2013 (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 March 31, 2013.

2 (iii). Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period⁽⁴⁾	3.817.879	3.349.666
Movements during the period	(1.160.997)	468.213
Purchases ⁽¹⁾	128	22.236
Transfers ^{(3), (4)}	(1.419.108)	-
Free shares obtained profit from current years share ⁽²⁾	-	35.738
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	257.983	410.239
Impairment provision	-	-
Balance at the end of the period	2.656.882	3.817.879

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 %99,99 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) The Parent Bank has signed share transfer agreement with Allianz SE ("Allianz") on March 26, 2013 for the sale of its 7.548.164.112 shares with a notional amount of full TL 75.481.641.12 representing 74,01% of its shares in Yapı Kredi Sigorta ("YKS") for full TL 1.410.079.178. As of the date of the reporting, carrying value of YKS investment is classified as "Assets held for resale and related to discontinued operations" in the accompanying financial statements. Shares of YKS are still under the control and ownership of the Bank and after the receipt of Undersecretaries of Turkish Treasury and Competition Board, transfer of shares will be executed.
- (4) The Parent Bank has signed an agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") amounting to full TL 3.485.661 representing 11.09% of total full TL 31.425.000 paid in capital of YKYO in accordance with the Board of Directors decision dated September 28, 2012. Shares of YKYO are still under the control and ownership of the Bank and the application of the share transfer agreement was approved by the Capital Markets Board dated March 26, 2013, bulletin no. 2013/10. As of the date of the reporting, carrying value of YKYO investment is classified as "Assets held for resale and related to discontinued operations" in the accompanying financial statements.

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

Financial Subsidiaries	Current Period	Prior Period
Banks	418.503	421.937
Insurance companies ⁽¹⁾	-	1.223.132
Factoring companies	347.460	345.301
Leasing companies	1.062.597	1.020.417
Finance companies	-	-
Other financial subsidiaries ⁽¹⁾	828.322	807.092
Total financial subsidiaries	2.656.882	3.817.879

- (1) As of March 31, 2013, carrying values of YKS and YKYO, are classified as assets held for sale.

(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 March 31, 2013 (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
Quoted on foreign stock exchanges	-	-
Total of subsidiaries quoted to stock exchanges	-	1.231.950

(1) As of March 31, 2013, carrying values of YKS and YKYO, are classified as assets held for sale.

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	73.620	32.492	135	8.828	(10.069)
Total	30,45	30,45	73.620	32.492	135	8.828	(10.069)

Financial statement information disclosed above shows March 31, 2013 results.

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.319.426	1.110.209	1.290.027	1.075.226
Between 1- 4 years	1.810.695	1.552.210	1.827.960	1.588.013
More than 4 years	552.764	504.749	477.931	433.254
Total	3.682.885	3.167.168	3.595.918	3.096.493

(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 March 31, 2013 (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	1.023.026	2.659.859	882.245	2.713.673
Unearned financial income from leases (-)	(177.052)	(338.665)	(146.548)	(352.877)
Amount of cancelled leases (-)	-	-	-	-
Total	845.974	2.321.194	735.697	2.360.796

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	110.906	-	93.996	-
Cash flow hedge ⁽¹⁾	11.832	-	170	-
Foreign net investment hedge	-	-	-	-
Total	122.738	-	94.166	-

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

k. Information on tangible assets:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

l. Information on intangible assets:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

(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 March 31, 2013 (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	139.653	103.572
Additions	13.475	72.707
Transfers	1.715.692	-
Disposals (-), net	(8.835)	(33.608)
Impairment provision reversal	56	983
Impairment provision (-)	(62)	(235)
Depreciation (-)	(1.110)	(3.766)
Translation differences	11	-
Net book value at the end of the period	1.858.880	139.653
Cost at the end of the period	1.868.914	148.942
Accumulated depreciation at the end of the period (-)	(10.034)	(9.289)
Net book value at the end of the period	1.858.880	139.653

As of March 31, 2013, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 9.049 (December 31, 2012 - TL 9.043).

Informations on consolidated subsidiaries that have been classified as asset held for sale are summarized in the table below.

Company	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
Yapı Kredi Sigorta A.Ş.	1.275.453	383.577	10.047	10.903	1.536	269	34.437	1.410.080
Yapı Kredi Emeklilik A.Ş.	882.840	199.811	24.587	5.232	1.807	13.604	15.423	-
Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	90.784	84.818	7	1.719	(810)	880	2.650	9.028

The Parent Bank has signed share transfer agreement with Allianz SE (“Allianz”) on March 26, 2013 for the sale of its 7.548.164.112 shares with a notional amount of full TL 75.481.641,12 representing 74,01% of its shares in Yapı Kredi Sigorta (“YKS”) for full TL 1.410.079.178. As of the date of the reporting, carrying value of YKS investment is classified as “Assets held for resale and related to discontinued operations” in the accompanying financial statements. Shares of YKS are still under the control and ownership of the Bank and after the receipt of Undersecretaries of Turkish Treasury and Competition Board, transfer of shares will be executed.

The Parent Bank has signed an agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. (“YKYO”) amounting to full TL 3.485.661 representing 11,09% of total full TL 31.425.000 paid in capital of YKYO in accordance with the Board of Directors decision dated September 28, 2012. Shares of YKYO are still under the control and ownership of the Bank and the application of the share transfer agreement was approved by the Capital Markets Board dated March 26, 2013, bulletin no. 2013/10. As of the date of the reporting, carrying value of YKYO investment is classified as “Assets held for resale and related to discontinued operations” in the accompanying financial statements.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

Balance sheet	Insurance	YKYO
Cash and balances with Central Bank	-	1
Financial assets at fair value through profit or (loss) (net)	53.066	81.704
Banks	449.979	943
Money markets	143	8.119
Financial assets available-for-sale	503.664	-
Property and equipment (net)	29.415	27
Intangible assets (net)	20.489	-
Tax asset	3.458	-
Other assets	564.667	17
Assets held for resale and related to discontinued operations	1.624.881	90.811
Money markets	-	2.902
Miscellaneous payables	292.883	1.348
Other Liabilities	5.701	-
Provisions	1.228.225	1.469
Tax liability	17.891	37
Liabilities for property and equipment held for sale and related to discontinued operations	1.544.700	5.756
Net asset value	80.181	85.055

Income and expense items	Current Period		Prior Period	
	Insurance	YKYO	Insurance	YKYO
Net interest income	10.892	983	11.745	2.024
Net fees and commissions income	3.486	(7)	21.434	179
Dividend income	-	14	-	-
Trading gain/ loss (net)	2.759	353	424	822
Other operating income	61.560	-	27.847	-
Provision for impairment of loans and other receivables (-)	(78)	-	-	-
Other operating expenses (-)	(51.384)	(260)	(42.700)	(190)
Tax provision (±)	(3.608)	-	(4.021)	-
Net loss from discontinued operations	23.627	1.083	14.729	2.835

ö. Information on other assets:

As of March 31, 2013, 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 March 31, 2013 (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	2.225.923	2.609	987.787	19.117.029	1.216.868	246.983	226.708	24.023.907
Foreign currency deposits	4.735.717	27.432	3.208.735	13.082.923	1.800.994	683.673	2.662.668	26.202.142
Residents in Turkey	4.037.164	2.570	3.064.667	12.692.405	714.732	520.532	965.648	21.997.718
Residents abroad	698.553	24.862	144.068	390.518	1.086.262	163.141	1.697.020	4.204.424
Public sector deposits	271.625	-	1.528	28.742	2.001	1.157.386	33	1.461.315
Commercial deposits	3.359.726	3.541	1.716.620	8.431.469	1.210.156	828.283	99.705	15.649.500
Other institutions deposits	37.305	-	19.395	1.123.754	101.223	1.688.464	566	2.970.707
Precious metals vault	881.152	-	5.726	178.560	79.011	84.277	153.168	1.381.894
Bank deposits	617.589	97.415	490.505	155.594	233.166	440.095	99.296	2.133.660
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	2.563	-	405.098	111.744	120.732	41.238	842	682.217
Foreign banks	499.625	97.415	85.407	43.850	112.434	398.857	98.454	1.336.042
Participation banks	115.401	-	-	-	-	-	-	115.401
Other	-	-	-	-	-	-	-	-
Total	12.129.037	130.997	6.430.296	42.118.071	4.643.419	5.129.161	3.242.144	73.823.125

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	1.989.253	21	1.449.688	18.992.918	1.125.611	132.465	409.769	24.099.725
Foreign currency deposits	4.850.304	97.757	3.955.412	13.700.918	1.940.964	389.794	2.936.105	27.871.254
Residents in Turkey	4.072.979	-	3.847.280	12.287.829	1.059.186	264.835	1.098.881	22.630.990
Residents abroad	777.325	97.757	108.132	1.413.089	881.778	124.959	1.837.224	5.240.264
Public sector deposits	598.082	-	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.124.645	2.602	1.941.039	6.355.783	2.049.293	156.353	191.445	13.821.160
Other institutions deposits	31.789	-	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	315.172	87.454	71.838	352.113	68.683	448.365	105.658	1.449.283
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	1.868	-	55.042	155.268	65.190	51.170	6.836	335.374
Foreign banks	209.357	87.454	16.796	196.845	3.493	397.195	98.822	1.009.962
Participation banks	103.947	-	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-	-
Total	11.765.455	187.834	7.573.895	40.363.210	6.258.225	1.206.937	3.787.835	71.143.391

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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 ⁽¹⁾	12.025.278	9.048.545	11.976.556	15.038.237
Foreign currency savings deposit	3.271.219	2.458.309	8.054.454	8.934.590
Other deposits in the form of savings deposits	706.695	527.019	545.864	663.011
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(1) As per the decision published in the Official Gazette no. 28560 dated 15 February 2013, the deposit insurance limit has been increased from TL 50.000 to TL 100.000.

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	5.836	6.128
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	54.391	43.604
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	64.968	363	90.951	3.526
Swap transactions ⁽¹⁾	173.016	84.869	177.425	68.929
Futures transactions	-	-	-	-
Options	22.637	19.621	18.602	25.048
Other	-	-	-	-
Total	260.621	104.853	286.978	97.503

(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 March 31, 2013 (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	656.340	1.259.439	830.303	259.396
From foreign banks, institutions and funds	375.621	12.439.067	510.259	12.694.373
Total	1.031.961	13.698.506	1.340.562	12.953.769

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	707.736	6.173.772	918.643	5.999.319
Medium and long-term	324.225	7.524.734	421.919	6.954.450
Total	1.031.961	13.698.506	1.340.562	12.953.769

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	914.946	-	716.171	-
Asset backed securities	-	1.581.724	-	1.641.731
Bonds	693.177	1.793.123	703.236	885.367
Collateralized securities	458.337	-	462.720	-
Toplam	1.608.123	3.374.847	1.419.407	2.527.098

The Parent Bank has a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 229 million and EUR 122 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 2013 a total of TL 100.576 is paid (2012 – TL 396.868).

The Parent 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.

On January 22, 2013, the Parent Bank issued bonds for non Turkish residents; real person and corporate entities amounting to USD 500 million nominal value with a semi annual coupon at an interest rate of 4% with a maturity of January 22, 2020.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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 other liabilities:

As of March 31, 2013, other liabilities do not exceed 10% of the total balance sheet commitments.

e. Information on lease payables:

1. Information on financial leasing agreements:

None (December 31, 2012 - 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⁾	46.088	-	90.233	-
Cash flow hedge ⁽¹⁾	205.306	460.821	321.768	492.686
Foreign net investment hedge			-	-
Total	251.394	460.821	412.001	492.686

(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	985.011	974.242
of which, Provision for Loans and Receivables	91.825	149.950
with Extended Maturity	109.070	123.769
Provisions for Group II loans and receivables	4.952	16.103
of which, Provision for Loans and Receivables	78.624	73.205
with Extended Maturity	198.877	168.465
Provisions for non cash loans		
Other	1.371.582	1.339.681

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.

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Notes to consolidated financial statements March 31, 2013 (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	3,86
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	142.207	113.983
Changes during the period	9.079	60.055
Paid during the period	(10.654)	(31.673)
Foreign currency differences	109	(158)
Balance at the end of the period	140.741	142.207

In addition, the Group has accounted for unused vacation rights provision amounting to TL 96.537 as of March 31, 2013 (December 31, 2012 - TL 104.188).

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

As of March 31, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 10.612 (December 31, 2012 - TL 65.231). 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	827.177
Non-cash loan provision	114.332	125.749
Provisions on credit cards and promotion campaigns related to banking services	38.311	36.708
Provision on export commitment estimated tax and funds liability	39.126	38.106
Other	163.202	154.847
Total	1.182.148	1.182.587

(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 March 31, 2013 (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	192.812	246.317
Total	192.812	246.317

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	108.445	231.592
Taxation of Marketable Securities	91.551	80.757
Property Tax	1.914	1.709
Banking Insurance Transaction Tax ("BITT")	48.611	64.110
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.805	6.870
Other	51.551	30.658
Total	304.877	415.696

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	185	1.218
Social security premiums - employer	204	1.435
Bank pension fund premiums - employee	10.643	8.946
Bank pension fund premiums - employer	11.069	9.327
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	759	719
Unemployment insurance - employer	1.518	1.440
Other	-	-
Total	24.378	23.085

(iii) Information on deferred tax liability:

There is deferred tax liability of TL 1.686 as of March 31, 2013 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, 2012 - none).

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Notes to consolidated financial statements March 31, 2013 (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	-	5.361.303	-	5.195.642
From other foreign institutions	-	-	-	-
Total	-	5.361.303	-	5.195.642

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 and EURIBOR+3% for the remaining 5 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 and EURIBOR+3.25% for the remaining 5 years. The loan was obtained from Goldman Sachs International Bank with Unicredit S.p.A. as guarantor. The Bank has not exercised the early repayment option related to these two loans which was available as of the date of these financial statements. In addition, the Parent 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 and EURIBOR+2.78% for the remaining 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.

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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”.

The Parent Bank had early repaid its borrowing for USD 585 million which was received from Unicredit Bank Austria AG on February 22, 2012 with an interest rate of 3 months Libor + 8.30% and received another subordinated borrowing from the same counterparty for USD 585 million with 10 years of maturity (payable after 5 years) and 5,5% of fixed interest rate. The Bank incurred an early payment fee for TL 57 million with respect to early closing of this subordinated loan. As per the approval of BRSA dated December 31, 2012 this loan is accepted as subordinated loan and is approved to be considered as additional capital as stated in the “Regulation on Own Funds of Banks” in accordance with the BRSA approval on December 31, 2012.

I. Information on shareholders’ equity:

1. Presentation of paid-in capital

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

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The 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, 2012 - 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.

(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 March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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	230.905	981.084	273.173	1.214.250
Valuation differences	217.776	941.476	255.568	1.216.242
Foreign currency differences ⁽¹⁾	13.129	39.608	17.605	(1.992)
Total	230.905	981.084	273.173	1.214.250

(1) Includes current period foreign currency differences.

9. Other:

As per the Ordinary General Assembly meeting dated March 29, 2013, it has been decided that 2012 unconsolidated net profit of TL 1.913.472 will be distributed as follows: TL 300.000 is to be paid as dividend to shareholders, TL 103.939 is to be transferred to legal reserves, TL 4.909 is to be transferred to other capital reserve in accordance with the 5th article 1/e section of the Corporate Tax Law numbered 5520 as 75% of the profit from the sale of real estate and the remaining TL 1.504.624 is to be transferred to extraordinary reserves.

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	64.792	67.178
Current period income/(loss)	1.238	2.366
Dividends paid	(678)	(3.069)
Translation differences	(41)	204
Transaction done with minority	(66)	-
Period ending balance	65.245	66.679

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

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	18.530.562	17.900.797
Loan granting commitments	5.528.221	5.378.252
Commitments for cheques	5.474.008	5.258.480
Other irrevocable commitments	16.119.697	8.489.052
Total	45.652.488	37.026.581

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 78.624 (December 31, 2012 - TL 73.205) and specific provision of TL 114.332 (December 31, 2012 - TL 125.749) for non-cash loans which are not indemnified yet for TL 284.142 (December 31, 2012 - TL 258.609).

- 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	115.896	121.325
Letter of credits	5.222.125	5.783.925
Other guarantees and collaterals	1.967.031	2.119.199
Total	7.305.052	8.024.449

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

	Current Period	Prior Period
Temporary letter of guarantees	1.537.255	1.572.512
Definite letter of guarantees	15.116.300	14.503.571
Advance letter of guarantees	3.359.284	2.677.145
Letter of guarantees given to customs	1.009.738	1.032.686
Other letter of guarantees	952.170	834.038
Total	21.974.747	20.619.952

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (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	754.352	635.957
With original maturity of 1 year or less than 1 year	97.679	103.986
With original maturity of more than 1 year	656.673	531.971
Other non-cash loans	28.525.447	28.008.444
Total	29.279.799	28.644.401

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

b. Information on derivative financial instruments:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

c. Information on credit derivatives and risk exposures:

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

ç. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 49.027 (December 31, 2012 – TL 48.743) 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 the investigation of the Turkish Competition Board initiated on some banks including the Bank to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054, an administrative fine amounting to TL 149.961 was imposed against the Bank in accordance with the decision of Competition Board numbered 13-13/198-100 dated March 8, 2013.

In accordance with the Article 17 of the Law on Crime no. 5326, it is possible to pay only 75% of such administrative fine amounting to TL 112.471 in thirty days following the notification of the decision. The reasoned decision of the Turkish Competition Board has not been notified as of the date of this report and the Bank has provided the necessary provisions in the accompanying financial statements.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements March 31, 2013 (continued)

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

IV. Explanations and notes related to consolidated income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	884.983	57.151	803.792	99.638
Medium/long-term loans ⁽¹⁾	716.586	273.681	640.880	227.578
Interest on loans under follow-up	24.365	802	20.948	3
Premiums received from resource utilisation support fund	-	-	-	-
Total	1.625.934	331.634	1.465.620	327.219

(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	22.672	3.030	9.063	7.087
From foreign banks	1.128	5.046	571	5.029
Headquarters and branches abroad	-	-	-	-
Total	23.800	8.076	9.634	12.116

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	3.752	1.546	4.775	385
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	166.602	104.588	147.209	14.516
From held-to-maturity investments	65.211	29.220	91.827	175.614
Total	235.565	135.354	243.811	190.515

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	696	209

(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 March 31, 2013 (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	20.421	205.497	30.991	120.975
The CBRT	-	-	-	-
Domestic banks	6.286	1.673	11.082	1.358
Foreign banks	14.135	203.824	19.909	119.617
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	-
Total⁽¹⁾	20.421	205.497	30.991	120.975

(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	352	119

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued	26.281	27.573	33.599	19.317
Total	26.281	27.573	33.599	19.317

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Vadeli Mevduat					Total	Prior Period	
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposit	74	611	312	339	116	2	-	1.454	288
Saving deposit	-	15.824	346.059	22.491	3.674	7.583	-	395.631	511.695
Public sector deposit	-	9	465	29	6	1	-	510	61
Commercial deposit	4	49.238	151.145	25.639	11.176	3.059	-	240.261	234.551
Other deposit	-	789	21.089	5.393	36.731	8	-	64.010	29.071
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	78	66.471	519.070	53.891	51.703	10.653	-	701.866	775.666
FC									
Foreign currency deposit	496	36.340	80.010	6.766	4.568	22.489	2.210	152.879	246.788
Bank deposit	16	493	374	565	3.405	843	-	5.696	8.138
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	339	288	70	35	11	-	743	648
Total	512	37.172	80.672	7.401	8.008	23.343	2.210	159.318	255.574
Grand total	590	103.643	599.742	61.292	59.711	33.996	2.210	861.184	1.031.240

(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 March 31, 2013 (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:

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

	Current Period	Prior Period
Gain	13.883.858	10.895.990
Gain from capital market transactions	40.317	23.333
Derivative financial transaction gains	4.352.700	4.464.554
Foreign exchange gains	9.490.841	6.408.103
Loss(-)	(13.971.665)	(10.941.751)
Loss from capital market transactions	(16.829)	(5.170)
Derivative financial transaction losses	(4.443.310)	(4.766.451)
Foreign exchange loss	(9.511.526)	(6.170.130)
Net gain/loss	(87.807)	(45.761)

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 6.686 (March 31, 2012 - TL 227.709 loss).

e. Information on other operating income:

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

(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 March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	242.027	179.014
III. Group loans and receivables	2.426	8.483
IV. Group loans and receivables	41.700	40.784
V. Group loans and receivables	197.901	129.747
General provision expenses	58.250	47.596
Provision expense for possible risks	11.605	8.801
Marketable securities impairment expenses(1)	12.763	92
Financial assets at fair value through profit or loss	654	92
Available-for-sale financial assets	12.109	-
Impairment of investments in associates, subsidiaries and held-to-maturity securities	6.098	43.147
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	6.098	43.147
Other	35.461	521
Total	366.204	279.171

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

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	335.267	300.006
Reserve for employee termination benefits	153	124
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	41.095	39.350
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	18.252	15.737
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	62	43
Depreciation expenses of assets held for resale	1.110	850
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	259.506	227.637
Operational lease expenses	39.415	35.562
Repair and maintenance expenses	12.890	6.610
Advertising expenses	24.873	17.352
Other expense	182.328	168.113
Loss on sales of assets	18	-
Other	142.672	163.350
Total	798.135	747.097

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Notes to consolidated financial statements March 31, 2013 (continued)

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

Explanations and notes related to consolidated financial statements (continued)

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

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

As of March 31, 2013, the Group has current tax expense amounting to TL 85.829 (March 31, 2012 - TL 139.778) and deferred tax expense amounting to TL 45.837 (March 31, 2012 - TL 28.121 deferred tax expense).

For March 31 2013 the Group has current tax expense amounting to TL 3.256 related to discontinued operations (March 31, 2012 – TL 4.632) and the group has deferred tax expense amounting to TL 352 (March 31, 2012 – TL 611).

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

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

i. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	1.238	2.366

j. Other items in income statement:

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

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

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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 March 31, 2013 (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	35.480	2.559	361.814	403.915	777.335	937.437
Balance at the end of the period	37.073	18.933	359.518	210.507	669.529	712.638
Interest and commission income received	696	7	3.099	503	15.000	2.746

(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	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 ⁽³⁾	209	9	3.786	525	17.677	1.055

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

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

(3) Represent profit / loss figures for the 3 months period ended March 31, 2012.

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	15.788	10.801	8.646.705	7.546.932	8.339.879	4.885.191
End of the period	16.160	15.788	9.361.549	8.646.705	7.539.274	8.339.879
Interest expense on deposits ⁽³⁾	352	119	106.649	85.653	95.751	44.641

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

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

(3) Prior period columns represent profit / loss figures for the 3 months period ended March 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 March 31, 2013 (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⁾	-	-	300.627	216.174	432.403	97.206
End of the period ⁽³⁾	73.869	-	116.732	300.627	205.919	432.403
Total profit / loss⁽⁴⁾	108	(10.595)	(740)	1.431	(2.773)	2.771
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / loss⁽⁴⁾	-	-	-	-	-	-

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

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

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

(4) Prior period columns represent profit / loss figures for the 3 months period ended March 31, 2012.

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

Salaries and benefits paid to the Group's top management amount to TL 19.538 as of March 31, 2013 (March 31, 2012 - TL 15.752).

IX. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

X. Explanations and notes related to subsequent events

- (1) The Parent Bank obtained a syndicated loan from participation of 52 international banks from 20 different countries, consisting of 2 credit tranches with 1 year maturity; one tranche amounting to USD 437 million with total cost of Libor+1,00% and the other tranche amounting to EUR 759,5 million with total cost of Euribor+1,00%. The agreement was signed on April 30, 2013.

- (2) The Parent Bank has signed a share purchase agreement with YKS for the purchase (by either the Bank or any of the consolidated subsidiary of the Bank) of 115.574.715 shares with a nominal value of TL full 11.557.471.5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812. Based on this agreement; it was decided to purchase these shares through Yapı Kredi Finansal Kiralama A.O., a consolidated subsidiary of the Bank.

In accordance with the above decision, Board of Directors of Yapı Kredi Finansal Kiralama A.O. has decided on May 3, 2013 to purchase 115.574.715 shares with a nominal value of TL full 11.557.471.5 which represents 19,93% shares of Yapı Kredi Emeklilik A.Ş. (YKE) for TL full 188.107.812 upon the receipt of the relevant approvals from Undersecretaries of Turkish Treasury.

- (3) On May 2, 2013, Moody's Investor Services announced that the outlook on the D+ standalone bank financial strength rating (BFSR) was changed to negative from stable.

(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 March 31, 2013 (continued)

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

Section six

Explanations on independent review report

I. Explanations on independent auditor’s review report

The consolidated financial statements for the period ended March 31, 2013 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor’s report dated May 7, 2013 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.