

Yapı ve Kredi Bankası A.Ş.

**Publicly announced consolidated interim financial
statements and related disclosures at June 30, 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 review report originally issued in Turkish, See Note I. of Section three)

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

We have reviewed the accompanying consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") at June 30, 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.

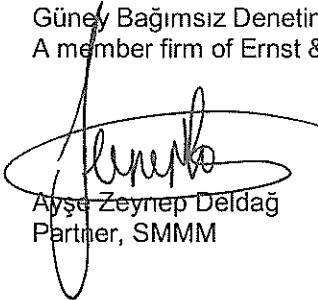
We conducted our review in accordance with the regulations on account and booking system and accounting and independent audit principles set out as per the Banking Act No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements 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 June 30, 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

İstanbul, August 1, 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 June 30, 2013**

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The consolidated financial report for the six 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. Sticking Custody Services YKB 12. Yapı Kredi Bank Azerbaijan CJSC 13. Yapı Kredi Invest LLC	1. Banque de Commerce et de Placements S.A.	1. Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş.

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

The accompanying consolidated financial statements for the six 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

Marco IANNACCONE
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

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 : Aytuğ Sadi / Head of Consolidation
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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 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 June 30, 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	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 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 June 30, 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 GIORIANO	Member
Fusun 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 GIORIANO	Member
Fusun 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 June 30, 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 IANNACCONE	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 ⁽¹⁾	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 June 26, 2013, due to resignation of E.Yüksel Rizeli, the Assistant General Manager responsible for the Information Technologies and Operation Management, it was decided to appoint Akif Cahit Erdoğan as the Assistant General Manager responsible for the Information Technologies and Operation Management effective July 1, 2013.

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

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

Koç Finansal Hizmetler A.Ş. is a joint venture of Koç Group, UniCredit Group and Temel Ticaret ve Yatırım A.Ş.

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 June 30, 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 June 30, 2013, the Parent Bank has 931 branches operating in Turkey and 1 branch overseas (December 31, 2012 - 927 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2013, the Parent Bank has 15.003 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 June 30, 2013 the Group has 17.848 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 June 30, 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)

		Current Period (30/06/2013)			Prior Period (31/12/2012)		
	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	Cash and balances with Central Bank						
II.	Financial assets at fair value through profit or (loss) (net)						
2.1	Trading financial assets	885.040	141.800	1.026.840	752.700	250.295	1.002.995
2.1.1	Government debt securities	885.040	141.800	1.026.840	752.700	250.295	1.002.995
2.1.2	Share certificates	131.752	35.900	167.652	383.439	110.557	493.996
2.1.3	Derivative financial assets held for trading	51.436	-	51.436	34.715	-	34.715
2.1.4	Other marketable securities	698.820	104.171	802.991	288.626	131.857	420.483
2.2	Financial assets designated at fair value through profit / (loss)	3.032	1.729	4.761	45.920	7.881	53.801
2.2.1	Government debt securities	-	-	-	-	-	-
2.2.2	Share certificates	-	-	-	-	-	-
2.2.3	Loans	-	-	-	-	-	-
2.2.4	Other marketable securities	-	-	-	-	-	-
III.	Banks	1.616.208	3.628.568	5.244.776	2.100.567	3.241.930	5.342.497
IV.	Money markets	563.937	24.061	587.998	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	530.422	24.061	554.483	1.399.562	111.234	1.510.796
4.3	Receivables from reverse repurchase agreements	33.515	-	33.515	932.394	-	932.394
V.	Financial assets available-for-sale (net)	8.067.498	6.291.613	14.359.111	8.050.175	7.600.273	15.650.448
5.1	Share certificates	35.841	343	35.984	18.315	312	18.627
5.2	Government debt securities	6.538.845	5.624.591	12.163.436	6.457.686	7.252.759	13.710.445
5.3	Other marketable securities	1.493.012	666.679	2.159.691	1.574.174	347.202	1.921.376
VI.	Loans and receivables	59.460.509	28.556.911	88.017.420	55.268.236	23.520.611	78.788.847
6.1	Loans and receivables	58.498.593	28.448.746	86.947.339	54.400.213	23.412.445	77.812.658
6.1.1	Loans to bank's risk group	562.954	606.600	1.169.554	406.497	700.003	1.106.500
6.1.2	Government debt securities	-	-	-	-	-	-
6.1.3	Other	57.935.639	27.842.146	85.777.785	53.993.716	22.712.442	76.706.158
6.2	Loans under follow-up	2.754.624	358.249	3.112.873	2.202.516	371.587	2.574.103
6.3	Specific provisions (-)	(1.792.708)	(250.084)	(2.042.792)	(1.334.493)	(263.421)	(1.597.914)
VII.	Factoring receivables	1.056.453	940.837	1.997.290	879.902	760.165	1.640.067
VIII.	Held-to-maturity investments (net)	3.281.042	2.740.789	6.021.831	3.318.507	2.509.187	5.827.694
8.1	Government debt securities	3.277.973	2.736.777	6.014.750	3.315.536	2.450.123	5.765.659
8.2	Other marketable securities	3.069	4.012	7.081	2.971	59.064	62.035
IX.	Investments in associates (net)	4.503	214.308	218.811	4.503	193.934	198.437
9.1	Consolidated based on equity method	-	214.308	214.308	-	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)	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)	10.974	-	10.974	18.459	-	18.459
11.1	Accounted based on equity method	10.974	-	10.974	18.459	-	18.459
11.2	Unconsolidated	-	-	-	-	-	-
11.2.1	Financial joint ventures	-	-	-	-	-	-
11.2.2	Non-financial joint ventures	-	-	-	-	-	-
XII.	Lease receivables	895.148	2.513.342	3.408.490	735.697	2.360.796	3.096.493
12.1	Financial lease receivables	1.089.250	2.871.227	3.960.477	882.245	2.713.673	3.595.918
12.2	Operating lease receivables	-	-	-	-	-	-
12.3	Other	-	-	-	-	-	-
12.4	Unearned income (-)	(194.102)	(357.885)	(551.987)	(146.548)	(352.877)	(499.425)
XIII.	Derivative financial assets held for hedging	280.501	2.609	283.110	94.166	-	94.166
13.1	Fair value hedge	188.201	-	188.201	93.996	-	93.996
13.2	Cash flow hedge	92.300	2.609	94.909	170	-	170
13.3	Foreign net investment hedge	-	-	-	-	-	-
XIV.	Property and equipment (net)	939.907	38.981	978.888	1.021.111	34.352	1.055.463
XV.	Intangible assets (net)	1.335.061	7.048	1.342.109	1.353.964	7.427	1.361.391
15.1	Goodwill	979.493	-	979.493	979.493	-	979.493
15.2	Other	355.568	7.048	362.616	374.471	7.427	381.898
XVI.	Investment property (net)	-	-	-	-	-	-
XVII.	Tax asset	163.704	7.459	171.163	164.140	4.091	168.231
17.1	Current tax asset	-	1.723	1.723	-	753	753
17.2	Deferred tax asset	163.704	5.736	169.440	164.140	3.338	167.478
XVIII.	Assets held for resale and related to discontinued operations (net)	1.503.863	323.234	1.827.097	139.078	575	139.653
18.1	Held for sale purposes	1.503.863	323.234	1.827.097	139.078	575	139.653
18.2	Related to discontinued operations	-	-	-	-	-	-
XIX.	Other assets	968.728	985.426	1.954.154	1.640.539	1.208.897	2.849.436
	Total assets	83.831.574	59.401.837	143.233.411	79.826.858	51.670.903	131.497.761

GÜNEY
BAĞIMSIZ 2D
SERBEST MÜHÜR LİNDİ A.Ş.

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 June 30, 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)

		Current Period (30/06/2013)			Prior Period (31/12/2012)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
I. Deposits	II-a	45,145,632	32,784,936	77,930,568	41,016,265	30,127,126	71,143,391
1.1 Deposits of the Bank's risk group		4,645,572	6,897,885	11,543,457	4,179,284	4,916,255	9,095,539
1.2 Other		40,500,060	25,887,051	66,387,111	36,836,981	25,210,871	62,047,852
II. Derivative financial liabilities held for trading	II-b	373,295	98,677	471,972	286,978	97,503	384,481
III. Funds borrowed	II-c	1,167,025	14,124,301	15,291,326	1,340,562	12,953,769	14,294,331
IV. Money markets		3,719,006	5,132,426	8,851,432	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		1,639,781	-	1,639,781	1,654,814	-	1,654,814
4.3 Funds provided under repurchase agreements		2,079,225	5,132,426	7,211,651	1,711,008	3,107,853	4,818,861
V. Marketable securities issued (net)	II-ç	1,667,364	3,512,946	5,180,310	1,419,407	2,527,098	3,946,505
5.1 Bills		1,173,498	-	1,173,498	716,171	-	716,171
5.2 Asset backed securities		-	1,587,587	1,587,587	-	1,641,731	1,641,731
5.3 Bonds		493,866	1,925,359	2,419,225	703,236	885,367	1,588,603
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		5,476,459	717,236	6,193,695	5,007,655	767,827	5,775,482
VIII. Other liabilities	II-d	532,464	1,444,533	1,976,997	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	93,578	374,080	467,658	412,001	492,686	904,687
11.1 Fair value hedge		3,807	-	3,807	90,233	-	90,233
11.2 Cash flow hedge		89,771	374,080	463,851	321,768	492,686	814,454
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2,530,123	534,238	3,064,361	3,413,375	780,821	4,194,196
12.1 General loan loss provision		945,514	447,492	1,393,006	941,376	398,305	1,339,681
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		238,848	14,587	253,435	235,694	10,701	246,395
12.4 Insurance technical provisions (net)		-	-	-	883,156	296,060	1,179,216
12.5 Other provisions		1,345,761	72,159	1,417,920	1,353,149	75,755	1,428,904
XIII. Tax liability	II-ğ	201,713	3,092	204,805	436,602	2,179	438,781
13.1 Current tax liability		201,713	3,092	204,805	436,602	2,179	438,781
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		1,230,060	310,592	1,540,652	-	-	-
14.1 Held for sale		1,230,060	310,592	1,540,652	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5,720,086	5,720,086	-	5,195,642	5,195,642
XVI. Shareholders' equity	II-i	16,310,508	29,041	16,339,549	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		856,006	29,041	885,047	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-i	(114,057)	524,651	410,594	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)		127,568	(495,610)	(368,042)	(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		8,819,954	-	8,819,954	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		304,695	-	304,695	212,016	-	212,016
16.4 Income or (loss)		2,220,984	-	2,220,984	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)		1,293,000	-	1,293,000	2,087,673	-	2,087,673
16.5 Minority interest	II-i	66,513	-	66,513	64,792	-	64,792
Total liabilities and shareholders' equity		78,447,227	64,786,184	143,233,411	73,737,425	57,760,336	131,497,761

GÜNEY
BAĞINCI & PARTNER
SERBEST MÜHÜRLLÜK A.Ş.

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 June 30, 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 (30/06/2013)			Prior Period (31/12/2012)	
		Note (Section Five)	TL	FC	Total	TL	FC	Total	
A	Off-balance sheet commitments (I+II+III)		84.680.260	114.654.097	199.334.357	113.308.694	116.216.598	229.525.292	
I.	Guarantees and warranties	III-a-2, 3	11.589.308	20.976.171	32.565.479	11.376.121	17.268.280	28.644.401	
1.1	Letters of guarantee		11.529.099	12.310.706	23.839.805	11.271.953	9.347.999	20.619.952	
1.1.1	Guarantees subject to state tender law		525.858	541.552	1.067.410	567.403	522.814	1.090.217	
1.1.2	Guarantees given for foreign trade operations		1.128.589	11.601.997	12.730.586	1.131.282	8.716.891	9.848.173	
1.1.3	Other letters of guarantee		9.870.652	167.157	10.037.809	9.573.268	108.294	9.681.562	
1.2	Bank acceptances		-	117.258	117.258	-	121.325	121.325	
1.2.1	Import letter of acceptance		-	117.258	117.258	-	121.325	121.325	
1.2.2	Other bank acceptances		-	-	-	-	-	-	
1.3	Letters of credit		1.840	6.258.557	8.260.397	13.789	5.770.136	5.783.925	
1.3.1	Documentary letters of credit		1.840	6.244.460	8.246.300	13.789	5.758.593	5.770.382	
1.3.2	Other letters of credit		-	14.097	14.097	-	13.543	13.543	
1.4	Refinancing given as guarantee		143	2.633	2.776	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		62.226	1.274.361	1.336.587	90.236	1.057.479	1.147.715	
1.9	Other warranties		-	1.012.656	1.012.656	-	988.984	988.984	
II.	Commitments	III-a-1	37.028.848	12.735.114	49.763.962	75.280.393	28.504.711	103.785.104	
2.1	Irrevocable commitments		37.028.848	12.689.208	49.718.056	29.934.837	7.109.874	37.044.711	
2.1.1	Asset purchase and sale commitments		3.240.210	11.908.283	15.148.493	35.590	6.661.062	6.696.652	
2.1.2	Deposit purchase and sales commitments		6.582	1.383	7.965	-	-	-	
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-	
2.1.4	Loan granting commitments		5.481.472	661.476	6.142.948	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		5.447.472	-	5.447.472	5.258.480	-	5.258.480	
2.1.8	Tax and fund liabilities from export commitments		39.476	-	39.476	38.106	-	38.106	
2.1.9	Commitments for credit card limits		20.433.491	57.484	20.490.975	17.856.081	44.716	17.900.797	
2.1.10	Commitments for credit cards and banking services promotions		7.483	-	7.483	-	-	-	
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		2.372.662	60.582	2.433.244	1.754.294	18.130	1.772.424	
2.2	Revocable commitments		-	45.906	45.906	45.345.556	21.394.837	66.740.393	
2.2.1	Revocable loan granting commitments		-	45.906	45.906	45.345.556	21.394.837	66.740.393	
2.2.2	Other revocable commitments		-	-	-	-	-	-	
III.	Derivative financial instruments	III-b-c-g	36.062.104	80.942.812	117.004.916	26.652.180	70.443.607	97.095.787	
3.1	Derivative financial instruments for hedging purposes		12.726.723	27.271.487	39.998.210	14.124.458	26.657.257	40.781.715	
3.1.1	Transactions for fair value hedge		1.435.123	1.781.820	3.216.943	1.772.858	2.048.951	3.821.809	
3.1.2	Transactions for cash flow hedge		11.291.600	25.489.667	36.781.267	12.351.600	24.608.306	36.959.906	
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-	
3.2	Trading transactions		23.335.381	53.671.325	77.006.706	12.527.722	43.786.350	56.314.072	
3.2.1	Forward foreign currency buy/sell transactions		3.797.054	7.234.235	11.031.289	2.554.504	5.708.082	8.262.586	
3.2.1.1	Forward foreign currency transactions-buy		834.453	4.672.891	5.507.344	955.972	3.141.413	4.097.385	
3.2.1.2	Forward foreign currency transactions-sell		2.962.601	2.561.344	5.523.945	1.598.532	2.566.669	4.165.201	
3.2.2	Swap transactions related to foreign currency and interest rates		9.884.395	31.367.942	41.252.337	5.757.882	26.467.192	32.225.074	
3.2.2.1	Foreign currency swap-buy		6.243.783	11.867.965	18.111.748	2.630.863	11.682.759	14.313.622	
3.2.2.2	Foreign currency swap-sell		3.620.612	14.143.769	17.764.381	3.127.019	11.086.661	14.215.680	
3.2.2.3	Interest rate swap-buy		-	2.678.104	2.678.104	-	1.847.886	1.847.888	
3.2.2.4	Interest rate swap-sell		-	2.678.104	2.678.104	-	1.847.886	1.847.888	
3.2.3	Foreign currency, interest rate and securities options		8.815.932	14.456.815	23.272.747	3.508.336	10.956.972	14.465.308	
3.2.3.1	Foreign currency options-buy		3.658.430	5.383.884	9.042.314	1.263.391	3.559.308	4.821.609	
3.2.3.2	Foreign currency options-sell		4.153.863	4.952.321	9.106.184	1.701.389	3.233.041	4.934.430	
3.2.3.3	Interest rate options-buy		70.800	2.060.305	2.131.105	70.800	2.117.807	2.188.607	
3.2.3.4	Interest rate options-sell		70.800	2.060.305	2.131.105	145.800	2.047.816	2.193.616	
3.2.3.5	Securities options-buy		510.545	-	510.545	215.704	-	215.704	
3.2.3.6	Securities options-sell		351.494	-	351.494	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		858.000	612.333	1.470.333	707.000	654.104	1.361.104	
B.	Custody and pledges received (IV+V+VI)		132.073.770	28.965.561	161.039.331	120.933.383	25.498.477	146.431.860	
IV.	Items held in custody		61.364.290	5.135.171	66.500.461	57.125.421	4.264.804	61.390.225	
4.1	Customer fund and portfolio balances		1.240.897	105.935	1.346.832	2.273	117	2.390	
4.2	Investment securities held in custody		47.923.080	4.350.480	52.273.560	45.448.129	3.646.705	49.094.835	
4.3	Checks received for collection		9.797.373	117.326	9.914.699	9.375.958	91.571	9.467.529	
4.4	Commercial notes received for collection		2.395.165	536.110	2.931.275	2.288.833	502.434	2.791.267	
4.5	Other assets received for collection		-	26.320	26.320	-	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		69.528.388	23.194.352	92.722.740	62.639.447	20.650.913	83.290.360	
5.1	Marketable securities		212.522	213	213.735	220.894	193	221.187	
5.2	Guarantee notes		736.017	414.255	1.150.272	703.951	376.676	1.080.627	
5.3	Commodity		24.200	8.359	32.559	28.559	18.416	46.975	
5.4	Warrants		-	-	-	-	-	-	
5.5	Properties		47.664.408	16.669.784	64.334.192	41.434.412	15.279.209	56.713.621	
5.6	Other pledged items		20.890.241	6.098.240	26.988.481	20.251.531	4.973.254	25.224.785	
5.7	Pledged items-depository		-	3.501	3.501	-	3.165	3.165	
VI.	Accepted independent guarantees and warranties		1.181.092	635.038	1.816.130	1.168.515	582.760	1.751.275	
Total off-balance sheet commitments (A+B)			216.754.030	143.619.658	360.373.688	234.242.077	141.715.075	375.957.152	

GÜNEY
YATIRIM MENKUL DEĞERLER A.Ş.
SİRKÜLER NO: 2013/11
TARİH: 20.06.2013

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 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 01/01-30/06/2013	Restated Prior Period 01/01-30/06/2012
I.	Interest income	IV-a	4.908.929	4.856.995
1.1	Interest on loans	IV-a-1	3.861.869	3.737.595
1.2	Interest received from reserve deposits		70	120
1.3	Interest received from banks	IV-a-2	63.461	47.114
1.4	Interest received from money market transactions		70.555	57.227
1.5	Interest received from marketable securities portfolio	IV-a-3	722.166	807.010
1.5.1	Trading financial assets		8.184	11.148
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		519.644	334.782
1.5.4	Held to maturity investments		194.338	461.080
1.6	Financial lease income		130.557	115.829
1.7	Other interest income		60.251	92.100
II.	Interest expense	IV-b	(2.246.237)	(2.648.626)
2.1	Interest on deposits	IV-b-4	(1.625.765)	(2.065.973)
2.2	Interest on funds borrowed	IV-b-1	(391.206)	(307.522)
2.3	Interest expense on money market transactions		(96.770)	(151.418)
2.4	Interest on securities issued	IV-b-3	(117.063)	(117.513)
2.5	Other interest expenses		(15.433)	(6.200)
III.	Net interest income (I + II)		2.662.692	2.208.369
IV.	Net fees and commissions income		983.127	819.448
4.1	Fees and commissions received		1.168.441	1.036.271
4.1.1	Non-cash loans		133.990	129.576
4.1.2	Other	IV-j	1.034.451	906.695
4.2	Fees and commissions paid		(185.314)	(216.823)
4.2.1	Non-cash loans		(5.268)	(3.328)
4.2.2	Other		(180.046)	(213.495)
V.	Dividend income	IV-c	15.400	1.647
VI.	Trading gain/(loss) (net)	IV-ç	114.475	(76.855)
6.1	Trading gains/(losses) on securities		263.621	54.173
6.2	Derivative financial transactions gains/(losses)	IV-d	439.016	(677.624)
6.3	Foreign exchange gains/(losses)		(588.162)	546.596
VII.	Other operating income	IV-e	199.382	149.252
VIII.	Total operating income / loss (III+IV+V+VI+VII)		3.975.076	3.101.861
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(717.334)	(552.789)
X.	Other operating expenses (-)	IV-g	(1.675.495)	(1.497.224)
XI.	Net operating income/(loss) (VIII-IX-X)		1.582.247	1.051.848
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		113	7.025
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	1.582.360	1.058.873
XVI.	Tax provision for continuing operations (±)	IV-h	(339.622)	(256.758)
16.1	Current tax provision		(148.544)	(346.671)
16.2	Deferred tax provision		(191.078)	89.913
XVII.	Net profit/loss from continuing operations (XV±XVI)		1.242.738	802.115
XVIII.	Income from discontinued operations		237.009	194.334
18.1	Income from non-current assets held for resale		237.009	194.334
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		(174.034)	(148.487)
19.1	Expenses for non-current assets held for resale		(174.034)	(148.487)
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)		62.975	45.847
XXI.	Tax provision for discontinued operations (±)		(10.006)	(9.547)
21.1	Current tax provision		(8.993)	(10.757)
21.2	Deferred tax provision		(1.013)	1.210
XXII.	Net profit/loss from discontinued operations (XX±XXI)		52.969	36.300
XXIII.	Net profit/loss (XVII+XXII)	IV-ı	1.295.707	838.415
23.1	Group's profit/loss		1.293.000	833.341
23.2	Minority interest profit/losses (-)	IV-ı	2.707	5.074
	Earnings/(loss) per share (in TL full)		0,0030	0,0019

DAĞINCİLERİNİN
SÖZLEŞİMİNE
GÖRE

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 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 01/04-30/06/2013	Restated Prior Period 01/04-30/06/2012
I.	Interest income	IV-a	2.406.360	2.457.418
1.1	Interest on loans	IV-a-1	1.904.301	1.944.756
1.2	Interest received from reserve deposits		36	49
1.3	Interest received from banks	IV-a-2	31.585	25.364
1.4	Interest received from money market transactions		22.579	33.424
1.5	Interest received from marketable securities portfolio	IV-a-3	351.247	372.684
1.5.1	Trading financial assets		2.886	5.988
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		248.454	173.057
1.5.4	Held to maturity investments		99.907	193.639
1.6	Financial lease income		67.119	59.079
1.7	Other interest income		29.493	22.062
II.	Interest expense	IV-b	(1.054.932)	(1.327.805)
2.1	Interest on deposits	IV-b-4	(764.581)	(1.034.733)
2.2	Interest on funds borrowed	IV-b-1	(165.288)	(155.556)
2.3	Interest expense on money market transactions		(56.174)	(70.702)
2.4	Interest on securities issued	IV-b-3	(63.209)	(64.597)
2.5	Other interest expenses		(5.680)	(2.217)
III.	Net interest income (I + II)		1.351.428	1.129.613
IV.	Net fees and commissions income		515.698	425.280
4.1	Fees and commissions received		612.255	535.623
4.1.1	Non-cash loans		66.656	67.085
4.1.2	Other	IV-j	545.599	468.538
4.2	Fees and commissions paid		(96.557)	(110.343)
4.2.1	Non-cash loans		(2.931)	(1.622)
4.2.2	Other		(93.626)	(108.721)
V.	Dividend income	IV-c	9.770	1.542
VI.	Trading gain/(loss) (net)	IV-ç	202.282	(31.094)
6.1	Trading gains/(losses) on securities		240.133	36.010
6.2	Derivative financial transactions gains/(losses)	IV-d	529.626	(375.727)
6.3	Foreign exchange gains/(losses)		(567.477)	308.623
VII.	Other operating income	IV-e	82.747	45.698
VIII.	Total operating income / loss (III+IV+V+VI+VII)		2.161.925	1.571.039
IX.	Provision for impairment of loans and other receivables (-)	IV-f	(351.130)	(273.618)
X.	Other operating expenses (-)	IV-g	(877.360)	(750.127)
XI.	Net operating income/(loss) (VIII-IX-X)		933.435	547.294
XII.	Excess amount recorded as income after merger		-	-
XIII.	Income/(loss) from investments accounted based on equity method		(2.180)	2.938
XIV.	Income/(loss) on net monetary position		-	-
XV.	Profit/(loss) before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	931.255	550.232
XVI.	Tax provision for continuing operations (±)	IV-h	(207.956)	(145.101)
16.1	Current tax provision		(62.715)	(206.893)
16.2	Deferred tax provision		(145.241)	61.792
XVII.	Net profit/loss from continuing operations (XV±XVI)		723.299	405.131
XVIII.	Income from discontinued operations		122.511	102.134
18.1	Income from non-current assets held for resale		122.511	102.134
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
XIX.	Expenses from discontinued operations (-)		(87.854)	(77.872)
19.1	Expenses for non-current assets held for resale		(87.854)	(77.872)
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)		34.657	24.262
XXI.	Tax provision for discontinued operations (±)		(6.398)	(5.526)
21.1	Current tax provision		(5.737)	(6.125)
21.2	Deferred tax provision		(661)	599
XXII.	Net profit/loss from discontinued operations (XX±XXI)		28.259	18.736
XXIII.	Net profit/loss (XVII+XXII)	IV-ı	751.558	423.867
23.1	Group's profit/loss		750.089	421.159
23.2	Minority interest profit/losses (-)	IV-ı	1.469	2.708
	Earnings/(loss) per share (in TL full)		0,0017	0,0010

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 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

	June 30, 2013 Current Period	June 30, 2012 Prior Period
Income and expense items accounted under shareholders' equity		
I. Transfers to marketable securities valuation differences from financial assets available for sale	(1.390.406)	209.478
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	92.596	(52.150)
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	467.278	(159.992)
VI. Profit/loss on foreign net investment hedges(effective part of the fair value changes)	(58.683)	39.544
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	297	-
IX. Deferred tax on valuation differences	194.053	(22.491)
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	(694.865)	14.389
XI. Current year profit/loss	1.295.707	838.414
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	(1.301)	(216)
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(196.933)	(75.073)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	1.493.941	913.703
XII. Total profit/loss related to the current period (X+XI)	600.842	852.803

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of June 30, 2012

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

V. Consolidated statement of changes in shareholders' equity

Prior Period June 30, 2012	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation	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 tunds	Asset held for resale/ operations discontinued 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
IV. Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	231,120	-	-	-	-	231,120	304	231,424
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	(96,358)	-	-	-	-	(96,358)	-	(96,358)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	(127,993)	-	-	-	-	(127,993)	-	(127,993)
6.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	31,635	-	-	-	-	31,635	-	31,635
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		-	-	-	-	-	-	-	-	-	-	(69,913)	-	-	-	-	(69,913)	-	(69,913)
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		-	-	-	-	-	-	-	(65,283)	-	-	-	-	-	-	-	(65,283)	-	(65,283)
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		-	-	-	-	-	-	-	-	833,341	-	-	-	-	-	-	833,341	5,074	838,415
XX. Profit distribution		-	-	-	-	-	-	-	-	(2,284,704)	427,218	-	-	-	-	-	(3,069)	(3,069)	(3,069)
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	-	-	-	-	(2,284,704)	427,218	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXI. Transactions with minority		-	-	-	-	-	-	-	-	-	(1,458)	-	-	-	-	-	(1,458)	(1,191)	(2,649)
Period end balance (III+...+ XVIII + XIX+XX)		4,347,051	-	543,881	-	359,847	-	6,546,849	475,239	833,341	764,618	46,341	-	-	(503,145)	-	13,411,022	68,296	13,482,318

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 630,973 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).

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

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of June 30, 2013 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Consolidated statement of changes in shareholders' equity

Current Period		Property and equipment																		
Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation	Share profits	Legal reserves*	Status reserves	Extraordinary reserves*	Other reserves	Current period net income/ (loss)	Prior period net income/ (loss)*	Marketable securities valuation difference	Intangible assets revaluation	Bonus shares from investments	Hedging funds	Asset held for sale/ discontinued operations revaluation fund	Total equity except minority interest	Minority shareholders interest	Total equity	
June 30, 2013	4,347,051	-	543,881	-	-	359,847	-	6,548,849	505,721	2,087,673	753,844	1,487,423	-	-	-	(657,543)	-	15,974,746	64,792	16,039,538
I. Prior period-end balance																				
Changes in the period																				
II. Increase/decrease due to the merger																				
III. Marketable securities valuation differences												(1,097,184)	-	-	-	-	(1,097,184)	(216)	(1,097,400)	
IV. Hedging transactions funds (effective portion)																				
4.1 Cash flow hedge																				
4.2 Foreign net investment hedge																				
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																				
IX. Changes due to the disposal of assets									92,382	-	-	20,365	-	-	-	(37,375)	-	75,362	-	75,362
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									297	-	-	-	-	-	-	-	297	-	-	-
XVII. Current year income or loss									-	1,293,000	-	-	-	-	-	-	-	-	-	297
XVIII. Profit distribution																				
18.1 Dividend paid									1,504,624	4,909	(2,087,673)	174,201	-	-	-	-	1,293,000	2,707	1,295,707	
18.2 Transfers to reserves									-	-	(300,000)	-	-	-	-	-	(300,000)	(678)	(300,678)	
18.3 Other									1,504,624	4,909	(2,087,673)	474,201	-	-	-	-	(300,000)	(678)	(300,678)	
XXI. Transactions with minority									-	-	-	(61)	-	-	-	-	-	-	-	-
XXII. Transactions with minority									-	-	-	-	-	-	-	-	-	(61)	(92)	(153)
Period end balance (I+II+III+.....+XVI+XVII+XXI+XXII)	4,347,051	-	543,881	-	-	463,786	-	8,051,473	603,309	1,293,000	927,984	410,594	-	-	-	(368,042)	-	16,273,036	66,513	16,339,549

(*) Total legal reserves and extraordinary reserves of the Parent Bank and the consolidated entities amounting to TL 699,643 and TL 8,893,249 respectively, and the share of the Parent Bank in such reserves of the subsidiaries have been presented under prior period net income / (loss).

YATIRIM MENKUL DEĞERLER A.Ş.
ORTAKLIK YATIRIM MENKUL DEĞERLER A.Ş.

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements at June 30, 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 (30/06/2013)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		1.059.613	3.518.478
1.1.1 Interest received		5.855.488	4.812.238
1.1.2 Interest paid		(2.323.863)	(2.529.553)
1.1.3 Dividend received		15.400	1.647
1.1.4 Fees and commissions received		1.167.964	1.103.427
1.1.5 Other income		(63.678)	(253.418)
1.1.6 Collections from previously written-off loans and other receivables		680.536	754.004
1.1.7 Payments to personnel and service suppliers		(1.273.910)	(1.398.568)
1.1.8 Taxes paid		(400.335)	(339.851)
1.1.9 Other	VI	(2.597.989)	1.368.552
1.2 Changes in operating assets and liabilities		(3.421.024)	(3.101.712)
1.2.1 Net (increase)/decrease in trading securities		342.556	14.390
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(2.863.950)	(2.684.873)
1.2.4 Net (increase)/decrease in loans		(10.911.073)	(4.861.852)
1.2.5 Net (increase)/decrease in other assets		(782.413)	330.570
1.2.6 Net increase /(decrease) in bank deposits		130.154	(4.760)
1.2.7 Net increase /(decrease) in other deposits		6.585.298	2.406.214
1.2.8 Net increase /(decrease) in funds borrowed		3.402.275	340.717
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI	676.129	1.357.882
I. Net cash flows from banking operations		(2.361.411)	416.766
B. Cash flows from investing activities			
II. Net cash flows from investing activities		158.770	159.624
2.1 Cash paid for acquisition of investments in associates subsidiaries and joint ventures		(153)	-
2.2 Cash obtained from disposal of investments in associates subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(101.506)	(100.293)
2.4 Disposals of property and equipment		90.341	3.338
2.5 Purchase of investments available-for-sale		(7.263.993)	(2.404.650)
2.6 Sale of investments available-for-sale		7.397.975	2.576.307
2.7 Purchase of investment securities		(29.264)	(4.557)
2.8 Sale of investment securities		65.370	89.479
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		946.113	1.045.387
3.1 Cash obtained from funds borrowed and securities issued		5.284.639	3.555.077
3.2 Cash used for repayment of funds borrowed and securities issued		(4.037.848)	(2.506.621)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		(300.678)	(3.069)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI	407.701	(314.320)
V. Net increase in cash and cash equivalents (I+II+III+IV)		(848.827)	1.307.457
VI. Cash and cash equivalents at beginning of the period	VI	10.832.289	11.464.375
VII. Cash and cash equivalents at end of the period	VI	9.983.462	12.771.832

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 ("POA") 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 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 an 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 June 30, 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.

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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.

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) June 30, 2013	Direct and indirect rates (%) June 30, 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
Stichting Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Invest LLC	Baku/Azerbaijan	Portfolio Management	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	Special Purpose Company	-	-

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

2. Consolidation principles of associates:

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

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

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

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

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

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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 % June 30, 2013	Direct and indirect rates % June 30, 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" ("TAS 27") 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.

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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.

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

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

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

As of June 30, 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.

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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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b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

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

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

d. Available-for-sale financial assets:

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

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

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

VIII. Explanations on impairment of financial assets:

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

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

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

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Accounting policies (continued)

IX. Explanations on offsetting financial assets:

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

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

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

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

The Group has no securities lending transactions.

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

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

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

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

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XII. Explanations on goodwill and other intangible assets:

a. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

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

b. Other intangible assets:

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

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

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

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

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Accounting policies (continued)

XIII. Explanations on property and equipment:

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions:

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

a. Accounting of leasing operations according to lessee:

Financial lease

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

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

Operational lease

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

b. Accounting of leasing operations according to lessor:

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

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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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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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 May 3, 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:

Within the scope of TAS 19, the Group measures the expected costs of accumulated paid leaves as expected payments it will make due to unused leave rights as at the end of the reporting date.

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Accounting policies (continued)

XVII. Explanations on taxation:

a. Current tax:

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

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

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

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

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

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

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

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

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

Tax rates that are used in tax calculations by foreign subsidiaries by taking current tax regulations in their countries into consideration as of June 30, 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.

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

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

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

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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 June 30, 2013 the Group received government grant from TÜBİTAK amounting to TL 1.101 (December 31, 2012 - TL 1.096).

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Accounting policies (continued)

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Group's profit	1.293.000	833.341
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0030	0,0019

	Current Period	Prior Period
Net profit from discontinued operations	52.969	36.300
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0001	0,0001

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 June 30, 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.

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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, YKS investment is classified as "Assets held for resale and related to discontinued operations" in the accompanying financial statements. The ownership and control belongs to the Parent Bank. The transfer of shares has been completed on July 12, 2013. Therefore, in consolidated balance sheet prepared as of June 30, 2013, according to TFRS 5, YKS' s consolidated assets and liabilities are classified in " Assets held for resale and related to discontinued operations " and " Assets held for sale and related to discontinued operations and explanations on liabilities related with these assets " respectively and results of its operations are classified as " Income/ expense from discontinued operations " in the accompanying consolidated income statement.

The Parent Bank has decided to cancel the signed agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Parent Bank also decided to liquidate the company and within the content to enable to start the liquidation process decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these financial statements, total shareholding of the Parent Bank increased to 91.05%.

The Parent Bank has signed a share purchase agreement with YKS for the purchase (either by 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 Parent Bank the share transfer is completed on July 12, 2013.

According to the TFRS 5, the consolidated income statement as of June 30,2013 are restated in order to present comparative presentation and are summarized in the table below.

June 30, 2012	Published	Adjustment	Restated
Interest income	4.879.163	(22.168)	4.856.995
Interest expense	(2.648.573)	(53)	(2.648.626)
Net interest income	2.230.590	(22.221)	2.208.369
Net fees and commissions income	825.552	(6.104)	819.448
Trading gain/(loss) (net)	(76.010)	(845)	(76.855)
Other operating income	254.964	(105.712)	149.252
Total operating income / loss	3.236.743	(134.882)	3.101.861
Other operating expenses	(1.586.259)	89.035	(1.497.224)
Net operating income/(loss)	1.097.695	(45.847)	1.051.848
Profit/(loss) before taxes from continuing operations	1.104.720	(45.847)	1.058.873
Tax provision for continuing operations	(266.306)	9.548	(256.758)
Net profit/loss from continuing operations	838.414	(36.299)	802.115
Income from discontinued operations	-	194.334	194.334
Expenses from discontinued operations	-	(148.487)	(148.487)
Profit /losses before taxes from discontinued operations	-	45.847	45.847
Tax provision for discontinued operations	-	(9.547)	(9.547)
Net profit/loss from discontinued operations	-	36.300	36.300

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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".

POA has issued a policy decision in July, 2013 regarding "Accounting for business combinations Subject to Joint Control Group" which is effective for annual periods beginning on December 31, 2012. Based on this decision, i) rights in business combinations under common control combinations should be accounted for by the method of pooling of interest, ii) due to that goodwill should be included in the financial statements, iii) while pooling of interest method is applied, at the beginning of the reporting period where the common control occurs, corrections should be made in the financial statements as if the combination has been completed and this common control should be represented comparatively. The accounting policy applied by the group is consistent with the decision of principle.

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.

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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.

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

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

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

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

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

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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 14,78% (December 31,2012 – 15,19%) and Parent Bank is 15,78% (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.

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Notes to consolidated financial statements June 30, 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							
	Parent Bank							
	0%	20%	50%	75%	100%	150%	200%	Total
Amounts subject to credit risk	25.593.678	5.037.035	25.604.860	32.439.490	59.325.104	4.485.080	4.619.910	157.105.157
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	24.016.791	-	9.799.329	-	-	-	-	33.816.120
Conditional and unconditional receivables from regional or local governments	-	139	-	-	-	-	-	139
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	559	-	-	559
Conditional and unconditional receivables from multilateral development banks	2.291	-	-	-	-	-	-	2.291
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	4.977.014	6.142.959	-	1.224.816	-	-	12.344.789
Conditional and unconditional receivables from corporates	-	-	-	-	51.650.439	-	-	51.650.439
Conditional and unconditional retail receivables	-	-	-	32.439.490	-	-	-	32.439.490
Conditional and unconditional receivables secured by mortgages	-	-	9.662.572	-	-	-	-	9.662.572
Past due receivables	-	-	-	-	724.959	360.695	-	1.085.654
Receivables defined as high risk category by the Regulator	-	-	-	-	-	4.124.385	4.619.910	8.744.295
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-
Other receivables	1.574.596	59.882	-	-	5.724.331	-	-	7.358.809
Investments similar to collective investment funds	-	1.007.407	12.802.430	24.329.618	59.325.104	6.727.620	9.239.820	113.431.999

	Risk Weights							
	Consolidated							
	0%	20%	50%	75%	100%	150%	200%	Total
Amounts subject to credit risk	26.270.371	4.966.964	26.345.571	33.224.713	67.315.865	4.592.806	4.619.910	167.336.200
Risk classifications:								
Conditional and unconditional receivables from central governments or central banks	24.561.800	25.171	10.210.078	-	30.856	-	-	34.827.905
Conditional and unconditional receivables from regional or local governments	-	139	1.431	-	-	-	-	1.570
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	558	-	-	558
Conditional and unconditional receivables from multilateral development banks	2.290	-	-	-	-	-	-	2.290
Conditional and unconditional receivables from international organizations	-	4.881.773	6.472.113	-	1.376.640	-	-	12.730.526
Conditional and unconditional receivables from banks and brokerage houses	-	-	-	-	62.321.877	-	-	62.321.876
Conditional and unconditional receivables from corporates	-	-	-	33.224.713	-	-	-	33.224.713
Conditional and unconditional retail receivables	-	-	9.661.949	-	-	-	-	9.661.949
Conditional and unconditional receivables secured by mortgages	-	-	-	-	778.133	468.421	-	1.246.554
Past due receivables	-	-	-	-	-	4.124.385	4.619.910	8.744.295
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	1.706.281	59.881	-	-	2.807.801	-	-	4.573.964
Investments similar to collective investment funds	-	993.393	13.172.786	24.918.535	67.315.865	6.889.209	9.239.820	122.529.607

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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)	9.074.560	9.802.369	8.639.259	9.246.931
Capital requirement for market risk (II) (MRCR)	141.342	240.339	134.553	220.278
Capital requirement for operational risk (III) (ORCR)	802.350	910.617	746.900	854.231
Shareholders' equity	19.766.521	20.238.065	19.397.778	19.600.066
Shareholders' equity / (CRCR+ MRCR+ORCOR) * 12.5*100	15,78	14,78	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	8.819.954	7.118.712
Adjustment to legal reserves	-	-
Profit	2.220.984	2.841.517
Net Current period profit	1.293.000	2.087.673
Prior period profit	927.984	753.844
Provisions for possible losses up to 25% of core capital	189.288	246.317
Profit on sale of associates, subsidiaries and buildings ⁽¹⁾	298.614	293.705
Primary subordinated loans	-	-
Minority shares	66.513	64.792
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Development cost of operating lease (-)	82.835	96.067
Intangible assets (-)	1.342.109	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	15.061.341	13.998.517

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

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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		
General provisions	1.393.006	1.339.681
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
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⁾	3.965.182	4.004.900
45% of value increase fund of financial assets available for sale and associates and subsidiaries	179.748	669.340
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-	-
Minority share	-	-
Total supplementary capital	5.537.936	6.013.921
Capital	20.599.277	20.012.438
Deductions from the capital	361.212	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	225.282	212.393
Loans extended being noncompliant with articles 50 and 51 of the Law	4.851	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	5.924	6.844
Securitisations positions that is deducted-preferably-from the shareholders' equity	-	-
Other	125.155	189.945
Total shareholders' equity	20.238.065	19.600.066

(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 communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim periods.

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Notes to consolidated financial statements June 30, 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 communiqué "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 June 30, 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	46.370	28.424
(II) Capital requirement against specific risks - standard method	25.080	28.588
Capital requirement against specific risks of securitization positions-- standard method	-	-
(III) Capital requirement against currency exchange risk - standard method	128.141	139.660
(IV) Capital requirement against commodity risks - standard method	1.473	3.024
(V) Capital requirement against exchange risks - standard method	-	-
(VI) Capital requirement against market risks of options - standard method	318	1.277
(VII) Capital requirement against counterparty credit risks - standard method	38.957	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)	240.339	220.278
(X) Value-at-market risk ((12.5*VIII) or (12.5*IX))	3.004.238	2.753.475

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

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

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Notes to consolidated financial statements June 30, 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;

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 period reports.

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

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 period reports.

IV. Explanations on operational risk:

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 period reports.

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 1,92480	TL 2,51370
First day current bid rate	TL 1,92720	TL 2,51090
Second day current bid rate	TL 1,93200	TL 2,51920
Third day current bid rate	TL 1,93390	TL 2,53800
Fourth day current bid rate	TL 1,94070	TL 2,54260
Fifth day current bid rate	TL 1,93120	TL 2,55080
Arithmetic average of the last 30 days:	TL 1,89499	TL 2,49792
Prior period :	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)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	4.445.703	6.110.166	2.428.982	12.984.851
Banks	895.091	2.262.736	470.741	3.628.568
Financial assets at fair value through profit or loss	21.584	119.945	271	141.800
Money market placements	-	24.061	-	24.061
Available-for-sale financial assets	411.306	5.831.865	48.442	6.291.613
Loans ⁽¹⁾	10.222.042	21.315.704	900.061	32.437.807
Investments in associates, subsidiaries and joint ventures	-	-	214.308	214.308
Held-to-maturity investments	221.370	2.519.419	-	2.740.789
Hedging derivative financial assets	-	2.609	-	2.609
Tangible assets	1.267	-	37.714	38.981
Intangible assets	116	-	6.932	7.048
Other assets ⁽²⁾	2.653.155	1.949.789	121.109	4.724.053
Total assets	18.871.634	40.136.294	4.228.560	63.236.488
Liabilities				
Bank deposits	543.999	294.605	27.773	866.377
Foreign currency deposits	12.533.252	17.450.470	1.934.837	31.918.559
Funds from money market	-	5.132.426	-	5.132.426
Funds borrowed from other financial institutions	7.754.601	6.236.062	133.638	14.124.301
Marketable securities issued	782.251	2.730.695	-	3.512.946
Miscellaneous payables	540.689	157.728	18.819	717.236
Hedging derivative financial liabilities	81.020	293.060	-	374.080
Other liabilities	3.215.421	4.424.996	8.722	7.649.139
Total liabilities	25.451.233	36.720.042	2.123.789	64.295.064
	(6.579.599)	3.416.252	2.104.771	(1.058.576)
Net on balance sheet position	7.568.983	(3.688.073)	(2.085.923)	1.794.987
Net off balance sheet position ⁽²⁾	9.454.662	8.773.156	1.359.804	19.587.622
Financial derivative assets	1.885.679	12.461.229	3.445.727	17.792.635
Financial derivative liabilities	7.806.346	11.763.622	1.406.203	20.976.171
Non-cash loans				
December 31, 2012				
Total assets	15.002.997	36.300.397	3.547.096	54.850.490
Total liabilities	21.591.823	32.878.321	2.230.009	56.700.153
Net on-balance sheet position	(6.588.826)	3.422.076	1.317.087	(1.849.663)
Net off-balance sheet position	6.793.461	(2.450.573)	(1.125.486)	3.217.402
Financial derivative assets	8.414.043	8.012.504	498.265	16.924.812
Financial derivative liabilities	1.620.582	10.463.077	1.623.751	13.707.410
Financial derivative liabilities	6.646.932	10.302.197	319.151	17.268.280

(1) Includes FX indexed loans amounting to TL 3.880.896 (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 46.245 (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.

YAPı VE KREDı BANKASI A.Ş.
2013 YILI İKİNCİ ORTAK DÖNEMİNE AİT
KONSOLİDE EDİLMİŞ FİNANSLAL DURUM TABLOSU

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

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Notes to consolidated financial statements June 30, 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	-	-	-	-	-	15.781.049	15.781.049
Banks	2.325.814	512.169	341.046	52.516	-	2.013.231	5.244.776
Financial assets at fair value through profit/loss	275.061	173.592	367.552	109.139	49.955	51.541	1.026.840
Money market placements	587.998	-	-	-	-	-	587.998
Available-for-sale financial assets	913.492	1.737.938	3.001.769	3.150.611	5.519.317	35.984	14.359.111
Loans	20.648.580	19.675.047	24.859.728	16.007.558	5.030.876	1.795.631	88.017.420
Held-to-maturity investments	431.960	1.589.302	1.083.619	268.092	2.648.858	-	6.021.831
Other assets	872.636	1.265.698	1.333.222	2.096.405	344.863	6.281.562	12.194.386
Total assets	26.055.541	24.953.746	30.986.936	21.684.321	13.593.869	25.958.998	143.233.411
Liabilities							
Bank deposits	468.298	348.672	584.842	35.196	-	142.122	1.579.130
Other deposits	47.408.888	11.201.803	4.522.437	748.456	7.025	12.462.829	76.351.438
Funds from money market	5.060.827	3.497.416	291.080	-	-	2.109	8.851.432
Miscellaneous payables	-	-	-	-	-	6.193.695	6.193.695
Marketable securities issued	222.331	1.615.238	1.437.239	947.170	958.332	-	5.180.310
Funds borrowed from other financial institutions	3.676.497	4.206.998	4.375.866	2.384.621	647.344	-	15.291.326
Other liabilities and shareholders' equity	260.266	2.785.417	3.710.517	329.171	119.473	22.581.236	29.786.080
Total liabilities	57.097.107	23.655.544	14.921.981	4.444.614	1.732.174	41,381.991	143.233.411
Balance sheet long position	-	1.298.202	16.064.955	17.239.707	11.861.695	-	46.464.559
Balance sheet short position	(31.041.566)	-	-	-	-	(15.422.993)	(46.464.559)
Off-balance sheet long position	2.891.978	16.760.212	-	-	-	-	19.652.190
Off-balance sheet short position	-	-	(4.034.809)	(14.484.461)	(1.362.879)	-	(19.882.149)
Total position	(28.149.588)	18.058.414	12.030.146	2.755.246	10.498.816	(15.422.993)	

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Notes to consolidated financial statements June 30, 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 of Turkey	-	-	-	-	-	11.487.948	11.487.948
Banks	2.392.151	432.471	554.909	234.203	-	1.728.763	5.342.497
Financial assets at fair value through profit/loss	143.366	129.234	226.709	131.175	297.895	74.616	1.002.995
Money market placements	2.664.118	109.118	-	-	-	-	2.773.236
Available-for-sale financial assets	1.687.065	1.608.723	2.450.574	3.206.361	6.679.098	18.627	15.650.448
Loans	17.633.269	18.762.035	20.163.124	15.503.331	4.821.813	1.905.275	78.788.847
Held-to-maturity investments	17.390	1.614.522	1.462.174	326.880	2.406.728	-	5.827.694
Other assets	1.565.677	733.369	981.945	1.489.414	123.421	5.730.270	10.624.096
Total assets	26.103.036	23.389.472	25.839.435	20.891.364	14.328.955	20.945.499	131.497.761
Liabilities							
Bank deposits	173.294	363.879	406.122	124.776	66.040	315.172	1.449.283
Other deposits	42.197.427	12.674.271	2.692.833	669.909	9.385	11.450.283	69.694.108
Funds from money market	4.871.821	1.601.854	-	-	-	-	6.473.675
Miscellaneous payables	31	-	-	-	-	5.775.451	5.775.482
Marketable securities issued	170.578	1.673.832	1.233.009	869.086	-	-	3.946.505
Funds borrowed from other financial institutions	1.528.821	3.746.112	6.369.533	2.032.146	617.719	-	14.294.331
Other liabilities and shareholders' equity	319.467	2.780.837	1.750.754	350.692	1.877.374	22.785.253	29.864.377
Total liabilities	49.261.439	22.840.785	12.452.251	4.046.609	2.570.518	40.326.159	131.497.761
Balance sheet long position	-	548.687	13.387.184	16.844.755	11.758.437	-	42.539.063
Balance sheet short position	(23.158.403)	-	-	-	-	(19.380.660)	(42.539.063)
Off-balance sheet long position	4.790.681	13.604.142	-	-	-	-	18.394.823
Off-balance sheet short position	-	-	(1.488.734)	(16.149.146)	(1.356.983)	-	(18.994.863)
Total position	(18.367.722)	14.152.829	11.898.450	695.609	10.401.454	(19.380.660)	

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	0,04	-	-	-
Banks	1,20	1,30	-	7,03
Financial assets at fair value through profit/loss	1,02	3,85	-	5,32
Money market placements	-	0,70	-	7,66
Available-for-sale financial assets	5,12	6,84	-	8,57
Loans	5,41	5,58	4,59	12,47
Held-to-maturity investments	4,47	5,51	-	7,12
Liabilities				
Bank deposits	1,74	1,74	-	6,19
Other deposits	2,45	2,57	1,70	6,89
Funds from money market	-	0,94	-	6,11
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	5,45	-	6,69
Funds borrowed from other financial institutions	1,98	3,31	2,97	7,74

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Information related to financial position of the Group (continued)

Prior Period	EURO	USD	Yen	TL
Assets	%	%	%	%
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	0,15	-	-	-
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 June 30, 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	(1.451.261)	%(7,34)
TRY	(-)400 bp	1.419.903	%(7,18)
EURO	(+)200 bp	(28.969)	%(0,15)
EURO	(-)200 bp	36.202	%(0,18)
USD	(+)200 bp	(375.487)	%(1,90)
USD	(-)200 bp	562.408	%(2,85)
Total (for negative shock)		2.018.513	%(10,21)
Total (for positive shock)		(1.855.717)	%(9,39)

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

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Information related to financial position of the Group (continued)

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

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

Group has no unconsolidated subsidiaries and joint venture quoted in Borsa Istanbul as of June 30, 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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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	4.741.087	11.039.962	-	-	-	-	-	15.781.049
Banks	2.013.231	2.275.791	488.746	159.832	307.176	-	-	5.244.776
Financial assets at fair value through profit or loss	106	248.283	173.147	304.787	159.955	89.126	51.436	1.026.840
Money market placements	-	587.998	-	-	-	-	-	587.998
Available-for-sale financial assets	119.845	76.018	25.679	895.476	5.064.494	8.141.615	35.984	14.359.111
Loans	-	13.191.858	9.026.152	21.760.484	25.979.237	16.989.608	1.070.081	88.017.420
Held-to-maturity Investments	-	14.265	16.901	1.643.991	1.697.816	2.648.858	-	6.021.831
Other assets (1)	2.180.507	1.721.925	1.109.857	1.405.909	2.370.605	467.658	2.937.925	12.194.386
Total assets	9.054.776	29.156.100	10.840.482	26.170.479	35.579.283	28.336.865	4.095.426	143.233.411
Liabilities								
Bank deposits	142.122	468.298	348.672	584.842	35.196	-	-	1.579.130
Other deposits	12.462.829	47.150.014	11.202.106	4.654.887	874.577	7.025	-	76.351.438
Funds borrowed from other financial institutions	-	1.337.235	1.101.309	7.277.215	4.235.020	1.340.547	-	15.291.326
Funds from money market	2.109	5.060.827	3.497.416	291.080	-	-	-	8.851.432
Marketable securities issued	-	222.331	113.503	1.523.557	2.263.610	1.057.309	-	5.180.310
Miscellaneous payables	779.751	5.220.078	95.621	94.469	236	54	3.486	6.193.695
Other liabilities (2)	599.339	378.702	467.541	1.211.986	4.718.461	3.677.924	18.732.127	29.786.080
Total liabilities	13.986.150	59.837.485	16.826.168	15.638.036	12.127.100	6.082.859	18.735.613	143.233.411
Net liquidity gap	(4.931.374)	(30.681.385)	(5.985.686)	10.532.443	23.452.183	22.254.006	(14.640.187)	-
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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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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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	35.315.678	-	-	-
Conditional and unconditional receivables from regional or local governments	2.147	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	12.552	-	-	-
Conditional and unconditional receivables from multilateral development banks	153.984	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	27.854.310	73.141	-	-
Conditional and unconditional receivables from corporates	176.987.769	1.688.026	-	124.624
Conditional and unconditional retail receivables	92.205.969	374.822	-	17.611
Conditional and unconditional receivables secured by mortgages	9.948.095	-	-	-
Past due receivables	1.246.554	-	-	-
Receivables defined in high risk category by the Regulator	8.744.295	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	4.573.963	-	-	-
Total	357.045.316	2.135.989	-	142.235

- (1) Figures represent the total amount of credit risks prior to the risk mitigating calculations as per the "Regulation on Credit Risk Mitigation Techniques".
- (2) Figures represent the total amount of collaterals which are taken into consideration for the risk mitigating calculations. Other risk reducing items are not included in this table such as; mortgages, pledges, guarantees and warranties.

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Information related to financial position of the Group (continued)

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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

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 period reports.

XIII. Explanations on hedge accounting:

As of June 30, 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 June 30, 2013 and December 31, 2012 of these hedging instruments are presented in the table below:

	Notional ⁽¹⁾	Current Period		Notional ⁽¹⁾	Prior Period	
		Asset	Liability		Asset	Liability
Hedging instrument						
Interest rate swap	18.390.633	94.909	463.851	18.479.953	170	814.454
Cross currency interest rate swap	1.435.123	188.201	3.807	1.772.858	93.996	90.233
Total	19.825.756	283.110	467.658	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 20.172.454 (December 31, 2012 - TL 20.528.904) the total notional of derivative financial assets amounting to TL 39.998.210 (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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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	67.663	188.201	3.807	(80.972)

(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 6.366.

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 5.689.

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Information related to financial position of the group (continued)

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

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

Cash flow hedge accounting:

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

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the		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	94.909	463.851	(224.366)	336.447

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 301.

Prior 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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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 June 30, 2013 is EUR 266 million (December 31, 2012 - EUR 264 million). The foreign exchange loss of TL 143.677 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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(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.

Major 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	1.621.721	826.637	76.116	88.362	205.908	155.631	1.132.695	(147.394)	3.959.676
Operating expenses	(1.278.972)	(242.412)	(35.183)	(44.224)	(87.354)	(106.072)	(741.836)	143.224	(2.392.829)
Net operating income	342.749	584.225	40.933	44.138	118.554	49.559	390.859	(4.170)	1.566.847
Dividend income ⁽²⁾	-	-	-	-	-	-	15.400	-	15.400
Income/Loss from Investments accounted based on equity method	-	-	-	-	-	-	113	-	113
Profit before tax	342.749	584.225	40.933	44.138	118.554	49.559	406.372	(4.170)	1.582.360
Tax provision ⁽²⁾	-	-	-	-	-	-	(339.622)	-	(339.622)
Net Profit	342.749	584.225	40.933	44.138	118.554	49.559	66.750	(4.170)	1.242.738
Minority interest (-)	-	-	-	-	-	-	(2.707)	-	(2.707)
Assets held for resale and related to discontinued operations	-	-	-	-	-	39.555	-	13.414	52.969
Group income/loss	342.749	584.225	40.933	44.138	118.554	89.114	64.043	9.244	1.293.000
Segment assets ⁽³⁾	42.994.689	34.741.694	176.881	5.088.279	7.988.879	-	52.954.854	(2.621.661)	141.323.615
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	-	232.085	-	232.085
Assets held for resale and related to discontinued operations	-	-	-	-	-	2.044.095	-	(366.384)	1.677.711
Total assets	42.994.689	34.741.694	176.881	5.088.279	7.988.879	2.044.095	53.186.939	(2.988.045)	143.233.411
Segment liabilities ⁽³⁾	30.500.291	29.484.727	16.280.822	4.126.847	6.539.317	-	40.093.397	(1.672.191)	125.353.210
Shareholders' equity	-	-	-	-	-	-	16.339.549	-	16.339.549
Assets held for resale and related to discontinued operations	-	-	-	-	-	1.567.441	-	(26.789)	1.540.652
Total liabilities	30.500.291	29.484.727	16.280.822	4.126.847	6.539.317	1.567.441	56.432.946	(1.698.980)	143.233.411

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	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⁾	1.363.102	788.054	62.039	82.906	216.458	139.480	650.170	(201.995)	3.100.214
Operating expenses ⁽⁴⁾	(1.075.578)	(161.842)	(34.181)	(31.424)	(99.720)	(91.972)	(669.989)	114.693	(2.050.013)
Net operating income	287.524	626.212	27.858	51.482	116.738	47.508	(19.819)	(87.302)	1.050.201
Dividend income ⁽²⁾⁽⁴⁾	-	-	-	-	-	-	1.647	-	1.647
Income/Loss from Investments accounted based on equity method ⁽⁴⁾	-	-	-	-	-	-	7.025	-	7.025
Profit before tax	287.524	626.212	27.858	51.482	116.738	47.508	(11.147)	(87.302)	1.058.873
Tax provision ⁽²⁾⁽⁴⁾	-	-	-	-	-	-	(256.758)	-	(256.758)
Net Profit	287.524	626.212	27.858	51.482	116.738	47.508	(267.905)	(87.302)	802.115
Minority interest (-) ⁽⁴⁾	-	-	-	-	-	-	(5.074)	-	(5.074)
Discontinued operations ⁽⁴⁾	-	-	-	-	-	37.960	-	(1.660)	36.300
Group income/loss	287.524	626.212	27.858	51.482	116.738	85.468	(272.979)	(88.962)	833.341
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 6 months period ended June 30, 2012.

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	1.239.996	400.131	1.206.771	339.996
The CBRT ⁽¹⁾	1.556.202	12.355.922	414.040	9.147.081
Other	-	228.798	1	380.059
Total	2.796.198	12.984.851	1.620.812	9.867.136

- (1) The balance of gold amounting to TL 2.311.255 is accounted for under the Central Bank foreign currency account as of June 30, 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⁾	1.556.202	1.315.960	414.040	1.316.533
Time unrestricted amount	-	-	-	-
Reserve requirement ⁽²⁾	-	11.039.962	-	7.830.548
Total	1.556.202	12.355.922	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 June 30, 2013, the Group's reserve deposits, including those at foreign banks, amount to TL 13.943.387 (December 31, 2012 - TL 9.591.973).

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

1. As of June 30, 2013, The Group does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2012 - None) and there is no financial assets at fair value through profit and loss given as collateral/blocked (December 31, 2012 - None).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	FC	TL	FC	FC
Forward transactions	79.993	6.453	53.199	13.903
Swap transactions ⁽¹⁾	527.594	72.791	226.076	95.622
Futures transactions	-	-	-	-
Options	91.233	24.927	9.351	22.332
Other	-	-	-	-
Total	698.820	104.171	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	1.566.115	678.775	2.100.562	857.187
Foreign ⁽¹⁾	50.093	2.949.793	5	2.384.743
Head quarters and branches abroad	-	-	-	-
Total	1.616.208	3.628.568	2.100.567	3.241.930

(1) As of June 30, 2013 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 357.051 (December 31, 2012 - 451.315 TL).

2. Information on foreign banks account:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 June 30, 2013, available-for-sale financial assets given as collateral/blocked amount to TL 1.023.594 (December 31, 2012 - TL 1.118.165) and available-for-sale financial assets subject to repo transactions amount to TL 4.439.408 (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	14.434.676	15.703.687
Quoted in stock exchange ⁽¹⁾	12.678.985	14.067.931
Not quoted ⁽²⁾	1.755.691	1.635.756
Share certificates	81.285	63.927
Quoted in stock exchange	147	133
Not quoted	81.138	63.794
Impairment provision ⁽²⁾	(276.695)	(198.106)
Other ⁽³⁾	119.845	80.940
Total	14.359.111	15.650.448

(1) Includes credit linked notes amounting to TL 968.257 as of June 30, 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 June 30, 2013, other available-for-sale financial assets include mutual funds amounting to TL 119.845 (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 Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	6.314	222.649	5.390	403.915
Loans granted to employees	112.924	253	104.931	68
Total	119.238	222.902	110.321	403.983

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	84.307.958	1.316.897	-	2.639.381	291.318	82.166
Loans given to enterprises	31.215.668	-	-	565.403	-	67.868
Export loans	3.923.043	159.564	-	91.948	4.508	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2.631.352	-	-	-	-	-
Consumer loans	16.188.648	682.988	-	813.869	46.239	7.160
Credit cards	16.777.008	-	-	305.931	-	7.138
Other ⁽¹⁾	13.572.239	474.345	-	862.230	240.571	-
Specialized lending	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	84.307.958	1.316.897	-	2.639.381	291.318	82.166

- (1) As explained in the Note IV of Section XIII. TL 67.663 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	1.211.161	287.152
Extended by 3,4 or 5 times	65.180	2.537
Extended by more than 5 times	40.556	1.629
Total	1.316.897	291.318

Extended period of time ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	261.085	10.059
6 - 12 Months	160.349	24.332
1 - 2 Years	220.294	151.566
2 - 5 Years	606.931	103.358
5 Years and over	68.238	2.003
Total	1.316.897	291.318

- (1) There is only one loan restructured twice in accordance with the temporary article 5 subsections 2 of the amendment of Provisioning Regulation dated April 9, 2011 with a maturity between 6 months to 1 year.

There are six loans restructured in accordance with temporary article 6 subsection 2 of the amendment of Provisioning Regulation dated December 30, 2011 with maturities between 1 to 5 years. One of them was restructured three times, one was twice and rest of the four was restructured once.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

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

	Short- term	Medium and long-term	Total
Consumer loans-TL	151.826	16.198.550	16.350.376
Real estate loans	3.739	8.179.048	8.182.787
Automotive loans	6.751	1.057.872	1.064.623
Consumer loans	1.069	55.024	56.093
Other	140.267	6.906.606	7.046.873
Consumer loans-FC indexed	-	107.492	107.492
Real estate loans	-	106.409	106.409
Automotive loans	-	-	-
Consumer loans	-	733	733
Other	-	350	350
Consumer loans-FC	63.267	99.816	163.083
Real estate loans	93	8.291	8.384
Automotive loans	4.799	39.669	44.468
Consumer loans	54.289	44.137	98.426
Other	4.086	7.719	11.805
Individual credit cards-TL	13.575.127	709.672	14.284.799
With installments	9.078.446	704.612	9.783.058
Without installments	4.496.681	5.060	4.501.741
Individual credit cards-FC	10	30.809	30.819
With installments	10	30.809	30.819
Without installments	-	-	-
Personnel loans-TL	4.660	44.480	49.140
Real estate loans	-	777	777
Automotive loans	33	749	782
Consumer loans	-	-	-
Other	4.627	42.954	47.581
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	300	251	551
Real estate loans	-	34	34
Automotive loans	-	-	-
Consumer loans	88	113	201
Other	212	104	316
Personnel credit cards-TL	61.172	789	61.961
With installments	38.591	789	39.380
Without installments	22.581	-	22.581
Personnel credit cards-FC	-	488	488
With installments	-	488	488
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	331.781	-	331.781
Credit deposit account-FC (real person)	94	-	94
Total	14.188.237	17.192.347	31.380.584

(1) TL 785 of the credit deposit account belongs to the loans used by personnel.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	553.367	5.336.680	5.890.047
Business loans	542	300.352	300.894
Automotive loans	28.655	1.780.288	1.808.943
Consumer loans	-	20	20
Other	524.170	3.256.020	3.780.190
Commercial installments loans-FC indexed	23.810	321.389	345.199
Business loans	-	18.562	18.562
Automotive loans	582	77.219	77.801
Consumer loans	-	-	-
Other	23.228	225.608	248.836
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	2.697.276	7.596	2.704.872
With installment	1.954.881	7.596	1.962.477
Without installment	742.395	-	742.395
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	677.447	-	677.447
Credit deposit account-FC (legal person)	42	-	42
Total	3.951.942	5.665.665	9.617.607

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

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Notes to consolidated financial statements June 30, 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	IV. Group	V. Group
	Loans and other receivables	Loans and other receivables with	Uncollectible
	With limited collectability	Doubtful collectability	Loans and other receivables
Prior Period	554.524	738.879	1.280.700
Additions (+)	1.059.890	111.294	61.051
Transfers from other categories of non- performing loans (+)	-	733.929	546.999
Transfer to other categories of non-performing loans (-)	(733.929)	(546.999)	-
Collections (-)	(334.490)	(122.206)	(223.840)
FX valuation differences	101	234	3.765
Write-offs (-)	-	-	(17.029)
Corporate and commercial loans	-	-	(17.029)
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	546.096	915.131	1.651.646
Specific provision (-)	(96.980)	(419.773)	(1.526.039)
Net balance on balance sheet	449.116	495.358	125.607

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Period end balance	2.941	11.131	344.177
Specific provision (-)	(236)	(7.819)	(242.029)
Net balance on-balance sheet	2.705	3.312	102.148
Prior Period			
Period end balance	1.340	3.381	366.866
Specific provision (-)	(184)	(1.952)	(261.285)
Net balance on-balance sheet	1.156	1.429	105.581

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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)	449.116	495.358	125.607
Loans granted to real persons and corporate entities (gross)	546.096	915.131	1.543.062
Specific provision amount (-)	(96.980)	(419.773)	(1.417.455)
Loans granted to real persons and corporate entities (net)	449.116	495.358	125.607
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⁾	-	-	-

- (2) 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;

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 period reports.

12. Explanation on "Write-off" policies:

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 period reports.

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Notes to consolidated financial statements June 30, 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 June 30, 2013, held-to-maturity investments given as collateral/blocked amount to TL 1.240.799 (December 31, 2012 - TL 1.299.927). Held-to-maturity investments subject to repurchase agreements amount to TL 3.786.983 (December 31, 2012 - TL 2.986.312).

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

	Current Period	Prior Period
Government bond	6.014.750	5.765.659
Treasury bill	-	-
Other debt securities	7.081	62.035
Total	6.021.831	5.827.694

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

	Current Period	Prior Period
Debt securities	6.128.135	5.867.172
Quoted on stock exchange	6.128.135	5.867.172
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(106.304)	(39.478)
Total	6.021.831	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⁾	297.069	(574.402)
Purchases during year	29.264	50.325
Disposals through sales and redemptions ⁽³⁾	(65.370)	(6.358.851)
Impairment provision (-) ⁽²⁾	(66.826)	-
Period end balance	6.021.831	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 June 30, 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	84.370	56.141	46.387	496	-	5.365	7.881	-
2	27.080	19.881	14.818	142	-	282	2.485	-

(1) Financial statement information disclosed above shows March 31, 2013 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	4.621.433	701.753	5.575	43.938	9.806	23.472	32.209	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	20.374	9.994
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	7.600	18.982
Sales	-	-
Revaluation (decrease)/increase ⁽¹⁾	12.774	(8.988)
Impairment provision	-	-
Balance at the end of the period	214.308	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	214.308	193.934
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	214.308	193.934

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

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GİRİTİM MENKUL DEĞERLER A.Ş.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	-	-	-	-	-	-
Valuation Differences	(196)	-	(64)	-	-	(7.285)
Legal reserves	69.400	23.149	-	79.305	20.469	-
Extraordinary reserves	13.878	-	-	484.964	-	331.465
Other reserves	-	-	-	-	-	169.263
Profit/loss	(21.320)	58.105	122.685	334.825	10.836	22.700
Current period net profit	51.294	12.647	7.628	61.974	10.836	22.700
Prior period profit	(72.614)	45.458	115.057	272.851	-	-
Leasehold improvements (-)	-	-	-	-	-	-
Intangible assets (-)	927	15	14.803	3.364	235	116
Total core capital	159.753	126.838	209.809	1.285.658	36.777	628.469
Supplementary capital	-	8.453	-	19.775	-	108
Capital	159.753	135.291	209.809	1.305.433	36.777	628.577
Deductions from the capital	-	-	-	-	-	-
Total shareholders' equity	159.753	135.291	209.809	1.305.433	36.777	628.577

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 June 30, 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 June 30, 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	17.739	13.495	802	4	-	1.063	885	-
2	37.918	25.077	3.873	593	-	448	526	-

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

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Notes to consolidated financial statements June 30, 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.

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

	Total assets	Shareholder s' 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	114.175	114.074	-	-	-	(2)	(11)	355.445	-
2	2.184.428	268.770	5.562	58.907	978	51.294	55.817	497.247	-
3	2.071.019	126.853	504	51.934	-	12.647	3.601	405.959	-
4	390.838	132.180	10.409	11.104	1.543	8.598	6.227	86.871	-
5	3.740.850	1.071.918	4.170	130.742	-	61.974	62.919	952.204	-
6	43.846	37.012	658	1.886	10	10.836	10.083	155.265	-
7	4.007.421	628.586	1.383	88.760	5.238	22.700	26.958	339.259	-
8	641.865	152.612	34.237	26.429	248	1.803	3.977	154.398	-
9	1.288.386	385.319	24.719	20.195	2.744	2.772	39.465	1.905.255	-
10	887.053	215.550	24.283	11.416	4.699	31.927	31.401	-	-
11	88.345	84.618	24	2.066	(466)	680	4.817	79.191	-

(1) The financial information above is extracted from the publicly available financial statements of companies for those which are listed and for those which are not listed the financial information included in the preparation of consolidated financial statements are used.

(2) Determined based on the market prices quoted in organized markets or based on the amounts determined through valuation models.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 June 30, 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	(1.316.696)	468.213
Purchases ⁽¹⁾	153	22.236
Transfers ^{(3), (4)}	(1.410.080)	-
Free shares obtained profit from current years share ⁽²⁾	-	35.738
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	93.231	410.239
Impairment provision	-	-
Balance at the end of the period	2.501.183	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 consolidated financial statements. As at June 30, 2013 the ownership and control of this investment belongs to the Bank. However subsequently the transfer of shares has been completed on July 12, 2013.
- (4) The Parent Bank has decided to cancel the signed agreement to sell its shares on Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ("YKYO") (previously decided in accordance with the Board of Directors decision dated September 28, 2012) in accordance with the Board of Directors decision dated June 7, 2013. With the same decision, the Bank also decided to liquidate the company and within this context to enable to start the liquidation process it has been decided to buy the remaining shares of YKYO through a call in accordance with CMB decree series IV numbered 44. As of the date of these unconsolidated financial statements, total shareholding of the Bank increased to 93,72%.

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

Financial Subsidiaries	Current Period	Prior Period
Banks	468.953	421.937
Insurance companies ⁽¹⁾	-	1.223.132
Factoring companies	405.766	345.301
Leasing companies	952.103	1.020.417
Finance companies	-	-
Other financial subsidiaries ⁽¹⁾	674.361	807.092
Total financial subsidiaries	2.501.183	3.817.879

- (1) As of June 30, 2013, carrying values of YKS, is classified as assets held for resale and related to discontinued operations.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 June 30, 2013, carrying values of YKS is 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	82.724	28.939	37.061	19.545	(39.409)
Total	30,45	30,45	82.724	28.939	37.061	19.545	(39.409)

The above figures are extracted form the financial statements as at June 30, 2013

i. Information on lease receivables (net):

1) Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.529.728	1.307.157	1.290.027	1.075.226
Between 1- 4 years	1.979.795	1.701.314	1.827.960	1.588.013
More than 4 years	450.954	400.019	477.931	433.254
Total	3.960.477	3.408.490	3.595.918	3.096.493

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	1.089.250	2.871.227	882.245	2.713.673
Unearned financial income from leases (-)	(194.102)	(357.885)	(146.548)	(352.877)
Amount of cancelled leases (-)	-	-	-	-
Total	895.148	2.513.342	735.697	2.360.796

j. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge ⁽¹⁾	188.201	-	93.996	-
Cash flow hedge ⁽¹⁾	92.300	2.609	170	-
Foreign net investment hedge	-	-	-	-
Total	280.501	2.609	94.166	-

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

k. Information on tangible assets:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

l. Information on intangible assets:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

m. Information on investment property:

None (December 31, 2012 - None).

n. Information on deferred tax asset:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	32.999	72.707
Transfers	1.677.711	-
Disposals (-), net	(21.682)	(33.608)
Impairment provision reversal	751	983
Impairment provision (-)	(125)	(235)
Depreciation (-)	(2.226)	(3.766)
Translation differences	16	-
Net book value at the end of the period	1.827.097	139.653
Cost at the end of the period	1.837.644	148.942
Accumulated depreciation at the end of the period (-)	(10.547)	(9.289)
Net book value at the end of the period	1.827.097	139.653

- 1) As at March 31, 2013 YKS and YKYO investment was classified as "Assets held for resale and related to discontinued operations" in the consolidated accompanying financial statements. As of June 30, 2013, YKYO is reclassified in subsidiaries in the accompanying financial statements due to the termination of share agreement regarding the sale of shares

As of June 30, 2013, the Parent Bank booked impairment provision on assets held for resale with an amount of TL 8.417 (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	1.905.255
Yapı Kredi Emeklilik A.Ş.	887.053	215.550	24.283	11.416	4.699	31.927	31.401	-

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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
Cash and balances with Central Bank	-
Financial assets at fair value through profit or (loss) (net)	48.497
Banks	471.650
Money markets	128
Financial assets available-for-sale	558.611
Investment in associates (net)	-
Property and equipment (net)	30.158
Intangible assets (net)	20.091
Tax asset	4.745
Other assets	543.831
Assets held for resale and related to discontinued operations	1.677.711
Derivative financial liabilities held for trading	-
Money markets	-
Miscellaneous payables	292.867
Other Liabilities	7.112
Provisions	1.223.567
Tax liability	17.106
Liabilities for property and equipment held for sale and related to discontinued operations	1.540.652
Net asset value	137.059

	Current Period	Prior Period
Income and expense items	Insurance	Insurance
Net interest income	23.136	22.221
Net fees and commissions income	5.907	6.104
Trading gain/ loss (net)	1.042	844
Other operating income	135.490	105.712
Provision for impairment of loans and other receivables (-)	(184)	-
Other operating expenses (-)	(102.416)	(89.033)
Tax provision (±)	(10.006)	(9.548)
Net loss from discontinued operations	52.969	36.300

ö. Information on other assets:

As of June 30, 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 June 30, 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	2.474.673	12.103	949.844	18.156.217	1.320.784	497.334	238.185	23.649.140
Foreign currency deposits	4.746.586	53.667	2.978.655	16.589.354	2.510.411	948.225	2.887.394	30.714.292
Residents in Turkey	3.853.047	26.036	2.824.950	16.291.671	808.755	655.995	1.070.862	25.531.316
Residents abroad	893.539	27.631	153.705	297.683	1.701.656	292.230	1.816.532	5.182.976
Public sector deposits	255.639	-	50	154	1.542	1.574.837	29	1.832.251
Commercial deposits	4.101.191	928	1.216.503	8.724.141	564.741	678.718	123.587	15.409.809
Other institutions deposits	76.219	-	155.846	1.210.017	84.674	2.014.356	567	3.541.679
Precious metals vault	808.521	-	3.494	108.147	76.854	79.151	128.300	1.204.267
Bank deposits	142.122	126.394	321.409	249.111	499.297	205.599	35.198	1.579.130
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	385	-	193.652	165.045	179.791	52.809	700	592.382
Foreign banks	3.179	126.394	127.757	84.066	319.506	152.790	34.498	848.190
Participation banks	138.558	-	-	-	-	-	-	138.558
Other	-	-	-	-	-	-	-	-
Total	12.604.951	193.092	5.625.801	45.037.141	5.058.103	5.998.220	3.413.260	77.930.568

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 June 30, 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⁾	11.792.649	9.048.545	11.873.751	15.038.237
Foreign currency savings deposit	3.011.838	2.458.309	7.971.695	8.934.590
Other deposits in the form of savings deposits	665.851	527.019	401.565	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	6.130	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	66.685	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	44.661	29	90.951	3.526
Swap transactions ⁽¹⁾	246.609	65.835	177.425	68.929
Futures transactions	-	-	-	-
Options	82.025	32.813	18.602	25.048
Other	-	-	-	-
Total	373.295	98.677	286.978	97.503

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	605.768	233.188	830.303	259.396
From foreign banks, institutions and funds	561.257	13.891.113	510.259	12.694.373
Total	1.167.025	14.124.301	1.340.562	12.953.769

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	774.483	8.351.413	918.643	5.999.319
Medium and long-term	392.542	5.772.888	421.919	6.954.450
Total	1.167.025	14.124.301	1.340.562	12.953.769

ç. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.173.498	-	716.171	-
Asset backed securities	-	1.587.587	-	1.641.731
Bonds	493.866	1.925.359	703.236	885.367
Collateralized securities	458.337	-	462.720	-
Toplam	1.667.364	3.512.946	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 194 million and EUR 105 million, the equivalent of TL 637.147 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 205.944 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 950.439 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 June 30, 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 June 30, 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⁾	3.807	-	90.233	-
Cash flow hedge ⁽¹⁾	89.771	374.080	321.768	492.686
Foreign net investment hedge	-	-	-	-
Total	93.578	374.080	412.001	492.686

(1) Explained in Note XIII. of Section IV.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	1.043.690	974.242
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	77.924	149.950
Provisions for second group loans and receivables	81.359	123.769
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	9.833	16.103
Provisions for non cash loans	65.163	73.205
Others	202.794	168.465
Other	1.393.006	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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 3.254,44 effective from July 1, 2013 (July 1, 2012 - full TL 3.033,98) 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	23.250	60.055
Paid during the period	(18.878)	(31.673)
Foreign currency differences	923	(158)
Balance at the end of the period	147.502	142.207

In addition, the Group has accounted for unused vacation rights provision amounting to TL 105.933 as of June 30, 2013 (December 31, 2012 - TL 104.188).

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

As of June 30, 2013, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 932 (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	852.207	827.177
Non-cash loan provision	112.470	125.749
Provisions on credit cards and promotion campaigns related to banking services	29.518	36.708
Provision on export commitment estimated tax and funds liability	39.476	38.106
Other	194.961	154.847
Total	1.228.632	1.182.587

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	189.288	246.317
Total	189.288	246.317

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	44.152	231.592
Taxation of Marketable Securities	49.775	80.757
Property Tax	1.932	1.709
Banking Insurance Transaction Tax ("BITT")	49.437	64.110
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.657	6.870
Other	34.472	30.658
Total	182.425	415.696

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	305	1.218
Social security premiums - employer	331	1.435
Bank pension fund premiums - employee	9.627	8.946
Bank pension fund premiums - employer	10.052	9.327
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	687	719
Unemployment insurance - employer	1.378	1.440
Other	-	-
Total	22.380	23.085

(iii) Information on deferred tax liability:

There is no deferred tax liability as of June 30, 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).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	-	5.720.086	-	5.195.642
From other foreign institutions	-	-	-	-
Total	-	5.720.086	-	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 Parent Bank has not exercised the early repayment option related to these two loans which was available as of the date of these consolidated 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 40% since the remaining maturity of these loans is less than 3 years. Subordinated loans obtained from Citibank, N.A. London Branch is considered in the supplementary capital calculation at the rate of 60% since the remaining maturity of this loan is less than 4 years.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 Parent 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" decree.

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 June 30, 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	(114.057)	524.651	273.173	1.214.250
Valuation differences ⁽²⁾	(37.320)	411.946	255.568	1.216.242
Foreign currency differences ⁽¹⁾	-	35.968	17.605	(1.992)
Total	(114.057)	524.651	273.173	1.214.250

(1) Includes current period foreign currency differences.

(2) Includes tax effect related to foreign currency valuation differences.

i. Information on minority interest:

	Current Period	Prior Period
Period opening balance	64.792	67.178
Current period income/(loss)	2.707	5.074
Dividends paid	(678)	(3.069)
Translation differences	(216)	304
Transaction done with minority	(92)	(1.191)
Period ending balance	66.513	68.296

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	20.490.975	17.900.797
Loan granting commitments	6.142.948	5.378.252
Commitments for cheques	5.447.472	5.258.480
Other irrevocable commitments	17.636.661	8.507.182
Total	49.718.056	37.044.711

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 65.163 (December 31, 2012 - TL 73.205) and specific provision of TL 279.239 (December 31, 2012 - TL 258.609) for non-cash loans which are not indemnified yet for TL 112.470 (December 31, 2012 - TL 125.749).

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	117.258	121.325
Letter of credits	6.260.397	5.783.925
Other guarantees and collaterals	2.352.019	2.119.199
Total	8.729.674	8.024.449

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

	Current Period	Prior Period
Temporary letter of guarantees	1.302.247	1.572.512
Definite letter of guarantees	16.906.424	14.503.571
Advance letter of guarantees	3.597.973	2.677.145
Letter of guarantees given to customs	1.025.213	1.032.686
Other letter of guarantees	1.003.948	834.038
Total	23.835.805	20.619.952

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	823.959	635.957
With original maturity of 1 year or less than 1 year	104.444	103.986
With original maturity of more than 1 year	719.515	531.971
Other non-cash loans	31.741.520	28.008.444
Total	32.565.479	28.644.401

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

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

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

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

b. Information on derivative financial instruments:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

c. Information on credit derivatives and risk exposures:

This footnote is not prepared in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" for the interim period reports.

ç. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 50.665 (December 31, 2012 – TL 48.743) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

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 Bank has provided the necessary provisions in the accompanying consolidated 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 June 30, 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⁾	1.677.297	113.401	1.703.570	149.676
Medium/long-term loans ⁽¹⁾	1.431.769	587.347	1.313.683	526.627
Interest on loans under follow-up	50.000	2.055	44.027	12
Premiums received from resource utilisation support fund	-	-	-	-
Total	3.159.066	702.803	3.061.280	676.315

(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	42.190	7.565	23.422	12.210
From foreign banks	1.713	11.993	825	10.657
Headquarters and branches abroad	-	-	-	-
Total	43.903	19.558	24.247	22.867

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	6.377	1.807	9.935	1.213
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	318.805	200.839	310.060	24.722
From held-to-maturity investments	125.204	69.134	172.015	289.065
Total	450.386	271.780	492.010	315.000

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	1.416	589

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	41.649	349.557	58.673	248.849
The CBRT	-	-	-	-
Domestic banks	16.046	5.002	23.434	7.607
Foreign banks	25.603	344.555	35.239	241.242
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	-
Total⁽¹⁾	41.649	349.557	58.673	248.849

(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	706	203

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued	54.833	62.230	73.768	43.745
Total	54.833	62.230	73.768	43.745

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	140	699	934	1.017	299	4	3.093	4.440
Saving deposit	1	30.036	632.626	45.247	10.863	12.822	731.595	1.049.178
Public sector deposit	-	11	635	60	16	1	723	119
Commercial deposit	10	69.982	282.007	39.385	24.693	5.371	421.448	468.396
Other deposit	-	2.045	40.782	8.934	102.946	19	154.726	69.722
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Total	151	102.773	956.984	94.643	138.817	18.217	1.311.585	1.591.855
FC								
Foreign currency deposit	1.144	64.386	166.812	10.864	10.548	44.864	4.555	303.173
Bank deposit	27	245	1.439	5.471	1.955	592	9.729	21.467
Deposit with 7 days notification	-	-	-	-	-	-	-	-
Precious metal vault	-	471	617	108	66	16	1.278	1.322
Total	1.171	65.102	168.868	16.443	12.569	45.472	4.555	314.180
Grand total	1.322	167.875	1.125.852	111.086	151.386	63.689	1.625.765	2.065.973

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	18.237.939	22.782.904
Gain from capital market transactions	300.844	60.882
Derivative financial transaction gains	6.292.147	8.970.985
Foreign exchange gains	11.644.948	13.751.037
Loss(-)	(18.123.464)	(22.859.759)
Loss from capital market transactions	(37.223)	(6.709)
Derivative financial transaction losses	(5.853.131)	(9.648.609)
Foreign exchange loss	(12.233.110)	(13.204.441)
Net gain/loss	114.475	(76.855)

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 700.451 (June 30, 2012 - TL 428.494 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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	522.410	329.369
III. Group loans and receivables	9.178	19.711
IV. Group loans and receivables	68.070	106.290
V. Group loans and receivables	445.162	203.368
General provision expenses	100.602	197.392
Provision expense for possible risks	17.740	14.492
Marketable securities impairment expenses ⁽¹⁾	24.336	1.722
Financial assets at fair value through profit or loss	884	-
Available-for-sale financial assets	23.452	1.722
Impairment of investments in associates, subsidiaries and held-to-maturity securities	14.421	9.020
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments ⁽¹⁾	14.421	9.020
Other	37.825	794
Total	717.334	552.789

(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	682.508	626.672
Reserve for employee termination benefits	2.021	7.209
Provision expense for pension fund	24.885	21.700
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	82.856	79.007
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	38.065	32.008
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	125	110
Depreciation expenses of assets held for resale	2.226	1.971
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	542.303	460.726
Operational lease expenses	81.234	72.141
Repair and maintenance expenses	29.482	24.073
Advertising expenses	53.169	39.995
Other expense	378.418	324.517
Loss on sales of assets	146	31
Other	300.360	267.790
Total	1.675.495	1.497.224

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 June 30, 2013, the Group has current tax expense amounting to TL 148.544 (June 30, 2012 - TL 346.671) and deferred tax expense amounting to TL 191.078 (June 30, 2012 - TL 89.913 deferred tax expense).

For June 30 2013 the Group has current tax expense amounting to TL 8.993 related to discontinued operations (June 30, 2012 – TL 10.757) and the group has deferred tax expense amounting to TL 1.013 (June 30, 2012 – TL 1.210).

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	2.707	5.074

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

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 period reports.

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

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 period reports.

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

None.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 Group's risk group ^{(1) (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
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	62.873	9.008	279.235	222.649	941.995	1.472.781
Interest and commission income received	1.416	14	1.969	1.041	28.864	5.480

(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 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	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	15.079	2.053	426.591	230.061	693.445	723.808
Balance at the end of the period	35.480	2.559	361.814	403.915	777.335	937.437
Interest and commission income received ⁽³⁾	589	13	7.017	1.170	34.756	8.541

(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 6 months period ended June 30, 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	73.977	15.788	11.789.116	8.646.705	6.361.115	8.339.879
Interest expense on deposits ⁽³⁾	706	203	201.726	170.151	150.149	101.217

(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 6 months period ended June 30, 2012.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 ⁽⁴⁾	-	-	300.627	216.174	432.403	97.206
End of the period ⁽⁴⁾	-	-	403.609	300.627	568.557	432.403
Total profit / loss⁽⁴⁾	7.211	(93.723)	(30)	(579)	(5.120)	77.262
Transactions for hedging purposes ⁽²⁾						
Beginning of the period ⁽⁴⁾	-	-	-	-	-	-
End of the period ⁽⁴⁾	-	-	-	-	-	-
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 6 months period ended June 30, 2012.

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

Salaries and benefits paid to the Group's top management amount to TL 26.508 as of June 30, 2013 (June 30, 2012 - TL 21.954).

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

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 period reports.

X. Explanations and notes related to subsequent events

- 1) The Parent Bank obtained two tranches securitization borrowing through diversified payment rights program for EUR 115m and USD 355m equivalent of total of USD 505m with 5 and 13 years of maturities, respectively.
- 2) In the public announcement dated July 16, 2013 on behalf of Allianz SE, it was announced that in accordance with the Communiqué on Principles Regarding the Collection of Shares (Serial: IV, No:44), an obligation emerged for Allianz SE to make a mandatory tender offer for the remaining shares of Yapı Kredi Sigorta A.Ş., a mandatory call to CMB was made on July 22, 2013.

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements June 30, 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 June 30, 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 review report dated August 1, 2013 is presented preceding the consolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.