

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced unconsolidated financial statements and related disclosures at December 31, 2011 together with independent auditor's report**

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

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

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

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 2011, and the related unconsolidated income statement, unconsolidated statement of income and expense items accounted under shareholders' equity, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

*Auditor's responsibility:*

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

*Independent auditor's opinion:*

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Yapı ve Kredi Bankası A.Ş. as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

*Additional paragraph for convenience translation to English:*

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No: 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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

Selim Elhedef  
Partner, SMMM

Istanbul, February 23, 2012

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

**The unconsolidated financial report of  
Yapı ve Kredi Bankası A.Ş. as of December 31, 2011**

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The unconsolidated financial report includes the following sections in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" as sanctioned by the Banking Regulation and Supervision Agency.

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

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

**Mustafa V. KOÇ**  
Chairman of the  
Board of Directors

**H. Faik AÇIKALIN**  
Chief Executive Officer

**Marco CRAVARIO**  
Chief Financial  
Officer

**M. Gökmen UÇAR**  
Financial Reporting  
and Accounting  
Executive Vice  
President

**Gianni F. G. PAPA**  
President of Audit  
Committee

**Francesco GIORDANO**  
Member of Audit  
Committee

**Füsun Akkal BOZOK**  
Member of Audit  
Committee

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

**Name-Surname / Title** : Aysel TAKTAK / Regulatory Reporting Manager  
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**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Section one**

**General information about the Bank**

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

Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi"), 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 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 Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted in London Stock Exchange. As of December 31, 2011, 18,20% of the shares of the Bank are publicly traded (December 31, 2010: 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCI") 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 UCI over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from ISE and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger, the share transfer procedures in 2007 and capital increase by TL 920 million in 2008, KFS shares in the Bank increased to 81,80%.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**General information about the Bank (continued)**

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

As of December 31, 2011, the Bank's Board of Directors, Members of the Audit Committee and General Manager and Assistant General Managers are as follows:

Board of Directors Members:

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

General Manager and Assistant General Managers:

<b>Name</b>	<b>Responsibility</b>
H. Faik AÇIKALIN	General Manager
Carlo VIVALDI	Deputy General Manager
Mehmet Güray ALPKAYA	Asst.Gen.Man./ Corporate Sales Management
Marco CRAVARIO	Asst.Gen.Man./ Financial Planning and Administration Management
Yakup DOĞAN	Asst.Gen.Man./ Alternative Distribution Channels
Mehmet Murat ERMERT	Asst.Gen.Man./ Corporate Communication Management
Mert GÜVENEN	Asst.Gen.Man./ Corporate and Commercial Banking Management
Süleyman Cihangir KAVUNCU	Asst.Gen.Man./ Human Resources and Organization Management
Mert ÖNCÜ	Asst.Gen.Man./ Treasury Management
Mehmet Erkan ÖZDEMİR	Asst.Gen.Man. - (Compliance Officer) / Compliance Office
Stefano PERAZZINI	Asst.Gen.Man. - (Chief Audit Executive) / Internal Audit
Yüksel RİZELİ	Asst.Gen.Man./ Information Systems and Operation Management
Cemal Aybars SANAL	Asst.Gen.Man./ Legal Activities Management
Wolfgang SCHILK	Asst.Gen.Man./ Risk Management
Zeynep Nazan SOMER	Asst.Gen.Man./ Retail Banking Management
Feza TAN	Asst.Gen.Man./ Corporate and Commercial Credit Management
Selim Hakkı TEZEL	Asst.Gen.Man./ Consumer and SME Credit Management
Mert YAZICIOĞLU	Asst.Gen.Man./ Private Banking and Asset Management

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**General information about the Bank (continued)**

Audit Committee Members:

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

Statutory Auditors:

<b>Name</b>	<b>Responsibility</b>
Abdullah GEÇER	Auditor
Adil G. ÖZTOPRAK	Auditor

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

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

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

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

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

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

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

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

As of December 31, 2011, the Bank has 906 branches operating in Turkey and 1 branch in off-shore region (December 31, 2010 - 867 branches operating in Turkey, 1 branch in off-shore region). As of December 31, 2011, the Bank has 14.859 employees (December 31, 2010 - 14.411 employees).



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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at December 31, 2011 and 2010

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

#### Section two Unconsolidated financial statements

##### I. Balance sheet

		(31/12/2011)			(31/12/2010)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	<b>I-a</b>	<b>4.652.286</b>	<b>5.082.419</b>	<b>9.734.705</b>	<b>2.558.309</b>	<b>3.345.174</b>	<b>5.903.483</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	<b>I-b</b>	<b>346.723</b>	<b>100.799</b>	<b>447.522</b>	<b>777.810</b>	<b>104.311</b>	<b>882.121</b>
2.1 Trading financial assets		346.723	100.799	447.522	777.810	104.311	882.121
2.1.1 Government debt securities		139.501	27.459	166.960	159.875	60.999	220.874
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		207.222	70.694	277.916	617.935	43.112	661.047
2.1.4 Other marketable securities		-	2.646	2.646	-	200	200
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	<b>I-c</b>	<b>133.164</b>	<b>1.680.515</b>	<b>1.813.679</b>	<b>69.745</b>	<b>994.796</b>	<b>1.064.541</b>
<b>IV. Money markets</b>		<b>2.101.360</b>	<b>36.835</b>	<b>2.138.195</b>	<b>949.427</b>	-	<b>949.427</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	36.835	36.835	-	-	-
4.3 Receivables from reverse repurchase agreements		2.101.360	-	2.101.360	949.427	-	949.427
<b>V. Financial assets available-for-sale (net)</b>	<b>I-d</b>	<b>5.990.836</b>	<b>1.065.625</b>	<b>7.056.461</b>	<b>4.086.092</b>	<b>847.152</b>	<b>4.933.244</b>
5.1 Share certificates		3.912	186	4.098	2.903	156	3.059
5.2 Government debt securities		4.588.785	741.454	5.330.239	3.027.506	541.549	3.569.055
5.3 Other marketable securities		1.398.139	323.985	1.722.124	1.055.683	305.447	1.361.130
<b>VI. Loans and receivables</b>	<b>I-e</b>	<b>44.738.510</b>	<b>23.041.301</b>	<b>67.779.811</b>	<b>34.574.736</b>	<b>18.040.424</b>	<b>52.615.160</b>
6.1 Loans and receivables		44.170.083	22.874.788	67.044.871	34.180.130	18.008.809	52.188.939
6.1.1 Loans to bank's risk group		372.793	853.334	1.226.127	722.352	284.021	1.006.373
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		43.797.290	22.021.454	65.818.744	33.457.778	17.724.788	51.182.566
6.2 Loans under follow-up		1.835.600	244.313	2.079.913	1.766.342	94.322	1.860.664
6.3 Specific provisions (-)		(1.267.173)	(77.800)	(1.344.973)	(1.371.736)	(62.707)	(1.434.443)
<b>VII. Factoring receivables</b>		-	-	-	-	-	-
<b>VIII. Held-to-maturity investments (net)</b>	<b>I-f</b>	<b>3.428.099</b>	<b>9.109.326</b>	<b>12.537.425</b>	<b>5.245.468</b>	<b>7.285.189</b>	<b>12.530.657</b>
8.1 Government debt securities		3.428.099	9.109.326	12.537.425	5.245.468	7.285.189	12.530.657
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. Investments in associates (net)</b>	<b>I-g</b>	<b>4.503</b>	<b>43.404</b>	<b>47.907</b>	<b>3.940</b>	<b>43.404</b>	<b>47.344</b>
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	43.404	47.907	3.940	43.404	47.344
9.2.1 Investments in financial associates		4.503	43.404	47.907	3.940	43.404	47.344
9.2.2 Investments in non-financial associates		-	-	-	-	-	-
<b>X. Subsidiaries (net)</b>	<b>I-h</b>	<b>1.392.800</b>	<b>408.423</b>	<b>1.801.223</b>	<b>1.392.800</b>	<b>397.041</b>	<b>1.789.841</b>
10.1 Unconsolidated financial subsidiaries		1.390.500	408.423	1.798.923	1.390.500	397.041	1.787.541
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	<b>I-i</b>	<b>19.623</b>	-	<b>19.623</b>	<b>24.592</b>	-	<b>24.592</b>
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		19.623	-	19.623	24.592	-	24.592
11.2.1 Financial joint ventures		19.623	-	19.623	24.592	-	24.592
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Lease receivables</b>	<b>I-j</b>	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. Derivative financial assets held for hedging</b>	<b>I-k</b>	<b>376.973</b>	<b>362</b>	<b>377.335</b>	<b>34.463</b>	<b>3.738</b>	<b>38.201</b>
13.1 Fair value hedge		369.747	-	369.747	34.463	-	34.463
13.2 Cash flow hedge		7.226	362	7.588	-	3.738	3.738
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>	<b>I-l</b>	<b>1.009.450</b>	-	<b>1.009.450</b>	<b>1.104.973</b>	-	<b>1.104.973</b>
<b>XV. Intangible assets (net)</b>	<b>I-m</b>	<b>1.261.854</b>	-	<b>1.261.854</b>	<b>1.229.401</b>	-	<b>1,229,401</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		282.361	-	282.361	249.908	-	249.908
<b>XVI. Investment property (net)</b>	<b>I-n</b>	-	-	-	-	-	-
<b>XVII. Tax asset</b>		<b>236.753</b>	-	<b>236.753</b>	<b>215.964</b>	-	<b>215.964</b>
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		236.753	-	236.753	215.964	-	215.964
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	<b>I-p</b>	<b>100.396</b>	-	<b>100.396</b>	<b>79.377</b>	-	<b>79.377</b>
18.1 Held for sale purposes		100.396	-	100.396	79.377	-	79.377
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	<b>I-r</b>	<b>540.932</b>	<b>1.199.706</b>	<b>1.740.638</b>	<b>546.620</b>	<b>821.200</b>	<b>1.367.820</b>
<b>Total assets</b>		<b>66.334.262</b>	<b>41.768.715</b>	<b>108.102.977</b>	<b>52.893.717</b>	<b>31.882.429</b>	<b>84.776.146</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at December 31, 2011 and 2010

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

#### I. Balance sheet

		(31/12/2011)			(31/12/2010)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	<b>II-a</b>	<b>35.036.377</b>	<b>28.481.007</b>	<b>63.517.384</b>	<b>32.345.382</b>	<b>20.379.150</b>	<b>52.724.532</b>
1.1 Deposits of the Bank's risk group		3.653.673	3.662.205	7.315.878	4.096.117	2.753.585	6.849.702
1.2 Other		31.382.704	24.818.802	56.201.506	28.249.265	17.625.565	45.874.830
<b>II. Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>392.517</b>	<b>78.773</b>	<b>471.290</b>	<b>290.361</b>	<b>42.773</b>	<b>333.134</b>
<b>III. Funds borrowed</b>	<b>II-c</b>	<b>758.034</b>	<b>12.964.666</b>	<b>13.722.700</b>	<b>967.174</b>	<b>7.405.771</b>	<b>8.372.945</b>
<b>IV. Money markets</b>		<b>903.756</b>	<b>5.013.930</b>	<b>5.917.686</b>	<b>44.350</b>	<b>2.915.611</b>	<b>2.959.961</b>
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		903.756	5.013.930	5.917.686	44.350	2.915.611	2.959.961
<b>V. Marketable securities issued (net)</b>	<b>II-d</b>	<b>1.096.306</b>	<b>-</b>	<b>1.096.306</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1 Bills		951.956	-	951.956	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		144.350	-	144.350	-	-	-
<b>VI. Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		<b>3.806.098</b>	<b>601.709</b>	<b>4.407.807</b>	<b>3.261.858</b>	<b>677.040</b>	<b>3.938.898</b>
<b>VIII. Other liabilities</b>	<b>II-e</b>	<b>726.204</b>	<b>823.955</b>	<b>1.550.159</b>	<b>699.659</b>	<b>314.021</b>	<b>1.013.680</b>
<b>IX. Factoring payables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. Lease payables (net)</b>	<b>II-f</b>	<b>-</b>	<b>28.597</b>	<b>28.597</b>	<b>-</b>	<b>16.044</b>	<b>16.044</b>
10.1 Financial lease payables		-	29.745	29.745	-	16.430	16.430
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		-	(1.148)	(1.148)	-	(386)	(386)
<b>XI. Derivative financial liabilities held for hedging</b>	<b>II-g</b>	<b>62.652</b>	<b>440.189</b>	<b>502.841</b>	<b>352.025</b>	<b>101.638</b>	<b>453.663</b>
11.1 Fair value hedge		18.959	-	18.959	313.917	-	313.917
11.2 Cash flow hedge		43.693	440.189	483.882	38.108	101.638	139.746
11.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XII. Provisions</b>	<b>II-h</b>	<b>1.970.870</b>	<b>436.151</b>	<b>2.407.021</b>	<b>1.904.100</b>	<b>375.417</b>	<b>2.279.517</b>
12.1 General loan loss provision		669.793	372.211	1.042.004	521.573	298.726	820.299
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		183.428	-	183.428	162.205	-	162.205
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.117.649	63.940	1.181.589	1.220.322	76.691	1.297.013
<b>XIII. Tax liability</b>	<b>II-i</b>	<b>257.184</b>	<b>-</b>	<b>257.184</b>	<b>255.798</b>	<b>-</b>	<b>255.798</b>
13.1 Current tax liability		257.184	-	257.184	255.798	-	255.798
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	<b>II-j</b>	<b>-</b>	<b>2.523.816</b>	<b>2.523.816</b>	<b>-</b>	<b>2.110.274</b>	<b>2.110.274</b>
<b>XVI. Shareholders' equity</b>	<b>II-k</b>	<b>12.048.409</b>	<b>(348.223)</b>	<b>11.700.186</b>	<b>10.325.912</b>	<b>(8.212)</b>	<b>10.317.700</b>
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		646.771	(348.223)	298.548	716.069	(8.212)	707.857
16.2.1 Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences	II-k	(127.548)	44.104	(83.444)	101.047	84.026	185.073
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)		83.797	(392.327)	(308.530)	(9.590)	(92.238)	(101.828)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		146.641	-	146.641	80.731	-	80.731
16.3 Profit reserves		5.197.101	-	5.197.101	3.202.502	-	3.202.502
16.3.1 Legal reserves		266.973	-	266.973	163.959	-	163.959
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		4.930.128	-	4.930.128	3.038.543	-	3.038.543
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Income or (loss)		1.857.486	-	1.857.486	2.060.290	-	2.060.290
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1.857.486	-	1.857.486	2.060.290	-	2.060.290
<b>Total liabilities and shareholders' equity</b>		<b>57.058.407</b>	<b>51.044.570</b>	<b>108.102.977</b>	<b>50.446.619</b>	<b>34.329.527</b>	<b>84.776.146</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at December 31, 2011 and 2010

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

#### II. Off-balance sheet commitments

		(31/12/2011)			(31/12/2010)		
	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>A</b>	<b>Off-balance sheet commitments (I+II+III)</b>	<b>81.037.541</b>	<b>109.504.366</b>	<b>190.541.907</b>	<b>46.765.703</b>	<b>54.018.284</b>	<b>100.783.987</b>
<b>I</b>	<b>Guarantees and warranties</b>	<b>10.695.351</b>	<b>15.439.788</b>	<b>26.135.139</b>	<b>7.798.057</b>	<b>11.665.319</b>	<b>19.463.376</b>
1.1	Letters of guarantee	9.943.523	8.754.339	18.697.862	7.780.045	7.030.946	14.810.991
1.1.1	Guarantees subject to state tender law	502.263	628.039	1.130.302	510.007	596.097	1.106.104
1.1.2	Guarantees given for foreign trade operations	1.105.998	8.126.300	9.232.298	840.037	6.434.849	7.274.886
1.1.3	Other letters of guarantee	8.335.262	-	8.335.262	6.430.001	-	6.430.001
1.2	Bank acceptances	-	158.915	158.915	-	165.797	165.797
1.2.1	Import letter of acceptance	-	158.915	158.915	-	165.797	165.797
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	13.687	4.872.778	4.886.465	12.337	3.894.831	3.907.168
1.3.1	Documentary letters of credit	13.687	4.872.778	4.886.465	12.337	3.894.831	3.907.168
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	143	2.519	2.662	143	2.062	2.205
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	737.998	614.488	1.352.486	5.532	269.072	274.604
1.9	Other warranties	-	1.036.749	1.036.749	-	-	302.611
<b>II</b>	<b>Commitments</b>	<b>50.502.978</b>	<b>30.333.764</b>	<b>80.836.742</b>	<b>19.805.392</b>	<b>2.750.840</b>	<b>22.556.232</b>
2.1	Irrevocable commitments	23.716.890	6.829.040	30.545.930	19.805.392	2.750.840	22.556.232
2.1.1	Asset purchase and sale commitments	42.700	6.067.378	6.110.078	-	2.544.040	2.544.040
2.1.2	Deposit purchase and sales commitments	1.692	301	1.993	44	9.797	9.841
2.1.3	Share capital commitments to associates and subsidiaries	1.000	-	1.000	2.000	-	2.000
2.1.4	Loan granting commitments	4.345.796	761.300	5.107.096	3.070.259	186.250	3.256.509
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	4.220.740	-	4.220.740	3.653.626	-	3.653.626
2.1.8	Tax and fund liabilities from export commitments	37.251	-	37.251	39.486	-	39.486
2.1.9	Commitments for credit card limits	13.666.113	-	13.666.113	11.706.172	-	11.706.172
2.1.10	Commitments for credit cards and banking services promotions	-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	1.401.598	61	1.401.659	1.333.805	10.753	1.344.558
2.2	Revocable commitments	26.786.088	23.504.724	50.290.812	-	-	-
2.2.1	Revocable loan granting commitments	26.786.088	23.504.724	50.290.812	-	-	-
2.2.2	Other revocable commitments	-	-	-	-	-	-
<b>III</b>	<b>Derivative financial instruments</b>	<b>19.839.212</b>	<b>63.730.814</b>	<b>83.570.026</b>	<b>19.162.254</b>	<b>39.602.125</b>	<b>58.764.379</b>
3.1	Derivative financial instruments for hedging purposes	9.094.408	29.549.643	38.644.051	3.446.632	9.397.626	12.844.258
3.1.1	Transactions for fair value hedge	2.782.808	3.424.046	6.206.854	2.106.632	2.210.606	4.317.238
3.1.2	Transactions for cash flow hedge	6.311.600	26.125.597	32.437.197	1.340.000	7.187.020	8.527.020
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	10.744.804	34.181.171	44.925.975	15.715.622	30.204.499	45.920.121
3.2.1	Forward foreign currency buy/sell transactions	4.145.190	7.055.471	11.200.661	2.332.158	3.667.734	5.999.892
3.2.1.1	Forward foreign currency transactions-buy	1.122.701	4.479.466	5.602.167	639.241	2.347.493	2.986.734
3.2.1.2	Forward foreign currency transactions-sell	3.022.489	2.576.005	5.598.494	1.692.917	1.320.241	3.013.158
3.2.2	Swap transactions related to foreign currency and interest rates	2.612.272	18.913.481	21.525.753	7.923.100	20.304.304	28.227.404
3.2.2.1	Foreign currency swap-buy	1.507.063	7.142.973	8.650.036	5.869.467	7.007.043	12.876.510
3.2.2.2	Foreign currency swap-sell	1.105.209	7.778.806	8.884.015	1.853.633	10.479.439	12.333.072
3.2.2.3	Interest rate swap-buy	-	1.995.851	1.995.851	100.000	1.408.911	1.508.911
3.2.2.4	Interest rate swap-sell	-	1.995.851	1.995.851	100.000	1.408.911	1.508.911
3.2.3	Foreign currency, interest rate and securities options	3.280.342	7.445.145	10.725.487	4.910.363	5.878.631	10.798.994
3.2.3.1	Foreign currency options-buy	1.184.157	1.911.435	3.095.592	2.205.493	2.995.626	5.201.319
3.2.3.2	Foreign currency options-sell	1.564.547	1.508.634	3.073.181	2.399.726	2.815.730	5.215.456
3.2.3.3	Interest rate options-buy	262.350	2.348.516	2.610.866	-	-	-
3.2.3.4	Interest rate options-sell	187.350	1.660.906	1.848.256	-	-	-
3.2.3.5	Securities options-buy	40.969	-	40.969	152.572	67.075	219.647
3.2.3.6	Securities options-sell	40.969	15.654	56.623	152.572	-	152.572
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	-	-	-	1	-	1
3.2.5.1	Interest rate futures-buy	-	-	-	1	-	1
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	707.000	767.074	1.474.074	550.000	353.830	903.830
<b>B</b>	<b>Custody and pledges received (IV+V+VI)</b>	<b>101.200.873</b>	<b>27.592.127</b>	<b>128.793.000</b>	<b>99.965.963</b>	<b>20.279.816</b>	<b>120.245.779</b>
<b>IV</b>	<b>Items held in custody</b>	<b>47.517.660</b>	<b>4.271.501</b>	<b>51.789.161</b>	<b>58.791.500</b>	<b>3.686.984</b>	<b>62.478.484</b>
4.1	Customer fund and portfolio balances	-	122	122	-	102	102
4.2	Investment securities held in custody	36.521.544	3.581.191	40.102.735	50.473.276	3.243.930	53.717.206
4.3	Checks received for collection	8.660.022	89.243	8.749.265	6.607.943	58.497	6.666.440
4.4	Commercial notes received for collection	2.330.866	575.964	2.906.830	1.707.506	363.578	2.071.084
4.5	Other assets received for collection	-	24.981	24.981	-	20.877	20.877
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	5.228	-	5.228	2.775	-	2.775
4.8	Custodians	-	-	-	-	-	-
<b>V</b>	<b>Pledges received</b>	<b>52.561.567</b>	<b>22.673.972</b>	<b>75.235.539</b>	<b>40.304.331</b>	<b>15.999.918</b>	<b>56.304.249</b>
5.1	Marketable securities	207.970	204	208.174	281.601	167	281.768
5.2	Guarantee notes	560.893	442.768	1.003.661	433.773	380.268	814.041
5.3	Commodity	38.944	-	38.944	58.680	-	58.680
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	36.292.482	16.967.526	53.260.008	27.491.727	11.473.952	38.965.679
5.6	Other pledged items	15.461.278	5.260.128	20.721.406	12.038.550	4.142.785	16.181.335
5.7	Pledged items-depository	-	3.346	3.346	-	2.746	2.746
<b>VI</b>	<b>Accepted independent guarantees and warranties</b>	<b>1.121.646</b>	<b>646.654</b>	<b>1.768.300</b>	<b>870.132</b>	<b>592.914</b>	<b>1.463.046</b>
<b>Total off-balance sheet commitments (A+B)</b>		<b>182.238.414</b>	<b>137.096.493</b>	<b>319.334.907</b>	<b>146.731.666</b>	<b>74.298.100</b>	<b>221.029.766</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at December 31, 2011 and 2010

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

#### III. Income statement

Income and expense items		Note (Section Five)	01/01- 31/12/2011	01/01- 31/12/2010
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>7.155.567</b>	<b>5.821.799</b>
1.1	Interest on loans	IV-a-1	5.605.263	4.547.180
1.2	Interest received from reserve deposits		-	58.035
1.3	Interest received from banks	IV-a-2	28.820	27.555
1.4	Interest received from money market transactions		31.585	44.588
1.5	Interest received from marketable securities portfolio	IV-a-3	1.488.199	1.143.270
1.5.1	Trading financial assets		21.637	12.671
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		552.054	214.041
1.5.4	Held to maturity investments		914.508	916.558
1.6	Financial lease income		-	-
1.7	Other interest income		1.700	1.171
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(3.845.460)</b>	<b>(2.622.197)</b>
2.1	Interest on deposits	IV-b-4	(3.065.998)	(2.276.496)
2.2	Interest on funds borrowed	IV-b-1	(447.192)	(291.336)
2.3	Interest expense on money market transactions		(260.696)	(42.988)
2.4	Interest on securities issued	IV-b-3	(48.236)	-
2.5	Other interest expenses		(23.338)	(11.377)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>3.310.107</b>	<b>3.199.602</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>1.826.778</b>	<b>1.596.238</b>
4.1	Fees and commissions received		2.157.003	1.852.003
4.1.1	Non-cash loans		223.425	198.792
4.1.2	Other	IV-l	1.933.578	1.653.211
4.2	Fees and commissions paid		(330.225)	(255.765)
4.2.1	Non-cash loans		(418)	(215)
4.2.2	Other		(329.807)	(255.550)
<b>V.</b>	<b>Dividend income</b>	<b>IV-c</b>	<b>128.203</b>	<b>155.181</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-d</b>	<b>(254.708)</b>	<b>(66.638)</b>
6.1	Trading gains/(losses) on securities		29.035	72.385
6.2	Derivative financial transactions gains/(losses)	IV-e	(498.485)	(536.264)
6.3	Foreign exchange gains/(losses)		214.742	397.241
<b>VII.</b>	<b>Other operating income</b>	<b>IV-f</b>	<b>811.393</b>	<b>1.206.858</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>5.821.773</b>	<b>6.091.241</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-g</b>	<b>(776.222)</b>	<b>(1.082.958)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-h</b>	<b>(2.690.486)</b>	<b>(2.488.515)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>2.355.065</b>	<b>2.519.768</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		-	-
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-i</b>	<b>2.355.065</b>	<b>2.519.768</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>	<b>IV-j</b>	<b>(497.579)</b>	<b>(459.478)</b>
16.1	Current tax provision		(420.569)	(461.928)
16.2	Deferred tax provision		(77.010)	2.450
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>1.857.486</b>	<b>2.060.290</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-k</b>	<b>1.857.486</b>	<b>2.060.290</b>
	Earnings/(loss) per share (full TL)		0,0043	0,0047

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Unconsolidated financial statements at December 31, 2011 and 2010**

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

**IV. Statement of income and expense items accounted under shareholders’ equity**

<b>Income and expense items accounted under shareholders’ equity</b>		<b>(31/12/2011)</b>	<b>(31/12/2010)</b>
<b>I.</b>	<b>Transfers to marketable securities valuation differences from financial assets available for sale</b>	<b>(333.283)</b>	<b>112.575</b>
<b>II.</b>	<b>Property and equipment revaluation differences</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>Intangible assets revaluation differences</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>Currency translation differences for foreign currency transactions</b>	<b>(1.821)</b>	<b>2.300</b>
<b>V.</b>	<b>Profit /loss on cash flow hedges (effective part of the fair value changes)</b>	<b>(237.914)</b>	<b>(127.285)</b>
<b>VI.</b>	<b>Profit/loss on foreign net investment hedges (effective part of the fair value changes)</b>	<b>-</b>	<b>-</b>
<b>VII.</b>	<b>Effects of changes in accounting policy and adjustment of errors</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>Other income and expense items accounted under shareholders’ equity according to TAS</b>	<b>219</b>	<b>609</b>
<b>IX.</b>	<b>Deferred tax on valuation differences</b>	<b>97.799</b>	<b>1.844</b>
<b>X.</b>	<b>Net profit or loss accounted directly under shareholders’ equity (I+II+...+IX)</b>	<b>(475.000)</b>	<b>(9.957)</b>
<b>XI.</b>	<b>Current year profit/loss</b>	<b>1.857.486</b>	<b>2.060.290</b>
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	3.842	3.837
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(185.994)	(65.061)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	2.039.638	2.121.514
<b>XII.</b>	<b>Total income/loss accounted for the period (X+XI)</b>	<b>1.382.486</b>	<b>2.050.333</b>

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated statement of changes in shareholders' equity at December 31, 2010

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

#### V. Statement of changes in shareholders' equity

December 31, 2010		Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I.	Period opening balance		4.347.051	-	543.881	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367
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	-	96.220	-	1.769.658	61.969	1.354.777	-	93.811	-	-	-	-	8.267.367
	Changes in the period																	
IV.	Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	88.962	-	-	-	-	88.962
VI.	Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
6.1	Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(101.828)	-	(101.828)
6.2	Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	2.300	-	-	-	-	2.300
XI.	Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	609	-	-	-	-	-	-	-	609
XIX.	Current year income or loss		-	-	-	-	-	-	-	-	2.060.290	-	-	-	-	-	-	2.060.290
XX.	Profit distribution		-	-	-	67.739	-	1.268.885	18.153	(1.354.777)	-	-	-	-	-	-	-	-
20.1	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	67.739	-	1.268.885	18.153	(1.354.777)	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period end balance (III+.....+ XVIII +XIX+XX)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated statement of changes in shareholders' equity at December 31, 2011

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

#### V. Statement of changes in shareholders' equity

December 31, 2011	Note (Section Five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I. Prior period end balance		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700
Changes in the period																	
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(283.431)	-	-	-	-	(283.431)
IV. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)
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		-	-	-	-	-	-	-	-	-	-	14.914	-	-	(16.371)	-	(1.457)
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219
XVII. Current year income or loss		-	-	-	-	-	-	-	-	1.857.486	-	-	-	-	-	-	1.857.486
XVIII. Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.060.290)	-	-	-	-	-	-	-
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.060.290)	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (I+II+III+.....+XVI+XVII+XVIII)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	(83.444)	-	-	(308.530)	-	11.700.186

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at December 31, 2011 and 2010

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

#### VI. Statement of cash flows

	Notes (Section Five)	(31/12/2011)	(31/12/2010)
<b>A. Cash flows from banking operations</b>			
1.1		1.105.225	2.907.758
1.1.1		6.814.470	5.613.307
1.1.2		(3.620.844)	(2.575.118)
1.1.3		116.258	147.288
1.1.4		2.162.613	1.852.266
1.1.5		(521.815)	(1.314.084)
1.1.6		1.335.062	1.585.034
1.1.7		(2.317.066)	(1.981.751)
1.1.8		(541.753)	(497.250)
1.1.9	VI-c	(2.321.700)	78.066
1.2		2.009.883	744.634
1.2.1		51.277	(1.012)
1.2.2		-	-
1.2.3		(958.160)	(268.061)
1.2.4		(16.078.971)	(15.572.930)
1.2.5		(335.031)	(435.495)
1.2.6		(346.273)	311.503
1.2.7		11.030.865	11.550.344
1.2.8		7.188.602	4.134.822
1.2.9		-	-
1.2.10	VI-c	1.457.574	1.025.463
<b>I.</b>		<b>3.115.108</b>	<b>3.652.392</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>			
		<b>(847.120)</b>	<b>(4.002.480)</b>
2.1		-	-
2.2		-	-
2.3		(225.330)	(220.922)
2.4		185.795	35.310
2.5		(4.034.646)	(7.050.034)
2.6		1.586.128	3.666.869
2.7		(545.066)	(3.002.737)
2.8		2.185.999	2.569.034
2.9		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>			
		<b>2.076.992</b>	<b>902.004</b>
3.1		6.340.216	3.222.407
3.2		(4.203.302)	(2.285.645)
3.3		-	-
3.4		-	-
3.5		(59.922)	(34.758)
3.6		-	-
<b>IV.</b>	VI-c	<b>469.043</b>	<b>(43.319)</b>
<b>V.</b>		<b>4.814.023</b>	<b>508.597</b>
<b>VI.</b>	VI-a	<b>4.966.401</b>	<b>4.457.804</b>
<b>VII.</b>	VI-a	<b>9.780.424</b>	<b>4.966.401</b>

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



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

## Yapı ve Kredi Bankası A.Ş.

### Profit appropriation statements at December 31, 2011 and 2010

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

#### VII. Profit appropriation statement <sup>(1)</sup>

	(31/12/2011)	(31/12/2010)
<b>I. Distribution of current year income</b>		
1.1 Current year income	2.355.065	2.519.768
1.2 Taxes and duties payable (-)	(497.579)	(459.478)
1.2.1 Corporate tax (income tax)	(420.569)	(461.928)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(77.010)	2.450
<b>A. Net income for the year (1.1-1.2)</b>	<b>1.857.486</b>	<b>2.060.290</b>
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(103.014)
1.5 Other statutory reserves (-)	-	-
<b>B. Net income available for distribution [(a)-(1.3+1.4+1.5)]</b>	<b>1.857.486</b>	<b>1.957.276</b>
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1.891.585
1.13 Other reserves	-	-
1.14 Special funds	-	65.691
<b>II. Distribution of reserves</b>	-	-
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
<b>III. Earnings per share</b>	-	-
3.1 To owners of ordinary shares	0,0043	0,0047
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
<b>IV. Dividend per share</b>	-	-
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

(1) Authorized body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet. Since the profit appropriation proposal for the year 2011 has not been prepared by the Board of Directors, only net profit related to the year 2011, which is base for the profit appropriation calculation, has been disclosed. The aforementioned amount also includes 75% of gains on sales of property and equipment, and share certificates amounting to TL 147.891 which are not going to be distributed and are going to be held in reserves according to the article 5/1-e of Corporate Tax Law No. 5520.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Section three**

**Explanations on accounting policies**

**I. Basis of presentation:**

The 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 unconsolidated 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 Turkish Accounting Standards Board ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated February 10, 2007.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments applied until December 31, 2004, except for the trading and available for sale financial assets, trading and hedging derivative financial assets and financial liabilities carried at fair value. 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 unconsolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities on the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 2010. TAS/TFRS changes (TFRIC 14 (Change) "Repayments of a Minimum Funding Instrument"; TAS 32 (Change), "Classification on Rights Issue"; TFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments; TAS 24, "Related Party Disclosures" Improvements to TFRS (Published in 2010)) (effective from January 1, 2011) do not have an effect on the Bank's accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXVII. below.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Explanations on accounting policies (continued)**

**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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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 Bank 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 Bank is deposits. The Bank 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 Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank 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 exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. Since the foreign currency investments and subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore no foreign exchange differences are realized. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

**III. Explanations on investments in associates, subsidiaries and joint ventures:**

Based on the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27"), Turkish Lira denominated investments in associates, subsidiaries and joint ventures are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if any.

Foreign currency denominated investments in associates and subsidiaries are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date and are reflected to the financial statements after deducting the provision for impairment, if any.

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

**Explanations on accounting policies (continued)**

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

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

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

The Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate swaps. The effective portion of the fair value changes of the hedging instruments within this context are recorded in "Hedging funds" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

Certain derivative transactions, even though they provide effective economic hedges under the Bank'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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**Explanations on accounting policies (continued)**

Options in the Bank's portfolio are valued on a daily basis. Parameters vary according to the type of option (barrier/digital etc.).

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 December 31, 2011, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

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

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

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

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

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

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**Explanations on accounting policies (continued)**

**VI. Explanations on fee and commission income and expenses:**

All fees and commission income/expenses are recognized on an accrual basis, certain commission income and fees from various banking services are recorded as income at the time of realization. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method. Contract-based fees or fees received in return for services like the purchase and sale of assets on behalf of a third party are recognized as income at the time of collection.

**VII. Explanations on financial assets:**

The Bank 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 Bank 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 Bank. Settlement date accounting requires; (a) accounting for the financial asset when the asset is received and (b) accounting of disposal of the financial asset and recording the related profit and loss when the asset is delivered. The fair value changes of an asset to be acquired between the trade date and settlement date is accounted in the same manner as acquired assets.

**a. Financial assets at fair value through profit or loss:**

Financial assets, which are classified as "financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are 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.

**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.

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**Explanations on accounting policies (continued)**

In accordance with TAS 39, the sales or reclassifications to available for sale portfolio of financial assets that are insignificant or so close to maturity or the financial asset's call date will not result in tainting.

**c. Loans and receivables:**

Loans and receivables are non-derivative financial assets that are not quoted in a market or classified as held for trading at fair value through profit or loss or available for sale, and which have fixed or determinable payments. 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.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture. General provisions are determined in accordance with the "incurred loss" model taking into consideration the factors listed above and the principles of TAS 39. The parameters of the incurred loss model are reviewed regularly and the effects of the changes are reflected in the income statement accordingly. The general loan loss provision determined through this methodology is higher than the minimum amount required by the related regulations.

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.

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**Notes to unconsolidated financial statements at December 31, 2011**

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**Explanations on accounting policies (continued)**

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

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

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

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

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

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize 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 Bank 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 Bank 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.



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**Explanations on accounting policies (continued)**

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 Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

The Bank has no discontinued operations.

**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 recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, 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 recognized 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 amortization 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 amortization and the provision for impairment.

The Bank 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 Bank estimates the recoverable amount. The recoverable amount is the higher of net sales price or the value in use. When the book value of an other 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.

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**Explanations on accounting policies (continued)**

Intangibles are amortized 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 utilize 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%

**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. 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.

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 recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized 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.

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**Explanations on accounting policies (continued)**

**XIV. Explanations on leasing transactions:**

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

**Financial lease**

The Bank 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 recognized. The liabilities arising from financial leasing contracts are accounted under "financial lease payables". 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. The Bank does not perform financial leasing operations as "Lessor".

**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.

**XV. Explanations on provisions, contingent assets and liabilities:**

Provisions and contingent liabilities, except for the specific and general provisions recognized 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 recognized when the Bank 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 recognized in the period of occurrence in accordance with the "Matching principle". A provision is recognized 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.

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**Explanations on accounting policies (continued)**

**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 Bank 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 Bank determined by using certain actuarial assumptions.

**b. Pension rights**

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

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

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26372. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008 and came into force. 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 is 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.

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**Explanations on accounting policies (continued)**

A commission whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements 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 main opposition party has applied to the Constitutional Court at June 19, 2008 for cancellation of some articles and requested them to be ineffective until the case of abrogation is finalized. The Constitutional Court announced that it has rejected the cancellation request with the decision taken in the meeting dated March 30, 2011. The decision with reasoning is published in the Official Gazette No. 28156 dated December 28, 2011. The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law.

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

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

**XVII. Explanations on taxation:**

**a. Current tax:**

The corporate tax rate in Turkey is 20%. The corporate tax is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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.

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**Explanations on accounting policies (continued)**

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.

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.

**b. Deferred tax:**

The Bank 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 Bank calculates deferred tax on 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.

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.

**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.

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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Explanations on accounting policies (continued)**

**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" using the "effective interest method".

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

Also, the Bank has started to obtain funds by issuing bonds at the current period.

**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 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 December 31, 2011, the Bank received government grant from TÜBİTAK amounting to TL 828. (December 31, 2010 - TL 609).

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

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

**XXIII. Earnings per share:**

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Net Income/(loss) to be appropriated to ordinary shareholders	1.857.486	2.060.290
Weighted average number of issued ordinary shares (thousand)	434.705.128	434.705.128
<b>Earnings per share (disclosed in full TL)</b>	<b>0,0043</b>	<b>0,0047</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Explanations on accounting policies (continued)**

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

No bonus shares were issued during 2011 (December 31, 2010 - 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. Cash and cash equivalents:**

For the purposes of the cash flow statement, "Cash" includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include money market placements and time deposits at banks with original maturity periods of less than three months.

**XXVI. 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 XI. of Section Four.

**XXVII. Reclassifications:**

Reclassifications have been made on comparative figures as of December 31, 2010, to conform the changes in presentation in the December 31, 2011 financials.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Section four**

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

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

- a. The capital adequacy ratio of the Bank is 14,69% (December 31, 2010 - 16,14%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006 (together referred as "Regulation on Own Funds of Banks"). The following tables show the details of "Risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

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

	Risk weights <sup>(1)</sup>					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (net)</b>	<b>25.434.790</b>	<b>4.980.806</b>	<b>11.773.173</b>	<b>53.101.570</b>	<b>1.199.105</b>	<b>2.192.478</b>
Cash	1.428.135	171	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	5.281.746	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	1.585.001	-	224.364	-	-
Interbank money market placements	36.834	-	-	-	-	-
Receivables from reverse repurchase transactions	-	2.100.000	-	-	-	-
Reserve requirements	3.439.176	-	-	-	-	-
Loans	2.419.174	1.072.649	11.549.363	47.287.786	1.199.105	2.192.478
Non-performing receivables (net)	-	-	-	734.940	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	12.319.605	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	32.153	-	-
Miscellaneous receivables	-	194.959	-	680.080	-	-
Interest and income accruals	264.702	26.308	223.810	926.845	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.801.223	-	-
Fixed assets	-	-	-	1.015.964	-	-
Other assets	245.418	1.718	-	398.215	-	-
<b>Off-balance sheet items</b>	<b>875.728</b>	<b>5.343.930</b>	<b>531.741</b>	<b>17.630.015</b>	-	-
Non-cash loans and commitments	875.728	3.749.632	531.741	17.469.958	-	-
Derivative financial instruments	-	1.594.298	-	160.057	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets<sup>(2)</sup></b>	<b>26.310.518</b>	<b>10.324.736</b>	<b>12.304.914</b>	<b>70.731.585</b>	<b>1.199.105</b>	<b>2.192.478</b>

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

(2) Not weighted.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**d. Summary information about capital adequacy ratio:**

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Amount subject to credit risk (ASCR)	85.132.603	64.043.140
Amount subject to market risk (ASMR)	3.299.213	1.410.150
Amount subject to operational risk (ASOR)	8.842.703	7.806.018
<b>Shareholders' equity</b>	<b>14.294.439</b>	<b>11.820.819</b>
<b>Shareholders' equity /(ASCR+ASMR+ASOR) *100</b>	<b>14,69</b>	<b>16,14</b>

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Core capital</b>		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	266.973	163.959
First legal reserve (Turkish Commercial Code 466/1)	266.973	163.959
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	4.930.128	3.038.543
Reserves allocated by the general assembly	4.930.128	3.038.543
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	1.857.486	2.060.290
Current period net profit	1.857.486	2.060.290
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	135.719	114.906
Profit on disposal of associates, subsidiaries and immovables	146.641	80.731
Primary subordinated loans (up to 15% of core capital)	-	-
Portion of loss not covered with reserves (-)	-	-
Current period net loss	-	-
Prior periods loss	-	-
Leasehold improvements (-)	84.982	95.906
Prepaid expenses (-) <sup>(1)</sup>	-	121.397
Intangible assets (-)	1.261.854	1.229.401
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
<b>Total core capital</b>	<b>10.881.043</b>	<b>8.902.657</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

	December 31, 2011	December 31, 2010
<b>Supplementary capital</b>		
General provisions	1.042.004	820.299
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans <sup>(2)(3)</sup>	2.647.737	2.097.218
45% of marketable securities valuation differences	(83.444)	83.283
Investments in associates and subsidiaries	-	-
Available-for-sale financial assets	(83.444)	83.283
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)reserves, status reserves and extraordinary reserves)	-	-
<b>Total supplementary capital</b>	<b>3.606.297</b>	<b>3.000.800</b>
<b>Tier III capital</b>	-	-
<b>Capital</b>	<b>14.487.340</b>	<b>11.903.457</b>
<b>Deductions from the capital</b>	<b>192.901</b>	<b>82.638</b>
Investments in unconsolidated financial institutions (domestic, foreign) and banks in which 10% or more equity interest exist	67.530	71.936
Investments in financial institutions (domestic, foreign) and banks, in which less than 10% equity interest exist and that exceeds 10% or more of the total core and supplementary capital of the bank	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
Loans extended as contradictory to the articles 50 and 51of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	8.900	10.702
Other	116.471	-
<b>Total shareholders' equity</b>	<b>14.294.439</b>	<b>11.820.819</b>

- (1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No.27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.
- (2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.
- (3) According to the resolution of the Board of Directors of the Bank dated February 22, 2012, the Bank has signed a subordinated loan agreement with UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of five years, at an interest rate of 3 months LIBOR + 8,30%. The amount of TL 767.229, calculated after the deduction of the required items as described in "Banking Law" and "Regulation on Own Funds of Banks" from the available amount in the Bank's accounts for this agreement since December 28, 2011, has been utilised as secondary subordinated loan under supplementary capital in the calculation of the current period's capital adequacy ratio by the authorization of BRSA dated February 20, 2012 and numbered B.02.1.BDK.0.11.00.00.50.1-3685.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**II. Explanations on credit risk:**

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

Corporate and commercial loan customers are followed-up in the system with risk scores and relatively more risky customers are monitored.

In case of SME, the credit rating system are used in the SME loans rating approval authorization system and the amount of loan requested determine the authorization level. By this system, high graded clients are approved by lower authorization level while low graded clients are directed to the higher authorization levels for approval.

The Bank calculates the probability of default for the customers with its rating system for various types of customers. The rating concentrations of the corporate and commercial loans that are rated individually by the Bank's internal rating system are disclosed below:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Above average (1-4)	35,9%	31,2%
Average (5+ -6)	51,0%	47,9%
Below average (7+ -9)	13,1%	20,9%

- b. The Bank has control limits over the positions of forwards, options and similar agreements.
- c. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.
- d. In line with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provisions for these Loans and Other Receivables", if the cash risk of a customer is classified as non performing, the non-cash risk is classified as non performing under the same group where the cash risks were already followed and specific provision is reserved.

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

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

- e. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related countries and the evaluation of the creditworthiness of the customers and financial institutions and no material risks have been observed in scope of these operations.
- f. 1. The proportion of the Bank's top 100 cash loan balances in total cash loans is 21% (December 31, 2010 - 21%).
2. The proportion of the Bank's top 100 non-cash loan balances in total non-cash loans is 38% (December 31, 2010 - 40%).
3. The proportion of the Bank's cash and non-cash loan balances with the first 100 customers comprises of 20% of total cash loans and non-cash loans (December 31, 2010 - 20%).
- g. The Bank provided a general loan loss provision amounting to TL 1.042.004 (December 31, 2010 - TL 820.299).
- h. Loans concentration according to the type of borrowers:

	Loans granted to real persons and corporate entities		Loans granted to banks and other financial institutions		Marketable securities <sup>(1)</sup>		Other loans <sup>(2)</sup>		Off balance sheet liabilities <sup>(3)</sup>	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>Loans concentration according to the type of borrowers</b>										
Private sector	41.700.890	32.166.166	489.836	535.673	194.317	170.595	1.582.336	1.029.644	39.584.888	28.572.900
Public sector	1.463.881	1.286.101	-	-	18.034.624	16.320.586	-	-	12.912	28.807
Banks	-	-	794.739	625.234	1.530.453	1.190.735	9.603.449	5.512.304	3.373.965	1.650.385
Individual customers	23.330.465	18.001.986	-	-	-	-	24.971	21.264	13.709.304	11.767.516
Share certificates	-	-	-	-	4.098	3.059	1.868.753	1.861.777	-	-
<b>Total</b>	<b>66.495.236</b>	<b>51.454.253</b>	<b>1.284.575</b>	<b>1.160.907</b>	<b>19.763.492</b>	<b>17.684.975</b>	<b>13.079.509</b>	<b>8.424.989</b>	<b>56.681.069</b>	<b>42.019.608</b>
<b>Information according to geographical concentration</b>										
Domestic	65.197.805	50.444.274	1.265.179	1.128.480	18.180.539	16.431.048	10.911.141	6.373.918	51.178.739	38.628.444
European Union countries	403.618	268.389	2.401	2.745	1.299.621	939.889	1.538.029	1.622.144	4.283.355	2.016.350
OECD countries <sup>(3)</sup>	25.910	26.814	-	-	-	-	66.929	103.729	586.160	729.517
Off-shore banking regions	-	73	-	-	8.072	14.574	212	73	177	930
USA, Canada	5.864	73.246	-	-	275.260	299.464	395.002	192.182	267.775	254.347
Other countries	862.039	641.457	16.995	29.682	-	-	168.196	132.943	364.863	390.020
<b>Total</b>	<b>66.495.236</b>	<b>51.454.253</b>	<b>1.284.575</b>	<b>1.160.907</b>	<b>19.763.492</b>	<b>17.684.975</b>	<b>13.079.509</b>	<b>8.424.989</b>	<b>56.681.069</b>	<b>42.019.608</b>

- (1) Contains trading financial assets (excluding derivative assets), available-for-sale financial assets and held-to-maturity investments.
- (2) Contains the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts.
- (3) OECD countries other than EU countries, USA and Canada.

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**i. Information on amounts that are exposed to credit risk:**

	December 31, 2011	December 31, 2010
<b>Balance sheet items that are exposed to credit risk:</b>		
Bank placements	1.813.679	1.064.541
Money markets	2.138.195	949.427
Loans and advances to customers	67.779.811	52.615.160
-Credit cards	10.501.630	8.617.883
-Consumer loans	13.561.284	9.742.507
-Corporate, commercial and other loans	43.716.897	34.254.770
Trading financial assets	447.522	882.121
-Government debt securities	166.960	220.874
-Other marketable securities	2.646	200
-Derivative financial instruments	277.916	661.047
Investment securities	19.593.886	17.463.901
-Government debt securities	17.867.664	16.099.712
-Share certificates	4.098	3.059
-Other marketable securities	1.722.124	1.361.130
Derivative financial assets held for hedging	377.335	38.201
Other assets	1.607.522	1.246.423
<b>Credit risk exposures relating to off-balance sheet items:</b>		
Financial guarantees	23.584.327	18.718.159
Loan commitments and other credit related liabilities	21.324.021	15.707.898
Other commitments	11.772.721	7.593.551

**j. Marketable Securities:**

**December 31, 2011**

Moody's credit rating	Financial assets at fair value through profit or loss (net)	Available-for- sale financial assets (net)	Held to maturity investments (net)	Total
Aaa	-	9.791	-	9.791
Aa1	-	45.065	-	45.065
Aa2	246	13.285	-	13.531
Aa3	-	432.025	-	432.025
A1	-	144.134	-	144.134
A2	-	586.345	-	586.345
A3	-	-	-	-
Baa1	2.400	17.396	-	19.796
Baa2	-	200.757	-	200.757
Baa3	-	76.134	-	76.134
Ba1	-	-	-	-
Ba2	-	36.518	-	36.518
Ba2 <sup>(1)</sup>	166.960	5.320.448	12.537.425	18.024.833
Ba3	-	11.474	-	11.474
Unrated <sup>(2)</sup>	-	158.991	-	158.991
<b>Total</b>	<b>169.606</b>	<b>7.052.363</b>	<b>12.537.425</b>	<b>19.759.394</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**December 31, 2010**

Moody's credit rating	Financial assets at fair value through profit or loss (net)	Available-for-sale financial assets (net)	Held to maturity investments (net)	Total
Aaa	-	-	-	-
Aa2	200	10.812	-	11.012
Aa3	-	457.300	-	457.300
A2	-	304.986	-	304.986
A3	-	163.210	-	163.210
Baa1	-	198	-	198
Baa2	-	189.873	-	189.873
Baa3	-	33.730	-	33.730
Ba1	-	10.934	-	10.934
Ba2 <sup>(1)</sup>	220.874	3.558.121	12.530.657	16.309.652
Ba3	-	37.356	-	37.356
Unrated <sup>(2)</sup>	-	163.665	-	163.665
<b>Total</b>	<b>221.074</b>	<b>4.930.185</b>	<b>12.530.657</b>	<b>17.681.916</b>

(1) Securities consist of Republic of Turkey government bonds and treasury bills.

(2) Also include investment funds amounting TL 87.419 (December 31, 2010 – TL 52.965).

**k. Information according to geographical concentration:**

	Assets	Liabilities <sup>(2)</sup>	Non-cash loans	Capital expenditures	Net profit <sup>(3)</sup>
<b>December 31, 2011</b>					
Domestic	101.200.892	71.879.801	23.644.364	225.330	1.857.486
European Union countries	3.329.884	21.405.299	1.536.246	-	-
OECD countries <sup>(1)</sup>	53.169	1.687.902	376.409	-	-
Off-shore banking regions	8.290	56	188	-	-
USA, Canada	701.258	975.783	205.257	-	-
Other countries	940.731	453.950	372.675	-	-
Subsidiaries, investments and joint ventures	1.868.753	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
<b>Total</b>	<b>108.102.977</b>	<b>96.402.791</b>	<b>26.135.139</b>	<b>225.330</b>	<b>1.857.486</b>
<b>December 31, 2010</b>					
Domestic	78.904.273	61.035.424	17.314.766	220.922	2.060.290
European Union countries	2.006.685	11.087.486	1.268.359	-	-
OECD countries <sup>(1)</sup>	741.105	1.121.017	250.890	-	-
Off-shore banking regions	14.720	15.075	930	-	-
USA, Canada	564.578	962.914	238.404	-	-
Other countries	683.008	236.530	390.027	-	-
Subsidiaries, investments and joint ventures	1.861.777	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
<b>Total</b>	<b>84.776.146</b>	<b>74.458.446</b>	<b>19.463.376</b>	<b>220.922</b>	<b>2.060.290</b>

(1) OECD countries other than EU countries, USA and Canada.

(2) Shareholders' equity is not included.

(3) The net profit can not be distributed according to geographical concentration.

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**I. Sectoral concentrations for cash loans:**

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>552.717</b>	<b>1,25</b>	<b>493.224</b>	<b>2,16</b>	<b>442.899</b>	<b>1,30</b>	<b>458.744</b>	<b>2,55</b>
Farming and raising livestock	462.042	1,05	468.954	2,05	369.600	1,08	429.742	2,39
Forestry	78.638	0,18	4.526	0,02	63.893	0,19	6.210	0,03
Fishing	12.037	0,02	19.744	0,09	9.406	0,03	22.792	0,13
<b>Manufacturing</b>	<b>8.602.637</b>	<b>19,48</b>	<b>12.295.511</b>	<b>53,75</b>	<b>6.679.399</b>	<b>19,54</b>	<b>9.571.359</b>	<b>53,15</b>
Mining	236.476	0,54	2.013.564	8,80	168.107	0,49	1.344.520	7,47
Production	8.168.732	18,49	7.355.801	32,16	6.331.347	18,52	6.438.371	35,75
Electric, gas and water	197.429	0,45	2.926.146	12,79	179.945	0,53	1.788.468	9,93
<b>Construction</b>	<b>2.017.575</b>	<b>4,57</b>	<b>3.037.121</b>	<b>13,28</b>	<b>1.466.725</b>	<b>4,29</b>	<b>2.625.256</b>	<b>14,58</b>
<b>Services</b>	<b>5.311.356</b>	<b>12,02</b>	<b>4.508.100</b>	<b>19,70</b>	<b>4.611.367</b>	<b>13,49</b>	<b>3.948.568</b>	<b>21,92</b>
Wholesale and retail trade	2.237.386	5,07	527.216	2,30	1.884.014	5,51	501.956	2,79
Hotel food and beverage services	321.473	0,73	1.258.524	5,50	472.134	1,38	1.019.440	5,66
Transportation and telecommunication	731.105	1,66	2.341.852	10,24	538.570	1,58	2.127.777	11,82
Financial institutions	1.282.174	2,90	2.401	0,01	1.120.035	3,28	40.872	0,23
Real estate and leasing services	222.839	0,50	158.978	0,69	235.352	0,69	73.717	0,41
Self employment services	-	-	-	-	-	-	-	-
Education services	46.080	0,10	13.145	0,06	27.431	0,08	8.550	0,05
Health and social services	470.299	1,06	205.984	0,90	333.831	0,97	176.256	0,96
<b>Other</b>	<b>27.685.798</b>	<b>62,68</b>	<b>2.540.832</b>	<b>11,11</b>	<b>20.979.740</b>	<b>61,38</b>	<b>1.404.882</b>	<b>7,80</b>
<b>Total</b>	<b>44.170.083</b>	<b>100,00</b>	<b>22.874.788</b>	<b>100,00</b>	<b>34.180.130</b>	<b>100,00</b>	<b>18.008.809</b>	<b>100,00</b>



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**III. Explanations on market risk:**

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on- and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Executive Committee as a result of its Asset and Liability Management function. The below table represents the details of market risk calculation as of December 31, 2011 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

**a. Information on market risk:**

	December 31, 2011	December 31, 2010
(I) Capital to be employed for general market risk - standard method	176.470	60.040
(II) Capital to be employed for specific risk -standard method	40.385	35.319
(III) Capital to be employed for currency risk – standard method	44.742	16.182
(IV) Capital to be employed for commodity risk - standard method	1.534	390
(V) Capital to be employed for settlement risk-standard method	-	-
(VI) Capital to be employed for market risk due to options-standard method	806	881
(VII) Total capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	263.937	112.812
<b>(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)</b>	<b>3.299.213</b>	<b>1.410.150</b>

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

	December 31, 2011			December 31, 2010		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	195.495	247.120	152.762	92.588	110.214	80.452
Share price risk	7.199	5.092	14.913	16.006	24.994	8.603
Currency risk	27.148	62.992	7.484	9.917	8.450	20.825
Commodity risk	3.771	1.852	2.949	120	100	306
Settlement risk	-	-	-	-	-	-
Option risk	-	-	-	-	-	-
<b>Total amount subject to risk</b>	<b>2.920.163</b>	<b>3.963.200</b>	<b>2.226.350</b>	<b>1.482.888</b>	<b>1.796.975</b>	<b>1.377.325</b>

**IV. Explanations on operational risk:**

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2011, the total amount subject to operational risk is TL 8.842.703 (December 31, 2010 - TL 7.806.018) and the amount of the related capital requirement is TL 707.416 (December 31, 2010 - TL 624.481).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**V. Explanations on currency risk:**

The difference between the Bank's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in "Net foreign currency position" (cross currency risk).

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

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are as follows:  
(Exchange rates presented as full TL)

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance sheet evaluation rate:</b>	<b>TL 1,84170</b>	<b>TL 2,38270</b>	<b>TL 0,02373</b>
December 30, 2011 bid rate	TL 1,85880	TL 2,39770	TL 0,02385
December 29, 2011 bid rate	TL 1,84250	TL 2,40840	TL 0,02367
December 28, 2011 bid rate	TL 1,83760	TL 2,40170	TL 0,02355
December 27, 2011 bid rate	TL 1,83620	TL 2,39980	TL 0,02351
December 26, 2011 bid rate	TL 1,83390	TL 2,39680	TL 0,02345

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

USD : TL 1,81134  
Euro : TL 2,39021  
Yen : TL 0,02323

**As of December 31, 2010;**

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance sheet evaluation rate:</b>	<b>TL 1,50730</b>	<b>TL 1,99780</b>	<b>TL 0,01845</b>

**Information on currency risk of the Bank:**

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at December 31, 2011

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

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

	EURO	USD	Yen	Other FC	Total
<b>December 31, 2011</b>					
<b>Assets</b>					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.643.222	863.267	1.139	574.791	5.082.419
Banks	469.867	1.153.640	6.358	50.650	1.680.515
Financial assets at fair value through profit or loss	7.569	91.853	977	400	100.799
Money market placements	-	36.834	-	1	36.835
Available-for-sale financial assets	24.272	1.041.353	-	-	1.065.625
Loans <sup>(1)</sup>	8.252.154	17.941.660	121.991	479.036	26.794.841
Investments in associates, subsidiaries and joint ventures	275.967	132.456	-	43.404	451.827
Held-to-maturity investments	496.146	8.613.180	-	-	9.109.326
Hedging derivative financial assets	-	362	-	-	362
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets	95.968	463.741	9	609.567	1.169.285
<b>Total assets</b>	<b>13.265.165</b>	<b>30.338.346</b>	<b>130.474</b>	<b>1.757.849</b>	<b>45.491.834</b>
<b>Liabilities</b>					
Bank deposits	148.409	135.787	21	74.328	358.545
Foreign currency deposits	7.449.352	18.986.514	9.851	1.676.745	28.122.462
Funds from money market	329.225	4.684.705	-	-	5.013.930
Funds borrowed from other financial institutions	6.718.619	6.155.807	86.832	3.408	12.964.666
Marketable securities issued	-	-	-	-	-
Miscellaneous payables	338.645	255.143	286	7.635	601.709
Hedging derivative financial liabilities	65.776	374.413	-	-	440.189
Other liabilities	2.884.245	563.755	913	6.228	3.455.141
<b>Total liabilities</b>	<b>17.934.271</b>	<b>31.156.124</b>	<b>97.903</b>	<b>1.768.344</b>	<b>50.956.642</b>
<b>Net on-balance sheet position</b>	<b>(4.669.106)</b>	<b>(817.778)</b>	<b>32.571</b>	<b>(10.495)</b>	<b>(5.464.808)</b>
<b>Net off-balance sheet position <sup>(2)</sup></b>	<b>5.527.492</b>	<b>(800.385)</b>	<b>(33.017)</b>	<b>(2.837)</b>	<b>4.691.253</b>
Financial derivative assets	6.790.118	7.985.711	25.422	282.676	15.083.927
Financial derivative liabilities	1.262.626	8.786.096	58.439	285.513	10.392.674
<b>Non-cash loans</b>	<b>4.807.604</b>	<b>10.082.290</b>	<b>363.258</b>	<b>186.636</b>	<b>15.439.788</b>
<b>December 31, 2010</b>					
Total assets	10.361.532	22.790.732	88.582	749.919	33.990.765
Total liabilities	13.047.640	20.044.191	55.417	815.074	33.962.322
<b>Net on-balance sheet position</b>	<b>(2.686.108)</b>	<b>2.746.541</b>	<b>33.165</b>	<b>(65.155)</b>	<b>28.443</b>
<b>Net off-balance sheet position <sup>(2)</sup></b>	<b>3.698.763</b>	<b>(3.919.769)</b>	<b>(48.640)</b>	<b>35.104</b>	<b>(234.542)</b>
Financial derivative assets	5.798.135	5.400.511	20.924	347.420	11.566.990
Financial derivative liabilities	2.099.372	9.320.280	69.564	312.316	11.801.532
<b>Non-cash loans</b>	<b>3.925.920</b>	<b>7.227.463</b>	<b>324.972</b>	<b>186.964</b>	<b>11.665.319</b>

(1) FX indexed loans amounting to 3.920.053 (December 31, 2010 – TL 2.161.909) which have been disclosed as TL in the financial statements.

(2) Forward transactions classified as commitments amounting to 11.370 TL are not included.

#### Currency risk sensitivity analysis:

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

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

	December 31, 2011	December 31, 2010
Change in currency exchange rates	Profit/loss effect <sup>(1)</sup>	Profit/loss effect <sup>(1)</sup>
(+) 15%	(39.850)	(15.330)
(-) 15%	39.850	15.330

(1) Excluding tax effect.

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**VI. Explanations on interest rate risk:**

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

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

The 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:**

<b>December 31, 2011</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and over</b>	<b>Non interest bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	9.734.705	9.734.705
Banks	434.927	199.860	77.773	187.868	-	913.251	1.813.679
Financial assets at fair value through profit/loss	95.881	50.229	202.455	81.153	17.804	-	447.522
Money market placements	2.138.195	-	-	-	-	-	2.138.195
Available-for-sale financial assets	837.953	109.866	2.219.437	1.459.550	2.425.557	4.098	7.056.461
Loans	9.288.053	5.494.438	15.607.892	21.103.831	14.003.690	2.281.907	67.779.811
Held-to-maturity investments	423.296	1.671.715	1.168.008	2.599.938	6.674.468	-	12.537.425
Other assets	43.128	125.033	209.174	-	-	6.217.844	6.595.179
<b>Total assets</b>	<b>13.261.433</b>	<b>7.651.141</b>	<b>19.484.739</b>	<b>25.432.340</b>	<b>23.121.519</b>	<b>19.151.805</b>	<b>108.102.977</b>
<b>Liabilities</b>							
Bank deposits	153.724	129.411	76.276	247	-	319.991	679.649
Other deposits	37.842.733	12.600.363	2.186.234	10.128	-	10.198.277	62.837.735
Funds from money market	2.846.274	1.993.074	1.078.338	-	-	-	5.917.686
Miscellaneous payables	-	-	-	-	-	4.407.807	4.407.807
Marketable securities issued	144.350	-	951.956	-	-	-	1.096.306
Funds borrowed from other financial institutions	720.053	6.615.123	4.342.988	1.460.144	584.392	-	13.722.700
Other liabilities and shareholders' equity	261.366	1.704.941	1.491.567	61.009	7.661	15.914.550	19.441.094
<b>Total liabilities</b>	<b>41.968.500</b>	<b>23.042.912</b>	<b>10.127.359</b>	<b>1.531.528</b>	<b>592.053</b>	<b>30.840.625</b>	<b>108.102.977</b>
<b>Balance sheet long position</b>	-	-	<b>9.357.380</b>	<b>23.900.812</b>	<b>22.529.466</b>	-	<b>55.787.658</b>
<b>Balance sheet short position</b>	<b>(28.707.067)</b>	<b>(15.391.771)</b>	-	-	-	<b>(11.688.820)</b>	<b>(55.787.658)</b>
Off-balance sheet long position	4.674.103	12.411.732	1.185.347	-	-	-	18.271.182
Off-balance sheet short position	-	-	-	(17.481.361)	(658.792)	-	(18.140.153)
<b>Total position</b>	<b>(24.032.964)</b>	<b>(2.980.039)</b>	<b>10.542.727</b>	<b>6.419.451</b>	<b>21.870.674</b>	<b>(11.688.820)</b>	<b>131.029</b>

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at December 31, 2011

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

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

December 31, 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	5.903.483	5.903.483
Banks	56.318	315.246	103.256	229.252	-	360.469	1.064.541
Financial assets at fair value through profit/loss	277.150	352.636	102.369	23.300	126.666	-	882.121
Money market placements	949.427	-	-	-	-	-	949.427
Available-for-sale financial assets	589.046	104.872	712.803	1.756.402	1.767.062	3.059	4.933.244
Loans	9.735.927	5.371.958	13.410.601	15.410.095	7.711.756	974.823	52.615.160
Held-to-maturity investments	1.906.880	2.141.929	817.963	1.987.010	5.676.875	-	12.530.657
Other assets	477.200	9.298	28.903	-	-	5.382.112	5.897.513
<b>Total assets</b>	<b>13.991.948</b>	<b>8.295.939</b>	<b>15.175.895</b>	<b>19.406.059</b>	<b>15.282.359</b>	<b>12.623.946</b>	<b>84.776.146</b>
<b>Liabilities</b>							
Bank deposits	264.672	240.856	160	246.139	-	302.311	1.054.138
Other deposits	36.317.162	5.939.190	704.871	9.361	-	8.699.810	51.670.394
Funds from money market	889.114	1.692.612	378.235	-	-	-	2.959.961
Miscellaneous payables	2.640.080	-	-	-	-	1.298.818	3.938.898
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	3.905.526	1.675.425	1.985.616	273.283	533.095	-	8.372.945
Other liabilities and shareholders' equity	149.222	1.173.573	1.587.573	2.748	-	13.866.694	16.779.810
<b>Total liabilities</b>	<b>44.165.776</b>	<b>10.721.656</b>	<b>4.656.455</b>	<b>531.531</b>	<b>533.095</b>	<b>24.167.633</b>	<b>84.776.146</b>
<b>Balance sheet long position</b>	-	-	<b>10.519.440</b>	<b>18.874.528</b>	<b>14.749.264</b>	-	<b>44.143.232</b>
<b>Balance sheet short position</b>	<b>(30.173.828)</b>	<b>(2.425.717)</b>	-	-	-	<b>(11.543.687)</b>	<b>(44.143.232)</b>
Off-balance sheet long position	3.043.780	4.581.012	415.602	-	-	-	8.040.394
Off-balance sheet short position	-	-	-	(7.766.037)	(500.565)	-	(8.266.602)
<b>Total position</b>	<b>(27.130.048)</b>	<b>2.155.295</b>	<b>10.935.042</b>	<b>11.108.491</b>	<b>14.248.699</b>	<b>(11.543.687)</b>	<b>(226.208)</b>

#### Interest rate sensitivity analysis:

The table below represents the effect of 1% parallel change in the yield curve on assets and liabilities sensitive to interest rate excluding the tax effects.

	December 31, 2011	December 31, 2010
Change in interest rate	Value effect	Value effect
(+) 1%	(569.485)	(751.170)
(-) 1%	685.592	842.281

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

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

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

<b>December 31, 2010</b>	<b>EURO</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets<sup>(2)</sup></b>				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,19	-	7,91
Financial assets at fair value through profit/loss	8,02	4,62	-	8,24
Money market placements	-	-	-	6,02
Available-for-sale financial assets	6,89	6,81	-	7,72
Loans <sup>(1)</sup>	4,95	4,35	4,72	12,87
Held-to-maturity Investments	5,23	6,76	-	9,98
<b>Liabilities<sup>(2)</sup></b>				
Bank deposits	0,55	1,05	-	8,13
Other deposits	2,54	2,78	0,30	8,71
Funds from money market	1,75	1,49	-	5,42
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds borrowed from other financial institutions	2,44	2,46	2,38	10,74

(1) Does not include credit card loans.

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

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**Notes to unconsolidated financial statements at December 31, 2011**

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

**VII. Explanations on liquidity risk:**

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

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

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

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

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

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of the Banks" published in the Official gazette numbered 26333 dated November 1, 2006 by BRSA, effective from June 1, 2007, liquidity ratio, calculated weekly and monthly, have to be at least 80% for the foreign currency asset / liability and 100% for the total asset / liability. Liquidity ratios realized in 2011 and 2010 are disclosed below.

<b>December 31, 2011</b>	<b>First-term period (Weekly)</b>		<b>Second-term period (Monthly)</b>	
	<b>FC</b>	<b>Total</b>	<b>FC</b>	<b>Total</b>
Average %	146,26	154,79	101,83	113,56
Highest %	187,20	189,05	128,50	126,62
Lowest %	115,02	135,55	83,91	100,74

<b>December 31, 2010</b>	<b>First-term period (Weekly)</b>		<b>Second-term period (Monthly)</b>	
	<b>FC</b>	<b>Total</b>	<b>FC</b>	<b>Total</b>
Average %	154,33	167,16	100,52	112,11
Highest %	195,67	197,43	128,36	131,23
Lowest %	119,30	149,81	78,15	102,00

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### Notes to unconsolidated financial statements at December 31, 2011

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

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified <sup>(1),(2)</sup>	Total
<b>December 31, 2011</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.295.528	3.439.177	-	-	-	-	-	9.734.705
Banks	913.251	434.927	107.644	77.773	280.084	-	-	1.813.679
Financial assets at fair value through profit or loss	-	75.612	42.687	177.472	90.318	61.433	-	447.522
Money market placements	-	2.138.195	-	-	-	-	-	2.138.195
Available-for-sale financial assets	87.419	168.224	2.954	896.548	2.045.899	3.851.319	4.098	7.056.461
Loans	-	10.816.699	5.494.407	15.626.414	21.103.780	14.003.571	734.940	67.779.811
Held-to-maturity investments	-	-	79.249	147.492	4.615.700	7.694.984	-	12.537.425
Other assets <sup>(1)</sup>	923.562	917.517	46.460	120.136	186.426	24.313	4.376.765	6.595.179
<b>Total assets</b>	<b>8.219.760</b>	<b>17.990.351</b>	<b>5.773.401</b>	<b>17.045.835</b>	<b>28.322.207</b>	<b>25.635.620</b>	<b>5.115.803</b>	<b>108.102.977</b>
<b>Liabilities</b>								
Bank deposits	319.991	153.724	129.411	76.276	247	-	-	679.649
Other deposits	10.198.277	37.081.446	12.634.849	2.898.829	24.334	-	-	62.837.735
Funds borrowed from other financial institutions	-	647.498	505.947	7.416.201	4.022.480	1.130.574	-	13.722.700
Funds from money market	-	2.607.094	1.594.725	1.078.338	637.529	-	-	5.917.686
Marketable securities issued	-	-	-	1.096.306	-	-	-	1.096.306
Miscellaneous payables	460.455	3.947.352	-	-	-	-	-	4.407.807
Other liabilities <sup>(2)</sup>	1.692.494	287.172	339.371	291.011	3.712.406	848.719	12.269.921	19.441.094
<b>Total liabilities</b>	<b>12.671.217</b>	<b>44.724.286</b>	<b>15.204.303</b>	<b>12.856.961</b>	<b>8.396.996</b>	<b>1.979.293</b>	<b>12.269.921</b>	<b>108.102.977</b>
<b>Net liquidity gap</b>	<b>(4.451.457)</b>	<b>(26.733.935)</b>	<b>(9.430.902)</b>	<b>4.188.874</b>	<b>19.925.211</b>	<b>23.656.327</b>	<b>(7.154.118)</b>	<b>-</b>
<b>December 31, 2010</b>								
Total assets	4.410.548	15.647.522	5.558.151	12.200.004	22.642.672	19.259.752	5.057.497	84.776.146
Total liabilities	9.568.362	42.664.764	7.690.945	5.532.470	5.354.047	3.287.105	10.678.453	84.776.146
<b>Net liquidity gap</b>	<b>(5.157.814)</b>	<b>(27.017.242)</b>	<b>(2.132.794)</b>	<b>6.667.534</b>	<b>17.288.625</b>	<b>15.972.647</b>	<b>(5.620.956)</b>	<b>-</b>

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



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### Notes to unconsolidated financial statements at December 31, 2011

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

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

#### Breakdown of financial liabilities according to their remaining contractual maturities:

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

December 31, 2011 <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
Deposits	47.882.416	12.857.527	3.010.400	25.557	-	63.775.900
Funds borrowed from other financial institutions	649.308	685.068	7.997.580	4.489.490	759.278	14.580.724
Funds from money market	2.607.558	1.600.607	1.096.668	663.952	-	5.968.785
Subordinated loans	-	28.585	100.180	2.534.617	491.272	3.154.654
Marketable securities issued	-	-	1.150.000	-	-	1.150.000
<b>Total</b>	<b>51.139.282</b>	<b>15.171.787</b>	<b>13.354.828</b>	<b>7.713.616</b>	<b>1.250.550</b>	<b>88.630.063</b>

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

December 31, 2010 <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
Deposits	45.686.301	6.272.864	726.747	315.389	-	53.001.301
Funds borrowed from other financial institutions	520.609	214.321	4.194.902	3.204.854	895.806	9.030.492
Funds from money market	616.357	1.223.358	532.558	475.175	138.837	2.986.285
Subordinated loans	-	15.862	78.129	473.882	2.181.519	2.749.392
Marketable securities issued	-	-	-	-	-	-
<b>Total</b>	<b>46.823.267</b>	<b>7.726.405</b>	<b>5.532.336</b>	<b>4.469.300</b>	<b>3.216.162</b>	<b>67.767.470</b>

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

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

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

	Carrying value		Fair value	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>Financial assets</b>	<b>91.325.571</b>	<b>72.093.029</b>	<b>93.410.887</b>	<b>74.111.585</b>
Due from money market	2.138.195	949.427	2.138.195	949.427
Banks	1.813.679	1.064.541	1.813.073	1.063.854
Available-for-sale financial assets	7.056.461	4.933.244	7.056.461	4.933.244
Held-to-maturity investments	12.537.425	12.530.657	12.798.230	13.294.972
Loans	67.779.811	52.615.160	69.604.928	53.870.088
<b>Financial liabilities</b>	<b>85.268.013</b>	<b>67.146.649</b>	<b>85.238.949</b>	<b>67.173.711</b>
Bank deposits	679.649	1.054.138	679.508	1.058.519
Other deposits	62.837.735	51.670.394	62.837.735	51.670.394
Funds borrowed from other financial institutions	13.722.700	8.372.945	13.693.777	8.395.626
Subordinated loans	2.523.816	2.110.274	2.523.816	2.110.274
Marketable securities issued	1.096.306	-	1.096.306	-
Miscellaneous payables	4.407.807	3.938.898	4.407.807	3.938.898

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

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

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

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

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

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

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

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### Notes to unconsolidated financial statements at December 31, 2011

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

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

December 31, 2011	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or (loss)</b>	<b>166.960</b>	<b>280.562</b>	-	<b>447.522</b>
Government debt securities	166.960	-	-	166.960
Share certificates	-	-	-	-
Trading derivative financial assets	-	277.916	-	277.916
Other marketable securities	-	2.646	-	2.646
<b>Available-for-sale financial assets</b>	<b>5.417.658</b>	<b>1.634.705</b>	<b>4.098</b>	<b>7.056.461</b>
Government debt securities	5.330.239	-	-	5.330.239
Other marketable securities <sup>(1)</sup>	87.419	1.634.705	4.098	1.726.222
<b>Hedging derivative financial assets</b>	-	<b>377.335</b>	-	<b>377.335</b>
<b>Total assets</b>	<b>5.584.618</b>	<b>2.292.602</b>	<b>4.098</b>	<b>7.881.318</b>
Trading derivative financial liabilities	-	471.290	-	471.290
Hedging derivative financial liabilities	-	502.841	-	502.841
<b>Total liabilities</b>	-	<b>974.131</b>	-	<b>974.131</b>

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

December 31, 2010	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or (loss)</b>	<b>220.874</b>	<b>661.247</b>	-	<b>882.121</b>
Government debt securities	220.874	-	-	220.874
Share certificates	-	-	-	-
Trading derivative financial assets	-	661.047	-	661.047
Other marketable securities	-	200	-	200
<b>Available-for-sale financial assets</b>	<b>3.622.020</b>	<b>1.308.165</b>	<b>3.059</b>	<b>4.933.244</b>
Government debt securities	3.569.055	-	-	3.569.055
Other marketable securities <sup>(1)</sup>	52.965	1.308.165	3.059	1.364.189
<b>Hedging derivative financial assets</b>	-	<b>38.201</b>	-	<b>38.201</b>
<b>Total assets</b>	<b>3.842.894</b>	<b>2.007.613</b>	<b>3.059</b>	<b>5.853.566</b>
Trading derivative financial liabilities	-	333.134	-	333.134
Hedging derivative financial liabilities	-	453.663	-	453.663
<b>Total liabilities</b>	-	<b>786.797</b>	-	<b>786.797</b>

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

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

The increase in the current year on Level 3 amounting to 1.039 TL is due to capital increases in non-public equity shares.

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**Notes to unconsolidated financial statements at December 31, 2011**

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

**IX. Explanations on hedge accounting:**

The Bank applies the following hedge accounting models as of December 31, 2011;

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

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

Contractual amounts and the fair values as at December 31, 2011 and 2010 of these hedging instruments are presented in the table below:

	Notional <sup>(1)</sup>	December 31, 2011		December 31, 2010		
		Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
<b>Hedging instrument</b>						
Interest rate swap	32.437.197	7.588	483.882	8.527.020	3.738	139.746
Cross currency interest rate swap	6.206.854	369.747	18.959	4.317.238	34.463	313.917
<b>Total</b>	<b>38.644.051</b>	<b>377.335</b>	<b>502.841</b>	<b>12.844.258</b>	<b>38.201</b>	<b>453.663</b>

(1) Includes total of buy and sell legs.

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

**Fair value hedge accounting:**

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

The impact of application of FVH accounting is summarized below:

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

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

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

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

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### Notes to unconsolidated financial statements at December 31, 2011

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

December 31, 2010

Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	224.429	34.463	313.917	84.292

- (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.
- (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 16.178.

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

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

#### Cash flow hedge accounting:

The 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.

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## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at December 31, 2011

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

The impact of application of CFH accounting is summarized below:

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

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

December 31, 2010						
Type of hedging instrument	Hedged item ( asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps	Customer deposits and repos	Cash flow risk due to the changes in the interest rates	3.738	139.746	(101.828)	(101.828)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 4.208.

At the inception date, the 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, the reserves accounted under equity is transferred to profit and loss accounts through amortization over the life of the remaining maturity of the hedging instrument. In addition if the hedging instrument is sold or closed before its maturity, the reserves accounted under equity are amortized to profit and loss accounts with the straight line method.

Below is a schedule as at December 31, 2011 and 2010 indicating the periods when expected cash flows are expected to occur and when they are expected to affect profit or loss (the periods are disclosed based on the remaining maturity of the hedging instruments):

December 31, 2011	Up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Interest rate swaps <sup>(1)</sup>	328.919	14.087.347	17.946.647	74.284	32.437.197

(1) Includes total of buy and sell legs.

December 31, 2010	Up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Interest rate swaps <sup>(1)</sup>	-	3.614.600	4.658.980	253.440	8.527.020

(1) Includes total of buy and sell legs.

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**Notes to unconsolidated financial statements at December 31, 2011**

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

The Bank performs effectiveness test on a monthly basis prospectively to confirm that the expected interest cash flows of customer deposits, borrowings and repos subject to CFH accounting are equal to the expected interest cash flows of the hedging instruments whose remaining maturities are disclosed in the above table.

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

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

**XI. Explanations on operating segments:**

The Bank carries out its banking operations through three main business units: (1) Retail Banking (including card payment systems and SME banking), (2) Corporate and Commercial Banking (3) Private Banking and Wealth Management.

The 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 and mortgages), commercial instalment loans, SME loans, time and demand deposits, investment accounts, life and non-life insurance products and payroll services. Card payment systems cover the management of products and services for member merchants as well as the sales and marketing operations 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 cards and a prepaid card named World Hediye Card.

Corporate and Commercial Banking is organized into two sub-segments: Commercial Banking, which serves mid-sized companies; and Corporate Banking, which serves large local and multinational companies. Corporate and commercial banking provides products and services including working capital financing, foreign trade finance, project finance, domestic and international non-cash credit line facilities such as letters of credit and guarantees, cash management and e-banking services.

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 deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private Banking services are enhanced by investment advisory and portfolio management services provided by the Bank.

The Bank'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.

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at December 31, 2011

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

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

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

December 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other	Total operations of the Bank
Operating revenue	2.685.663	1.325.890	128.391	1.553.626	5.693.570
Operating expenses	(1.551.352)	(480.026)	(65.899)	(1.369.431)	(3.466.708)
<b>Net operating income</b>	<b>1.134.311</b>	<b>845.864</b>	<b>62.492</b>	<b>184.195</b>	<b>2.226.862</b>
Dividend income <sup>(1)</sup>				128.203	128.203
<b>Profit before tax</b>	<b>1.134.311</b>	<b>845.864</b>	<b>62.492</b>	<b>312.398</b>	<b>2.355.065</b>
Tax provision <sup>(1)</sup>				(497.579)	(497.579)
<b>Net profit</b>	<b>1.134.311</b>	<b>845.864</b>	<b>62.492</b>	<b>(185.181)</b>	<b>1.857.486</b>
Segment assets <sup>(2)</sup>	31.022.708	32.454.527	230.862	42.526.127	106.234.224
Investments in associates, subsidiaries and joint ventures				1.868.753	1.868.753
<b>Total assets</b>	<b>31.022.708</b>	<b>32.454.527</b>	<b>230.862</b>	<b>44.394.880</b>	<b>108.102.977</b>
Segment liabilities <sup>(2)</sup>	25.921.556	22.672.713	15.712.099	32.096.423	96.402.791
Shareholders' equity				11.700.186	11.700.186
<b>Total liabilities</b>	<b>25.921.556</b>	<b>22.672.713</b>	<b>15.712.099</b>	<b>43.796.609</b>	<b>108.102.977</b>

(1) Dividend income and tax provision have not been distributed based on operating segments and presented under "Other".

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

December 31, 2010	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other	Total operations of the Bank
Operating revenue	2.791.902	1.100.140	174.694	1.869.324	5.936.060
Operating expenses	(1.347.294)	(547.059)	(55.792)	(1.621.328)	(3.571.473)
<b>Net operating income</b>	<b>1.444.608</b>	<b>553.081</b>	<b>118.902</b>	<b>247.996</b>	<b>2.364.587</b>
Dividend income <sup>(1)</sup>				155.181	155.181
<b>Profit before tax</b>	<b>1.444.608</b>	<b>553.081</b>	<b>118.902</b>	<b>403.177</b>	<b>2.519.768</b>
Tax provision <sup>(1)</sup>				(459.478)	(459.478)
<b>Net profit<sup>(1)</sup></b>	<b>1.444.608</b>	<b>553.081</b>	<b>118.902</b>	<b>(56.301)</b>	<b>2.060.290</b>
Segment assets	26.522.965	28.966.163	347.550	27.077.691	82.914.369
Investments in associates, subsidiaries and joint ventures				1.861.777	1.861.777
<b>Total assets</b>	<b>26.522.965</b>	<b>28.966.163</b>	<b>347.550</b>	<b>28.939.468</b>	<b>84.776.146</b>
Segment liabilities	23.676.641	18.520.932	10.719.556	21.541.317	74.458.446
Shareholders' equity				10.317.700	10.317.700
<b>Total liabilities</b>	<b>23.676.641</b>	<b>18.520.932</b>	<b>10.719.556</b>	<b>31.859.017</b>	<b>84.776.146</b>

(1) Dividend income and tax provision have not been distributed based on operating segments and presented under "Other".



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Section five**

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

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

**a. Information related to cash and the account of the Central Bank of the Republic of Turkey (the "CBRT"):**

1. Information on cash and the account of the CBRT:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Cash	781.556	232.056	513.677	172.513
The CBRT	3.870.730	4.850.192	2.044.632	3.172.303
Other	-	171	-	358
<b>Total</b>	<b>4.652.286</b>	<b>5.082.419</b>	<b>2.558.309</b>	<b>3.345.174</b>

2. Information on the account of the CBRT:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	3.870.730	1.411.016	2.044.632	865.256
Time unrestricted amount	-	-	-	-
Reserve requirement	-	3.439.176	-	2.307.047
<b>Total</b>	<b>3.870.730</b>	<b>4.850.192</b>	<b>2.044.632</b>	<b>3.172.303</b>

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, the banks operating in Turkey place reserves in the CBRT for their TL and foreign currency liabilities according to the maturities stated below.

a) TL liabilities;

- Demand, notice deposits and private current accounts 11%,
- Up to 1 month time deposit accounts (1 month included) 11%,
- Up to 3 months time deposit accounts (3 months included) 11%,
- Up to 6 months time deposit accounts (6 months included) 8%,
- Up to 1 year time deposit accounts 6%,
- 1 year and over 1 year time deposit accounts and accumulating deposit accounts 5%,
- Up to 1 year liabilities excluding deposit (1 year included) 11%,
- Up to 3 year liabilities excluding deposit (3 years included) 8%,
- Over 3 year liabilities excluding deposit 5%,

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

b) Foreign currency liabilities;

- Demand, notice FC deposits and private current accounts and up to 1 month, up to 3 months, up to 6 months, and up to 1 year time FC deposits 11%,
- 1 year time and more than 1 year time FC deposits 9%,
- Up to 1 year FC liabilities excluding deposit (1 year included) 11%,
- Up to 3 years FC liabilities excluding deposit (3 years included) 9%,
- Over 3 years FC liabilities excluding deposit 6%,

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

1. As of December 31, 2011, the Bank does not have financial assets at fair value through profit and loss subject to repo transactions (December 31, 2010 - TL 43.734), and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2010 - None).
2. Positive differences related to trading derivative financial assets:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	126.658	74	26.842	-
Swap transactions	34.541	62.272	541.681	25.312
Futures transactions	-	-	-	-
Options	46.023	8.348	49.412	17.800
Other	-	-	-	-
<b>Total</b>	<b>207.222</b>	<b>70.694</b>	<b>617.935</b>	<b>43.112</b>

**c. Information on banks:**

1. Information on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	133.164	1.680.515	69.745	994.796
Domestic	86.751	10.569	49.623	399
Foreign	46.413	1.669.946	20.122	994.397
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>133.164</b>	<b>1.680.515</b>	<b>69.745</b>	<b>994.796</b>

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
EU countries	1.161.493	795.663	105.538	87.186
USA, Canada	313.044	104.683	-	-
OECD countries (1)	17.306	15.044	-	-
Off-shore banking regions	212	73	-	-
Other	118.766	11.870	-	-
<b>Total</b>	<b>1.610.821</b>	<b>927.333</b>	<b>105.538</b>	<b>87.186</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

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

As of December 31, 2011, available-for-sale financial assets given as collateral/blocked amount to TL 98.351 (December 31, 2010 - TL 7.654) and available-for-sale financial assets subject to repo transactions amount to TL 705.903. (December 31, 2010 - None).

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Debt securities	7.107.106	4.879.749
Quoted in stock exchange <sup>(1)</sup>	5.441.406	3.569.394
Not quoted <sup>(2)</sup>	1.665.700	1.310.355
Share certificates	49.399	44.862
Quoted in stock exchange	-	-
Not quoted	49.399	44.862
Impairment provision (-)	(187.463)	(44.332)
Other <sup>(3)</sup>	87.419	52.965
<b>Total</b>	<b>7.056.461</b>	<b>4.933.244</b>

- (1) As of December 31, 2011, Eurobonds amounting to TL 731.649 (December 31, 2010 - TL 530.625) have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange since they are traded in the secondary market.
- (2) As of December 31, 2011, not quoted debt securities amounting to TL 951.989 (December 31, 2010 - TL 729.227) are credit linked notes.
- (3) As of December 31, 2011, other available-for-sale financial assets include mutual funds amounting to TL 87.419 (December 31, 2010 - TL 52.965).

**e. Explanations on loans:**

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

	<b>December 31, 2011</b>		<b>December 31, 2010</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	4.576	230.061	7.962	81.282
<b>Loans granted to employees</b>	95.934	71	84.879	83
<b>Total</b>	<b>100.510</b>	<b>230.132</b>	<b>92.841</b>	<b>81.365</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

**Explanations and notes related to unconsolidated 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:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
<b>Cash Loans</b>				
<b>Non-specialised loans</b>	<b>65.561.062</b>	-	<b>1.418.567</b>	<b>65.242</b>
Discount and purchase notes	992.456	-	5.523	-
Export loans	4.170.547	-	125.137	-
Import loans	-	-	-	-
Loans granted to financial sector	1.265.179	-	-	-
Foreign loans	1.136.500	-	4	-
Consumer loans	12.875.699	-	522.334	2.423
Credit cards	10.146.953	-	233.312	13.006
Precious metal loans	336.748	-	181	-
Other <sup>(1)</sup>	34.636.980	-	532.076	49.813
<b>Specialised loans</b>	-	-	-	-
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>65.561.062</b>	-	<b>1.418.567</b>	<b>65.242</b>

- (1) As explained in the Note IX of Section IV, TL 107.204 of fair value difference of hedged items is classified under other loans.

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
<b>Short-term loans and other receivables</b>	<b>25.261.159</b>	-	<b>510.253</b>	<b>6.777</b>
Non-specialised loans	25.261.159	-	510.253	6.777
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
<b>Medium and long-term loans and other receivables</b>	<b>40.299.903</b>	-	<b>908.314</b>	<b>58.465</b>
Non-specialised loans	40.299.903	-	908.314	58.465
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

<b>December 31, 2011</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
Standard loans	42.538.410	12.875.699	10.146.953	65.561.062
Watch list	712.734	524.757	246.318	1.483.809
Loans under legal follow-up	1.398.385	313.705	367.823	2.079.913
Specific provisions (-)	(932.632)	(152.877)	(259.464)	(1.344.973)
<b>Total</b>	<b>43.716.897</b>	<b>13.561.284</b>	<b>10.501.630</b>	<b>67.779.811</b>

<b>December 31, 2010</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
Standard loans	33.142.040	9.142.006	8.244.000	50.528.046
Watch list	911.217	444.659	305.017	1.660.893
Loans under legal follow-up	1.014.038	375.255	471.371	1.860.664
Specific provisions (-)	(812.525)	(219.413)	(402.505)	(1.434.443)
<b>Total</b>	<b>34.254.770</b>	<b>9.742.507</b>	<b>8.617.883</b>	<b>52.615.160</b>

(ii) Fair value of collaterals:

<b>December 31, 2011</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
Watch list	318.553	231.883	-	550.436
Loans under legal follow-up	292.333	52.160	-	344.493
<b>Total</b>	<b>610.886</b>	<b>284.043</b>	<b>-</b>	<b>894.929</b>

<b>December 31, 2010</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
Watch list	356.213	174.491	-	530.704
Loans under legal follow-up	182.703	79.623	-	262.326
<b>Total</b>	<b>538.916</b>	<b>254.114</b>	<b>-</b>	<b>793.030</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

	Short- term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>97.119</b>	<b>12.903.728</b>	<b>13.000.847</b>
Real estate loans	7.052	6.415.601	6.422.653
Automotive loans	6.711	1.262.491	1.269.202
Consumer loans	3.384	40.556	43.940
Other	79.972	5.185.080	5.265.052
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>182.192</b>	<b>182.192</b>
Real estate loans	-	175.070	175.070
Automotive loans	-	502	502
Consumer loans	-	4.509	4.509
Other	-	2.111	2.111
<b>Consumer loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual credit cards-TL</b>	<b>9.496.805</b>	<b>220.192</b>	<b>9.716.997</b>
With installments	5.240.139	213.698	5.453.837
Without installments	4.256.666	6.494	4.263.160
<b>Individual credit cards- FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>2.835</b>	<b>39.866</b>	<b>42.701</b>
Real estate loans	-	1.233	1.233
Automotive loans	1	1.071	1.072
Consumer loans	-	-	-
Other	2.834	37.562	40.396
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>5</b>	<b>5</b>
Real estate loans	-	5	5
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>51.785</b>	<b>403</b>	<b>52.188</b>
With installments	29.851	403	30.254
Without installments	21.934	-	21.934
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>174.711</b>	<b>-</b>	<b>174.711</b>
<b>Credit deposit account-FC (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9.823.255</b>	<b>13.346.386</b>	<b>23.169.641</b>

(1) TL 1.040 of the credit deposit account belongs to the loans used by personnel.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

	Short-term	Medium and long-term	Total
<b>Commercial installments loans-TL</b>	<b>217.164</b>	<b>5.246.725</b>	<b>5.463.889</b>
Business loans	842	291.731	292.573
Automotive loans	30.681	1.868.356	1.899.037
Consumer loans	-	78	78
Other	185.641	3.086.560	3.272.201
<b>Commercial installments loans-FC indexed</b>	<b>20.996</b>	<b>529.262</b>	<b>550.258</b>
Business loans	-	30.519	30.519
Automotive loans	766	115.317	116.083
Consumer loans	-	-	-
Other	20.230	383.426	403.656
<b>Commercial installments loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>622.862</b>	<b>1.224</b>	<b>624.086</b>
With installment	238.440	1.224	239.664
Without installment	384.422	-	384.422
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit deposit account-TL (legal person)</b>	<b>526.472</b>	<b>-</b>	<b>526.472</b>
<b>Credit deposit account-FC (legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1.387.494</b>	<b>5.777.211</b>	<b>7.164.705</b>

7. Loans according to types of borrowers:

	December 31, 2011	December 31, 2010
Public	1.463.881	1.286.101
Private	65.580.990	50.902.838
<b>Total</b>	<b>67.044.871</b>	<b>52.188.939</b>

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

	December 31, 2011	December 31, 2010
Domestic loans	65.908.367	51.236.608
Foreign loans	1.136.504	952.331
<b>Total</b>	<b>67.044.871</b>	<b>52.188.939</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

9. Loans granted to associates and subsidiaries:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Direct loans granted to associates and subsidiaries	701.047	194.199
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>701.047</b>	<b>194.199</b>

10. Specific provisions provided against loans:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Loans and other receivables with limited collectability	69.662	47.547
Loans and other receivables with doubtful collectability	201.155	340.021
Uncollectible loans and other receivables	1.074.156	1.046.875
<b>Total</b>	<b>1.344.973</b>	<b>1.434.443</b>

<b>2011</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
<b>January 1</b>	<b>812.525</b>	<b>219.413</b>	<b>402.505</b>	<b>1.434.443</b>
Allowance for impairment	335.483	367.431	84.279	787.193
Amount recovered during the period	(215.376)	(360.321)	(45.317)	(621.014)
Loans written off during the period as uncollectible <sup>(1)</sup>	-	(73.646)	(182.003)	(255.649)
<b>December 31</b>	<b>932.632</b>	<b>152.877</b>	<b>259.464</b>	<b>1.344.973</b>

<b>2010</b>	<b>Corporate, commercial and other loans</b>	<b>Consumer loans</b>	<b>Credit cards</b>	<b>Total</b>
<b>January 1</b>	<b>1.042.162</b>	<b>359.872</b>	<b>776.312</b>	<b>2.178.346</b>
Allowance for impairment	664.929	320.947	93.519	1.079.395
Amount recovered during the period	(394.186)	(325.928)	(14.871)	(734.985)
Loans written off during the period as uncollectible <sup>(1)</sup>	(500.380)	(135.478)	(452.455)	(1.088.313)
<b>December 31</b>	<b>812.525</b>	<b>219.413</b>	<b>402.505</b>	<b>1.434.443</b>

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



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

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

	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
<b>December 31, 2011</b>			
<b>(Gross amounts before specific reserves)</b>	<b>107.002</b>	<b>31.673</b>	<b>42.739</b>
Restructured loans and other receivables			
Rescheduled loans and other receivables	107.002	31.673	42.739
<b>December 31, 2010</b>			
<b>(Gross amounts before specific reserves)</b>	<b>22.242</b>	<b>34.388</b>	<b>31.201</b>
Restructured loans and other receivables	22.242	34.388	31.201
Rescheduled loans and other receivables	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>December 31, 2010</b>	<b>233.800</b>	<b>373.419</b>	<b>1.253.445</b>
Additions (+)	1.530.054	51.569	228.963
Transfers from other categories of non-performing loans (+)	-	726.330	553.001
Transfer to other categories of non-performing loans (-)	(726.330)	(553.001)	-
Collections (-)	(550.974)	(244.350)	(539.738)
Write-offs(-)	-	-	(256.275)
Corporate and commercial loans	-	-	-
Consumer loans	-	-	(73.646)
Credit cards	-	-	(182.003)
Other	-	-	(626)
<b>December 31, 2011</b>	<b>486.550</b>	<b>353.967</b>	<b>1.239.396</b>
Specific provision (-)	(69.662)	(201.155)	(1.074.156)
<b>Net balance on balance sheet</b>	<b>416.888</b>	<b>152.812</b>	<b>165.240</b>

According to the resolution of the Board of Directors of the Bank dated November 24, 2011, a portfolio composed of non-performing consumer loans and credit card loans amounting to TL 290.277 as of October 31, 2011, all fully provisioned, was sold to LBT Varlık Yönetim A.Ş. with a gain of TL 45.801.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2011</b>			
Period end balance	120.214	48.951	75.148
Specific provision (-)	(12.669)	(11.946)	(53.185)
<b>Net balance on-balance sheet</b>	<b>107.545</b>	<b>37.005</b>	<b>21.963</b>
<b>December 31, 2010</b>			
Period end balance	-	-	94.322
Specific provision (-)	-	-	(62.707)
<b>Net balance on-balance sheet</b>	<b>-</b>	<b>-</b>	<b>31.615</b>

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2011 (net)</b>			
Loans granted to real persons and corporate entities (gross)	416.888	152.812	165.240
Specific provision amount (-)	486.550	329.379	1.155.400
Loans granted to real persons and corporate entities (net)	(69.662)	(176.567)	(990.160)
Banks (gross)	416.888	152.812	165.240
Specific provision amount (-)	-	24.588	-
Banks (net)	-	(24.588)	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-
<b>December 31, 2010 (net)</b>	<b>186.253</b>	<b>33.398</b>	<b>206.570</b>
Loans granted to real persons and corporate entities (gross)	233.800	372.696	1.168.053
Specific provision amount (-)	(47.547)	(339.298)	(961.483)
Loans granted to real persons and corporate entities (Net)	186.253	33.398	206.570
Banks (gross)	-	723	1.380
Specific provision amount (-)	-	(723)	(1.380)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	84.012
Specific provision amount (-)	-	-	(84.012)
Other loans and receivables (net)	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

<b>Extended Agreements<sup>(1)</sup></b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6 months- 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
1	6.322	21.306	83.814	99.769	1.084.085	111.224	1.406.520
2	7.125	42.208	8.783	34.841	110.060	210	203.227
3 and over	1.491	1.762	8.089	9.249	17.732	10	38.333
<b>Total</b>	<b>14.938</b>	<b>65.276</b>	<b>100.686</b>	<b>143.859</b>	<b>1.211.877</b>	<b>111.444</b>	<b>1.648.080</b>

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

The Bank did not restructure any loan in accordance with temporary article 6 subsection 2 of the amendment of "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set Aside" dated December 30, 2011,.

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

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Government bond	12.537.425	12.530.657
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>12.537.425</b>	<b>12.530.657</b>

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Debt securities	12.633.048	12.609.092
Quoted on stock exchange <sup>(1)</sup>	12.633.048	12.609.092
Not quoted	-	-
Impairment provision (-)	(95.623)	(78.435)
<b>Total</b>	<b>12.537.425</b>	<b>12.530.657</b>

(1) As of December 31, 2011, Eurobonds amounting to TL 9.109.326 have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange because they are traded in the secondary market (December 31, 2010 - TL 7.285.189).

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

	December 31, 2011	December 31, 2010
<b>Beginning balance</b>	<b>12.530.657</b>	<b>12.014.792</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	1.664.889	96.351
Purchases during year	545.066	3.002.737
Disposals through sales and redemptions	(2.185.999)	(2.569.034)
Impairment provision (-)	(17.188)	(14.189)
<b>Period end balance</b>	<b>12.537.425</b>	<b>12.530.657</b>

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

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

As of December 31, 2011, held-to-maturity investments given as collateral/blocked amount to TL 2.728.229 (December 31, 2010 - TL 1.416.697). Held-to-maturity investments subject to repo transactions amount to TL 6.467.221 (December 31, 2010 - TL 3.336.835).

**g. Information on investments in associates (net):**

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage(%)
1	Banque de Commerce et de Placements S.A. <sup>(1)</sup>	Geneva/Switzerland	30,67	30,67
2	Kredi Kayıt Bürosu. <sup>(2)</sup>	İstanbul/Turkey	18,18	18,18
3	Bankalararası Kart Merkezi <sup>(2)</sup>	İstanbul/Turkey	9,98	9,98

2. Main financial figures of the investments in associates in the 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	4.499.320	617.970	6.938	87.812	15.244	55.033	26.900	-
2	33.294	28.668	3.163	1.804	-	12.969	3.986	-
3	22.629	19.044	6.401	686	-	3.179	2.525	-

Financial statement information disclosed above shows December 31, 2011 results.

(1) Financial statement information disclosed above shows December 31, 2011 results.

(2) Financial statement information disclosed above shows September 30, 2011 results.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

3. Movement of unconsolidated investments in associates:

	December 31, 2011	December 31, 2010
<b>Balance at the beginning of the period</b>	<b>47.344</b>	<b>47.344</b>
<b>Movements during the period</b>	<b>563</b>	-
Purchases	-	-
Transfers	-	-
Bonus shares obtained <sup>(1)</sup>	563	-
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>47.907</b>	<b>47.344</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	-	-

(1) As a result of the General Assembly Meeting of Bankalararası Kart Merkezi A.Ş registered on April 12, 2011; this amount represents the share of the Bank in capital increase.

4. Information on sectors and the carrying amounts of unconsolidated investments in associates:

	December 31, 2011	December 31, 2010
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	4.503	3.940
<b>Total financial investments</b>	<b>47.907</b>	<b>47.344</b>

5. Valuation of unconsolidated investments in associates:

	December 31, 2011	December 31, 2010
Valuation with cost	47.907	47.344
Valuation with fair value	-	-
Valuation with equity method	-	-
<b>Total</b>	<b>47.907</b>	<b>47.344</b>

6. The Bank has no investments in associates quoted on a stock exchange.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

1. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
2	Yapı Kredi Holding B.V.	Amsterdam/The Netherlands	100,00	100,00
3	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/ Turkey	99,98	99,99
4	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/ Turkey	99,99	100,00
5	Yapı Kredi Faktoring A.Ş.	Istanbul/ Turkey	99,95	100,00
6	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
7	Yapı Kredi Sigorta A.Ş.	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	98,85	99,58
9	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş.	Istanbul/ Turkey	11,09	56,07
10	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Turkey	99,96	99,99
11	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
12	Yapı Kredi Niderland N.V.	Amsterdam/The Netherlands	67,24	100,00

2. Main financial figures of the subsidiaries 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 <sup>(1)</sup>
1	84.907	77.442	831	6.390	49	41.505	52.419	-
2	108.346	108.270	-	-	-	5	2.065	-
3	1.304.705	290.201	5.631	89.305	22.785	84.107	76.454	-
4	12.907	10.897	319	54	-	1.338	1.135	-
5	1.820.004	129.345	519	136.793	-	46.040	26.178	-
6	347.906	108.837	9.735	19.736	2.162	10.155	842	-
7	1.030.983	353.655	21.755	38.770	25.743	55.185	42.549	984.000
8	3.202.602	877.942	3.471	223.735	-	142.736	91.765	1.649.400
9	78.403	77.112	44	2.576	(1.216)	(527)	5.589	45.900
10	37.555	23.318	3.948	1.021	16	621	1.018	-
11	559.587	132.907	12.947	27.060	1.005	15.478	13.677	-
12	4.115.628	530.849	522	171.080	20.881	33.314	70.385	-

(1) Calculated with the ISE market prices as of December 31, 2011 considering the total number of shares.

Financial statement information disclosed above shows December 31, 2011 results.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

3. Movement schedule of subsidiaries:

	December 31, 2011	December 31, 2010
<b>Balance at the beginning of the period</b>	<b>1.789.841</b>	<b>1.781.948</b>
<b>Movements during the period</b>	<b>11.382</b>	<b>7.893</b>
Purchases	-	-
Transfers	-	-
Bonus shares obtained <sup>(1)(2)</sup>	11.382	7.893
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>1.801.223</b>	<b>1.789.841</b>
<b>Capital commitments</b>	-	-
<b>Share holding percentage at the end of the period (%)</b>	-	-

(1) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 30, 2010; capital was increased by 4.392 thousand AZN from the profit of 2009.

(2) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by 6.499 thousand AZN from the profit of 2010.

4. Sectoral information on financial subsidiaries and the related carrying amounts:

Financial subsidiaries	December 31, 2011	December 31, 2010
Banks	297.519	286.137
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	447.569	447.569
<b>Total financial subsidiaries</b>	<b>1.798.923</b>	<b>1.787.541</b>

5. Subsidiaries quoted to stock exchange:

	December 31, 2011	December 31, 2010
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
<b>Total of subsidiaries quoted to stock exchanges</b>	<b>876.095</b>	<b>876.095</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

1. Information on joint ventures:

Joint ventures	Bank's share	Group's share	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	80.525	24.789	344	24.867	(35.255)
<b>Total</b>			<b>80.525</b>	<b>24.789</b>	<b>344</b>	<b>24.867</b>	<b>(35.255)</b>

Financial statement information disclosed above shows December 31, 2011 results.

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

None (December 31, 2010 - None).

**k. Information on hedging derivative financial assets:**

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	369.747	-	34.463	-
Cash flow hedge <sup>(1)</sup>	7.226	362	-	3.738
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>376.973</b>	<b>362</b>	<b>34.463</b>	<b>3.738</b>

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



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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**I. Information on tangible assets:**

	Immovables	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
<b>December 31, 2010</b>					
Cost	2.064.202	357.733	4.052	777.047	3.203.034
Accumulated depreciation (-)	(1.291.408)	(250.441)	(3.796)	(552.416)	(2.098.061)
<b>Net book value</b>	<b>772.794</b>	<b>107.292</b>	<b>256</b>	<b>224.631</b>	<b>1.104.973</b>
<b>December 31, 2011</b>					
<b>Net book value at beginning of the period</b>	<b>772.794</b>	<b>107.292</b>	<b>256</b>	<b>224.631</b>	<b>1.104.973</b>
Additions	2.302	67.204	-	64.139	133.645
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(175.937)	(3.227)	(9)	(2.956)	(182.129)
Reversal of impairment, net	99.127	-	-	-	99.127
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.780)	(41.627)	(85)	(64.674)	(146.166)
<b>Net book value at end of the period</b>	<b>658.506</b>	<b>129.642</b>	<b>162</b>	<b>221.140</b>	<b>1.009.450</b>
Cost at the end of the period	1.970.991	409.319	2.542	819.682	3.202.535
Accumulated depreciation at the period end (-)	(1.312.485)	(279.677)	(2.380)	(598.542)	(2.193.085)
<b>December 31, 2011</b>	<b>658.506</b>	<b>129.642</b>	<b>162</b>	<b>221.140</b>	<b>1.009.450</b>

As of December 31, 2011, the Bank had total provision for impairment amounting to TL 328.682 (December 31, 2010 – TL 545.324) for the property and equipment.

**m. Information on intangible assets:**

	December 31, 2011	December 31, 2010
<b>Balance at the beginning of the period</b>	<b>1.229.401</b>	<b>1.186.024</b>
Additions during the period	91.685	83.295
Unused and disposed items (-)	(3.666)	(159)
Transfers	-	-
Impairment reversal	-	4.015
Amortization expenses (-)	(55.566)	(43.774)
<b>Balance at the end of the period</b>	<b>1.261.854</b>	<b>1.229.401</b>

**n. Information on investment property:**

None (December 31, 2010 - None).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**o. Information on deferred tax asset:**

	December 31, 2011		December 31, 2010	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	183.428	36.686	162.205	32.441
Provision for the actuarial deficit of the pension fund	775.286	155.057	838.036	167.607
Derivative financial liabilities	981.675	196.335	786.797	157.359
Securities portfolio valuation differences	198.453	39.691	306.985	61.396
Subsidiaries, investment in associates and share certificates	122.602	24.520	122.647	24.529
Other	122.780	24.556	123.462	24.693
<b>Total deferred tax asset</b>	<b>2.384.224</b>	<b>476.845</b>	<b>2.340.132</b>	<b>468.025</b>
Derivative financial assets	(824.660)	(164.932)	(923.678)	(184.736)
Valuation difference of securities portfolio	(178.881)	(35.776)	(126.611)	(25.322)
Property, equipment and intangibles, net	(250.016)	(39.384)	(321.965)	(39.363)
Other	-	-	(13.200)	(2.640)
<b>Total deferred tax liability</b>	<b>(1.253.557)</b>	<b>(240.092)</b>	<b>(1.385.454)</b>	<b>(252.061)</b>
<b>Deferred tax asset, net</b>	<b>1.130.667</b>	<b>236.753</b>	<b>954.678</b>	<b>215.964</b>

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

	December 31, 2011	December 31, 2010
<b>Balance at the beginning of the period</b>	<b>79.377</b>	<b>86.966</b>
Additions	63.790	56.716
Disposals (-), net	(41.523)	(64.901)
Impairment reversal	1.380	2.752
Impairment (-)	(238)	(219)
Depreciation (-)	(2.390)	(1.937)
<b>Net book value at the end of the period</b>	<b>100.396</b>	<b>79.377</b>
Cost at the end of the period	107.782	85.836
Accumulated depreciation at the end of the period (-)	(7.386)	(6.459)
<b>Net book value at the end of the period</b>	<b>100.396</b>	<b>79.377</b>

As of December 31, 2011, the Bank booked impairment provision on assets held for resale with an amount of TL 9.791 (December 31, 2010 - TL 10.933).

**r. Information on other assets:**

As of December 31, 2011, other assets do not exceed 10% of the total assets.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**II. Explanations and notes related to liabilities**

**a. Information on deposits:**

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

1 (i). December 31, 2011:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	1.939.777	1.364.513	15.295.711	1.102.514	296.691	1.271.930	21.271.136
Foreign currency deposits	4.044.651	4.294.735	15.203.545	2.184.377	70.219	916.009	26.713.536
Residents in Turkey	3.944.484	4.131.773	13.754.393	2.005.060	67.373	483.436	24.386.519
Residents abroad	100.167	162.962	1.449.152	179.317	2.846	432.573	2.327.017
Public sector deposits	136.025	281	101.058	564	139	17	238.084
Commercial deposits	3.052.965	1.232.791	5.603.637	1.750.784	214.433	169.547	12.024.157
Other institutions deposits	31.314	23.494	584.712	485.866	7.940	48.570	1.181.896
Precious metals vault	993.545	380	166.607	132.281	64.377	51.736	1.408.926
Bank deposits	319.991	306.103	-	44.896	5.395	3.264	679.649
The CBRT	-	-	-	-	-	-	-
Domestic banks	12.525	304.963	-	-	-	3.104	320.592
Foreign banks	258.616	1.140	-	44.896	5.395	160	310.207
Participation banks	48.850	-	-	-	-	-	48.850
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>10.518.268</b>	<b>7.222.297</b>	<b>36.955.270</b>	<b>5.701.282</b>	<b>659.194</b>	<b>2.461.073</b>	<b>63.517.384</b>

1 (ii). December 31, 2010:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 year and over	Total
Saving deposits	1.816.685	4.434.620	10.869.254	210.358	37.088	114.112	17.482.117
Foreign currency deposits	3.875.115	3.885.684	10.800.664	461.711	68.061	334.546	19.425.781
Residents in Turkey	3.782.129	3.821.711	9.661.596	233.794	63.117	194.396	17.756.743
Residents abroad	92.986	63.973	1.139.068	227.917	4.944	140.150	1.669.038
Public sector deposits	320.906	14.937	60.880	543	-	-	397.266
Commercial deposits	2.414.474	3.252.232	6.502.676	177.890	3.206	70.312	12.420.790
Other institutions deposits	34.853	85.306	1.478.796	288	65	990	1.600.298
Precious metals vault	237.777	-	45.422	16.774	17.917	26.252	344.142
Bank deposits	302.311	262.655	36.965	-	206.068	246.139	1.054.138
The CBRT	-	-	-	-	-	-	-
Domestic banks	68.467	261.885	4.022	-	-	246.139	580.513
Foreign banks	219.571	770	32.943	-	206.068	-	459.352
Participation banks	14.273	-	-	-	-	-	14.273
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>9.002.121</b>	<b>11.935.434</b>	<b>29.794.657</b>	<b>867.564</b>	<b>332.405</b>	<b>792.351</b>	<b>52.724.532</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>Saving deposits</b>				
Saving deposits	8.534.672	8.779.823	12.736.461	8.651.347
Foreign currency savings deposit	2.751.032	2.448.173	7.640.970	5.572.934
Other deposits in the form of savings deposits	607.610	117.017	633.098	196.827
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	December 31, 2011	December 31, 2010
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	37.005	21.080
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	9.026	116.231

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

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Forward transactions	77.962	-	41.498	-
Swap transactions	286.060	53.852	203.119	21.075
Futures transactions	-	-	-	-
Options	28.495	24.921	45.744	21.698
Other	-	-	-	-
<b>Total</b>	<b>392.517</b>	<b>78.773</b>	<b>290.361</b>	<b>42.773</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**c. Information on borrowings:**

1. Information on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	188.351	234.523	98.681	125.898
From foreign banks, institutions and funds	569.683	12.730.143	868.493	7.279.873
<b>Total</b>	<b>758.034</b>	<b>12.964.666</b>	<b>967.174</b>	<b>7.405.771</b>

2. Information on maturity structure of borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term	312.162	7.567.347	451.197	3.807.190
Medium and long-term	445.872	5.397.319	515.977	3.598.581
<b>Total</b>	<b>758.034</b>	<b>12.964.666</b>	<b>967.174</b>	<b>7.405.771</b>

3. Information on securitization borrowings:

The Bank has a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 406 million and EUR 208 million, the equivalent of TL 1.242.144 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 2011 a total of TL 387.701 is paid (2010 – TL 345.191).

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 905.637 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**d. Information on marketable securities issued:**

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Bills	951.956	-	-	-
Bonds	144.350	-	-	-
<b>Total</b>	<b>1.096.306</b>	<b>-</b>	<b>-</b>	<b>-</b>

On October 10, 2011, the Bank issued bonds amounting to TL 150.000 (nominal) at an interest rate of 9,08% with 368 days to maturity and coupon payment within period of 92 days.

On December 5, 2011, the Bank issued domestic bills amounting to TL 1.000.000 (nominal) at an interest rate of 10,62%, issue price of TL 95,34 (full TL) with 168 days to maturity.

These bonds and bills can be re-purchased and re-sold according to the relevant legislation and net outstanding balances are reflected on the accompanying financial statements.

**e. Information on other liabilities:**

As of December 31, 2011, other liabilities do not exceed 10% of the total balance sheet commitments.

**f. Information on lease payables:**

1. Information on financial leasing agreements:

	December 31, 2011		December 31, 2010	
	Gross	Net	Gross	Net
Less than 1 year	606	569	-	-
Between 1-4 years	29.074	27.970	13.619	13.300
More than 4 years	65	58	2.811	2.744
<b>Total</b>	<b>29.745</b>	<b>28.597</b>	<b>16.430</b>	<b>16.044</b>

2. Information on operational leasing agreements:

The 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.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	18.959	-	313.917	-
Cash flow hedge <sup>(1)</sup>	43.693	440.189	38.108	101.638
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>62.652</b>	<b>440.189</b>	<b>352.025</b>	<b>101.638</b>

(1) Explained in Note IX of Section IV.

**h. Information on provisions:**

1. Information on general provisions:

	December 31, 2011	December 31, 2010
Provisions for Group I loans and receivables	756.701	577.959
Provisions for Group II loans and receivables	70.625	104.422
Provisions for non cash loans	66.886	61.590
Other	147.792	76.328
<b>Total</b>	<b>1.042.004</b>	<b>820.299</b>

In accordance with the amendment of "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for these Loans and Other Receivables" published in the official Gazette No 27947 dated May 28, 2011 and No.28158 dated December 30, 2011, the Bank provided TL 61.691 of additional general provision for the loans whose payment plans are extended. Such loans are explained in note I.e.12 section V.

2. Information on reserve for employee rights:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. TAS 19 necessitates actuarial valuation methods to calculate the liabilities of enterprises.

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

	December 31, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
Possibility of being eligible for retirement (%)	94,94	94,71

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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 2.805,04 effective from January 1, 2012 (January 1, 2011: full TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Prior period ending balance</b>	<b>88.800</b>	<b>89.805</b>
Changes during the period	32.622	15.145
Paid during the period	(22.342)	(16.150)
<b>Balance at the end of the period</b>	<b>99.080</b>	<b>88.800</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 84.348 as of December 31, 2011 (December 31, 2010 - TL 73.405).

3. Other provisions:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Pension fund provision	775.286	838.036
Non-cash loan provision	108.232	127.958
Provision for possible risks <sup>(1)</sup>	106.176	87.435
Provisions on credit cards and promotion campaigns related to banking services	33.905	39.697
Provision on export commitment tax and funds liability	37.251	39.486
Legal risk provision <sup>(1)</sup>	29.543	27.471
Other	91.196	136.930
<b>Total</b>	<b>1.181.589</b>	<b>1.297.013</b>

(1) Considered as provisions for possible risks.

i) Pension fund provision:

The Bank provided provision amounting to TL 775.286 (December 31, 2010 – TL 838.036) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table.

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Income statement (charge)/benefit	62.750	26.023

The amount of TL 62.750 (December 31, 2010 – TL 26.023) is recorded as other operating income in the income statement.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Present value of funded obligations	1.293.105	1.279.566
- Pension benefits transferable to SSI	1.250.572	1.183.533
- Post employment medical benefits transferable to SSI	42.533	96.033
Fair value of plan assets	(517.819)	(441.530)
<b>Provision for the actuarial deficit of the pension fund</b>	<b>775.286</b>	<b>838.036</b>

The principal actuarial assumptions used were as follows:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Discount rate		
- Pension benefits transferable to SSI	%9,80	%9,80
- Post employment medical benefits transferable to SSI	%9,80	%9,80

**Mortality rate:** Average life expectation is defined according to the mortality table based on statistical data, as 14 years for men and 18 years for women who retire at the age of 65 and 64, respectively.

Plan assets are comprised as follows:

	<b>December 31, 2011</b>		<b>December 31, 2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Government bonds and treasury bills	195.456	38	154.902	35
Premises and equipment	116.055	22	116.393	26
Bank placements	167.717	32	133.432	30
Short term receivables	19.367	4	19.493	5
Other	19.224	4	17.310	4
<b>Total</b>	<b>517.819</b>	<b>100</b>	<b>441.530</b>	<b>100</b>

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

As of December 31, 2011, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 17.520 (December 31, 2010 - TL 21.327). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

**i. Information on taxes payable:**

(i) Information on taxes payable:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Corporate Tax Payable	90.809	104.458
Taxation of Marketable Securities	71.272	79.235
Property Tax	1.485	1.355
Banking Insurance Transaction Tax ("BITT")	50.754	31.627
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	3.399	3.167
Other	21.160	19.500
<b>Total</b>	<b>238.879</b>	<b>239.342</b>

As at December 31, 2011, the Bank has submitted its application to Boğaziçi Corporate Tax Authority and Taxpayers Office to claim for the benefit of the tax amnesty (the Law numbered 6111) regarding 6 tax penalties resulting from tax inspectors review of 2005, 2006, 2007, 2009 and 2010 fiscal years. The restructured tax payable amounting to TL 1.332 was paid in the second quarter of 2011.

(ii) Information on premium payables:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	8.097	7.291
Bank pension fund premiums – employer	8.471	7.604
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	577	520
Unemployment insurance – employer	1.160	1.041
Other	-	-
<b>Total</b>	<b>18.305</b>	<b>16.456</b>

(iii) Information on deferred tax liability:  
None (December 31, 2010 - None).

**j. Information on subordinated loans:**

	<b>December 31, 2011</b>		<b>December 31, 2010</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	2.523.816	-	2.110.274
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.523.816</b>	<b>-</b>	<b>2.110.274</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

According to the resolution of the Board of Directors of the Bank dated February 22, 2012, the Bank has signed a subordinated loan agreement with UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of five years, at an interest rate of 3 months LIBOR + 8,30%.

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

1. Presentation of paid-in capital:

	December 31, 2011	December 31, 2010
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 Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 5.000.000.

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

None (December 31, 2010 - None).

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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 Bank'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 Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.
8. Information on marketable securities valuation differences:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	(127.548)	29.190	101.047	81.726
Foreign currency difference <sup>(1)</sup>	-	14.914	-	2.300
<b>Total</b>	<b>(127.548)</b>	<b>44.104</b>	<b>101.047</b>	<b>84.026</b>

(1) Includes current period foreign currency differences.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

**a. Information on off balance sheet commitments:**

1. The amount and type of irrevocable commitments:

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Commitments on credit card limits	13.666.113	11.706.172
Loan granting commitments	5.107.096	3.256.509
Commitments for cheques	4.220.740	3.653.626
Other irrevocable commitments	7.551.981	3.939.925
<b>Total</b>	<b>30.545.930</b>	<b>22.556.232</b>

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank has recorded a general provision for its non-cash loans amounting to TL 66.886 (December 31, 2010 - TL 61.590) and a specific provision regarding non-cash loans amounting to TL 108.232 (December 31, 2010 – TL 127.958).

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Bank acceptance loans	158.915	165.797
Letter of credits	4.886.465	3.907.168
Other guarantees and collaterals	2.391.897	579.420
<b>Total</b>	<b>7.437.277</b>	<b>4.652.385</b>

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Temporary letter of guarantees	1.789.616	1.020.700
Definite letter of guarantees	12.932.613	10.530.528
Advance letter of guarantees	2.476.742	2.100.373
Letter of guarantees given to customs	1.048.085	807.679
Other letter of guarantees	450.806	351.711
<b>Total</b>	<b>18.697.862</b>	<b>14.810.991</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at December 31, 2011**

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

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

3 (i). Total amount of non-cash loans:

	December 31, 2011	December 31, 2010
Non-cash loans given against cash loans	292.804	218.350
With original maturity of 1 year or less than 1 year	21.119	24.803
With original maturity of more than 1 year	271.685	193.547
Other non-cash loans	25.842.335	19.245.026
<b>Total</b>	<b>26.135.139</b>	<b>19.463.376</b>

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

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>153.475</b>	<b>1,43</b>	<b>254.661</b>	<b>1,64</b>	<b>128.439</b>	<b>1,64</b>	<b>179.169</b>	<b>1,53</b>
Farming and raising livestock	115.608	1,08	241.083	1,56	96.758	1,24	175.426	1,50
Forestry	33.968	0,32	8.424	0,05	24.429	0,31	1.237	0,01
Fishing	3.899	0,03	5.154	0,03	7.252	0,09	2.506	0,02
<b>Manufacturing</b>	<b>3.966.421</b>	<b>37,09</b>	<b>7.442.320</b>	<b>48,20</b>	<b>3.193.838</b>	<b>40,96</b>	<b>5.584.068</b>	<b>47,87</b>
Mining	474.401	4,44	650.116	4,21	271.652	3,48	481.108	4,12
Production	3.058.153	28,59	5.639.928	36,53	2.462.192	31,58	4.285.816	36,75
Electric, gas and water	433.867	4,06	1.152.276	7,46	459.994	5,90	817.144	7,00
<b>Construction</b>	<b>3.164.314</b>	<b>29,59</b>	<b>3.743.485</b>	<b>24,25</b>	<b>2.194.349</b>	<b>28,14</b>	<b>2.978.890</b>	<b>25,54</b>
<b>Services</b>	<b>2.330.696</b>	<b>21,79</b>	<b>3.768.496</b>	<b>24,41</b>	<b>1.964.996</b>	<b>25,20</b>	<b>2.722.325</b>	<b>23,34</b>
Wholesale and retail trade	1.112.054	10,40	760.222	4,92	981.340	12,59	328.852	2,82
Hotel, food and beverage services	97.522	0,91	127.342	0,82	77.349	0,99	76.832	0,66
Transportation and telecommunication	317.317	2,97	396.338	2,57	260.105	3,34	307.755	2,64
Financial institutions	470.730	4,40	1.906.817	12,36	381.561	4,89	1.567.573	13,43
Real estate and leasing services	94.246	0,88	250.625	1,62	60.406	0,77	172.084	1,48
Self-employment services	-	-	-	-	-	-	-	-
Education services	15.498	0,14	2.531	0,02	15.835	0,20	2.931	0,03
Health and social services	223.329	2,09	324.621	2,10	188.400	2,42	266.298	2,28
<b>Other</b>	<b>1.080.445</b>	<b>10,10</b>	<b>230.826</b>	<b>1,50</b>	<b>316.435</b>	<b>4,06</b>	<b>200.867</b>	<b>1,72</b>
<b>Total</b>	<b>10.695.351</b>	<b>100,00</b>	<b>15.439.788</b>	<b>100,00</b>	<b>7.798.057</b>	<b>100,00</b>	<b>11.665.319</b>	<b>100,00</b>

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

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

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

December 31, 2011	Group I		Group II <sup>(1)</sup>	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	9.846.832	8.701.776	96.691	52.563
Bank acceptances	-	158.915	-	-
Letters of credit	13.687	4.872.778	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	738.141	1.653.756	-	-
<b>Total</b>	<b>10.598.660</b>	<b>15.387.225</b>	<b>96.691</b>	<b>52.563</b>

December 31, 2010	Group I		Group II <sup>(1)</sup>	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	7.698.272	6.996.924	81.773	34.022
Bank acceptances	-	165.797	-	-
Letters of credit	12.337	3.894.663	-	168
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	5.675	571.843	-	1.902
<b>Total</b>	<b>7.716.284</b>	<b>11.629.227</b>	<b>81.773</b>	<b>36.092</b>

(1) Also includes balances of the Groups III, IV and V.

3 (iv). Maturity distribution of non cash loans:

December 31, 2011 <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	2.727.074	1.683.763	475.628	-	4.886.465
Letter of guarantee	9.164.695	3.118.268	5.416.687	998.212	18.697.862
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
<b>Total</b>	<b>12.964.606</b>	<b>5.449.777</b>	<b>6.707.603</b>	<b>1.013.153</b>	<b>26.135.139</b>

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

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

December 31, 2010 <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	1.934.347	1.615.388	357.433	-	3.907.168
Letter of guarantee	7.816.852	2.607.637	3.587.851	798.651	14.810.991
Bank acceptances	165.797	-	-	-	165.797
Other	142.724	144.453	272.644	19.599	579.420
<b>Total</b>	<b>10.059.720</b>	<b>4.367.478</b>	<b>4.217.928</b>	<b>818.250</b>	<b>19.463.376</b>

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

**b. Information on derivative financial instruments:**

	December 31, 2011	December 31, 2010
Types of trading transactions		
Foreign currency related derivative transactions (I)	34.903.485	41.626.249
FC trading forward transactions	11.200.661	5.999.892
Trading swap transactions	17.534.051	25.209.582
Futures transactions	-	-
Trading option transactions	6.168.773	10.416.775
Interest related derivative transactions (II)	8.450.824	3.017.823
Forward interest rate agreements	-	-
Interest rate swaps	3.991.702	3.017.822
Interest rate options	4.459.122	-
Interest rate futures	-	1
Other trading derivative transactions (III)	1.571.666	1.276.049
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>44.925.975</b>	<b>45.920.121</b>
Types of hedging derivative transactions		
Transactions for fair value hedge	6.206.854	4.317.238
Cash flow hedges	32.437.197	8.527.020
Transactions for foreign net investment hedge	-	-
<b>B. Total hedging related derivatives</b>	<b>38.644.051</b>	<b>12.844.258</b>
<b>Total derivative transactions (A+B)</b>	<b>83.570.026</b>	<b>58.764.379</b>



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

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

December 31, 2011 <sup>(1)</sup>	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	(84.466)	(71.313)	115.502	(602.956)	(163.310)	(806.543)
– Inflow	8.153.563	4.705.707	4.641.118	2.981.524	368.340	20.850.252
– Outflow	(8.238.029)	(4.777.020)	(4.525.616)	(3.584.480)	(531.650)	(21.656.795)
Interest rate derivatives	454	2.010	(1.374)	3.017	887	4.994
– Inflow	97.487	5.159	294.006	3.521.145	662.743	4.580.540
– Outflow	(97.033)	(3.149)	(295.380)	(3.518.128)	(661.856)	(4.575.546)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(33.879)	(7.309)	(170.816)	(571.407)	30.649	(752.762)
– Inflow	17.528	263.013	1.481.977	18.229.258	495.315	20.487.091
– Outflow	(51.407)	(270.322)	(1.652.793)	(18.800.665)	(464.666)	(21.239.853)
<b>Total cash inflow</b>	<b>8.268.578</b>	<b>4.973.879</b>	<b>6.417.101</b>	<b>24.731.927</b>	<b>1.526.398</b>	<b>45.917.883</b>
<b>Total cash outflow</b>	<b>(8.386.469)</b>	<b>(5.050.491)</b>	<b>(6.473.789)</b>	<b>(25.903.273)</b>	<b>(1.658.172)</b>	<b>(47.472.194)</b>

December 31, 2010 <sup>(1)</sup>	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives	201.254	388.383	(51.482)	(542.336)	(222.020)	(226.201)
– Inflow	7.079.928	8.473.681	4.816.412	2.749.818	376.825	23.496.664
– Outflow	(6.878.674)	(8.085.298)	(4.867.894)	(3.292.154)	(598.845)	(23.722.865)
Interest rate derivatives	460	(79.904)	(119.388)	(268.554)	(43.331)	(510.717)
– Inflow	65.372	8.536	613.117	2.984.709	353.200	4.024.934
– Outflow	(64.912)	(88.440)	(732.505)	(3.253.263)	(396.531)	(4.535.651)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(20.546)	(25.509)	(224.288)	(623.637)	(2.933)	(896.913)
– Inflow	1.828	109.620	559.671	5.830.245	30.256	6.531.620
– Outflow	(22.374)	(135.129)	(783.959)	(6.453.882)	(33.189)	(7.428.533)
<b>Total cash inflow</b>	<b>7.147.128</b>	<b>8.591.837</b>	<b>5.989.200</b>	<b>11.564.772</b>	<b>760.281</b>	<b>34.053.218</b>
<b>Total cash outflow</b>	<b>(6.965.960)</b>	<b>(8.308.867)</b>	<b>(6.384.358)</b>	<b>(12.999.299)</b>	<b>(1.028.565)</b>	<b>(35.687.049)</b>

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

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

The Bank has recorded a provision of TL 29.543 (December 31, 2010 - TL 27.471) for litigation and has accounted for it in the financial statements under the "Other Provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

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

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

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

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

**IV. Explanations and notes related to income statement:**

**a. Information on interest income:**

1. Information on interest income on loans:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	2.397.425	154.556	2.198.108	208.773
Medium/long-term loans <sup>(1)</sup>	2.072.204	883.689	1.542.430	512.179
Interest on loans under follow-up	97.260	129	85.459	231
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>4.566.889</b>	<b>1.038.374</b>	<b>3.825.997</b>	<b>721.183</b>

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

2. Information on interest income on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	13.222	1.180	11.048	869
From foreign banks	2.693	11.725	5.562	10.076
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>15.915</b>	<b>12.905</b>	<b>16.610</b>	<b>10.945</b>

3. Information on interest income on marketable securities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From trading financial assets	20.046	1.591	6.244	6.427
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	496.841	55.213	163.855	50.186
From held-to-maturity investments	343.147	571.361	501.441	415.117
<b>Total</b>	<b>860.034</b>	<b>628.165</b>	<b>671.540</b>	<b>471.730</b>

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

	December 31, 2011	December 31, 2010
Interest received from associates and subsidiaries	14.010	5.325

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

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	96.253	350.835	100.026	191.065
The CBRT	-	-	-	-
Domestic banks	9.596	4.706	9.272	3.653
Foreign banks	86.657	346.129	90.754	187.412
Headquarters and branches abroad	-	-	-	-
Other institutions	-	104	-	245
<b>Total <sup>(1)</sup></b>	<b>96.253</b>	<b>350.939</b>	<b>100.026</b>	<b>191.310</b>

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	December 31, 2011	December 31, 2010
Interest paid to associates and subsidiaries	37.656	33.850

3. Information on interest expense to marketable securities issued:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Interest expense to marketable securities issued	48.236	-	-	-
<b>Total</b>	<b>48.236</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Cumulating deposit	Total	December 31, 2010
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Bank deposit	224	1.124	6.518	-	-	500	-	8.366	23.129
Saving deposit	16	161.140	1.124.123	55.289	34.875	107.330	-	1.482.773	1.268.338
Public sector deposit	-	141	705	437	12	25	-	1.320	6.079
Commercial deposit	49	157.246	490.501	97.481	10.517	9.148	-	764.942	541.817
Other deposit	-	5.349	53.535	20.805	261	1.621	-	81.571	61.005
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>289</b>	<b>325.000</b>	<b>1.675.382</b>	<b>174.012</b>	<b>45.665</b>	<b>118.624</b>	<b>-</b>	<b>2.338.972</b>	<b>1.900.368</b>
<b>FC</b>									
Foreign currency deposit	184	176.522	496.848	37.274	1.409	12.057	-	724.294	368.853
Bank deposit	172	441	123	712	70	-	-	1.518	6.846
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	949	89	58	71	47	-	1.214	429
<b>Total</b>	<b>356</b>	<b>177.912</b>	<b>497.060</b>	<b>38.044</b>	<b>1.550</b>	<b>12.104</b>	<b>-</b>	<b>727.026</b>	<b>376.128</b>
<b>Grand total</b>	<b>645</b>	<b>502.912</b>	<b>2.172.442</b>	<b>212.056</b>	<b>47.215</b>	<b>130.728</b>	<b>-</b>	<b>3.065.998</b>	<b>2.276.496</b>

c. Information on dividend income:

	December 31, 2011	December 31, 2010
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	158	10
Subsidiaries and associates	128.045	155.171
<b>Total</b>	<b>128.203</b>	<b>155.181</b>

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

	December 31, 2011	December 31, 2010
<b>Gain</b>	<b>23.314.281</b>	<b>17.386.877</b>
Gain from capital market transactions	54.552	80.211
Derivative financial transaction gains	13.790.462	10.648.433
Foreign exchange gains	9.469.267	6.658.233
<b>Loss (-)</b>	<b>(23.568.989)</b>	<b>(17.453.515)</b>
Loss from capital market transactions	(25.517)	(7.826)
Derivative financial transaction losses	(14.288.947)	(11.184.697)
Foreign exchange loss	(9.254.525)	(6.260.992)
<b>Net gain/loss</b>	<b>(254.708)</b>	<b>(66.638)</b>

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

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

The amount of net loss from derivative financial transactions related to exchange rate changes is 10.191 TL (December 31, 2010 – TL 17.711 loss).

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

Other operating income mainly includes reversal of provisions for non-performing loans collected. It also comprises reversal of other expense provisions which were recorded in previous years, including the provision for pension fund for TL 62.750 (December 31, 2010 – TL 26.023), the gain from the sale of non-performing loan portfolio for TL 45.801 (December 31, 2010 – TL 71.911) and the positive effect of real estate sale and impairment reversals for 151.561 TL (December 31, 2010 – TL 132.488).

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

	December 31, 2011	December 31, 2010
Specific provisions for loans and other receivables	455.657	968.703
III. Group loans and receivables	132.734	5.179
IV. Group loans and receivables	46.430	133.065
V. Group loans and receivables	276.493	830.459
General provision expenses	245.259	71.629
Provision expense for possible risks	20.813	25.902
Marketable securities impairment expenses	29.345	1.014
Financial assets at fair value through profit or loss	1.014	1.014
Available-for-sale financial assets	28.331	-
Impairment of investments in associates, subsidiaries and held-to-maturity securities	22.777	14.189
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	4.969	-
Held-to-maturity investments	17.808	14.189
Other	2.371	1.521
<b>Total</b>	<b>776.222</b>	<b>1.082.958</b>

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

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Personnel expenses	1.138.373	989.749
Reserve for employee termination benefits	10.280	-
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	1.328
Depreciation expenses of property and equipment	146.166	136.457
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	55.566	43.774
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	238	219
Depreciation expenses of assets held for resale	2.390	1.937
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	843.450	798.625
Operational lease expenses	130.589	113.132
Repair and maintenance expenses	27.055	25.573
Advertising expenses	69.716	78.049
Other expense	616.090	581.871
Loss on sales of assets	885	2.355
Other	493.138	514.071
<b>Total</b>	<b>2.690.486</b>	<b>2.488.515</b>

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

Income before tax includes net interest income amounting to TL 3.310.107 (December 31, 2010 – TL 3.199.602), net fee and commission income amounting to TL 1.826.778 (December 31, 2010 – TL 1.596.238) and total other operating expense amounting TL 2.690.486 (December 31, 2010 – TL 2.488.515).

The Bank has no discontinued operations.

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

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

As of December 31, 2011, the Bank has current tax expense amounting to TL 420.569 (December 31, 2010 – TL 461.928) and deferred tax expense amounting to TL 77.010 (December 31, 2010 – TL 2.450 credit).

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

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Income before tax provision	2.355.065	2.519.768
Tax calculated with tax rate of 20%	471.013	503.954
Disallowables and deductions (net)	26.566	(44.476)
<b>Total</b>	<b>497.579</b>	<b>459.478</b>

A tax investigation report (No. GKR-2009-748/9, dated November 3, 2009) was issued following the examination of 2004 corporate tax. The Bank objected against Boğaziçi Corporate Tax Office report with No. 2010 / 1614 at İstanbul 3rd Tax Court asking for the cancellation of the tax / penalty notification No. 2009/1. In December 2011 Tax Court (decision no. 2011/4287) accepted only partially the Bank's objection, leaving to the Bank the right to file an appeal to the Council of State. As of December 31, 2011, due to the denied part of the case, the Bank recognized TL 16.640 as current tax provision for additional corporate tax and TL 22.406 as operational expense for tax delay interest in the income statement.

The Bank does not have discontinued operations.

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

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation except as disclosed in other footnotes, to understand the Bank's current period performance. (December 31, 2010 - as a result of changes in the internal composition of the loan portfolio, the Bank revised the general loan loss provisions by updating the related parameters used in the calculation of such provision. As a result of the revision, TL 114 million is recorded as income. Apart from this income, the characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

**l. Other items in income statement:**

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

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

**a. Information on dividends:**

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

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

None.

**c. Information on available for sale financial assets:**

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

**d. Hedging transactions:**

The Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EURO and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2011 is TL 308.530 loss. (December 31, 2010 - TL 101.828 loss).

**e. Information on share issue premium:**

Explained in details in Note XIX of Section Three.



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

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

**a. Information on cash and cash equivalents:**

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

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

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

	December 31, 2011	December 31, 2010
<b>Cash</b>	<b>3.953.850</b>	<b>1.756.111</b>
Cash and effectives	686.548	637.571
Demand deposits in banks	3.267.302	1.118.540
<b>Cash equivalents</b>	<b>1.012.551</b>	<b>2.701.693</b>
Interbank money market	949.000	1.530.000
Time deposits in banks	63.551	1.171.693
<b>Total cash and cash equivalents</b>	<b>4.966.401</b>	<b>4.457.804</b>

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

	December 31, 2011	December 31, 2010
<b>Cash</b>	<b>7.208.779</b>	<b>3.953.850</b>
Cash and effectives	1.013.783	686.548
Demand deposits in banks	6.194.996	3.267.302
<b>Cash equivalents</b>	<b>2.571.645</b>	<b>1.012.551</b>
Money market	2.136.834	949.000
Time deposits in banks	434.811	63.551
<b>Total cash and cash equivalents</b>	<b>9.780.424</b>	<b>4.966.401</b>

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

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

Reserves amounting to TL 8.712.783 (December 31, 2010 – TL 5.216.762) in CBRT represent the reserve requirements of the Bank. There is also TL 105.538 blocked amount in foreign banks account.

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

Decrease in "Other Account" amounting to TL 2.321.700 (December 31, 2010 – TL 78.066 increase) which is classified under "Operating profit before changes in operating assets and liabilities" includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 1.457.574 (December 31, 2010 – TL 1.025.463 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a increase approximately of TL 469.043 as of December 31, 2011 (December 31, 2010 – TL 43.319 decrease).

**VII. Explanations and notes related to Bank's risk group**

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

1. December 31, 2011:

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	194.199	229.243	8.893	81.282	905.508	671.131
Balance at the end of the period	701.047	291.713	8.292	230.061	673.086	722.958
<b>Interest and commission income received</b>	<b>14.010</b>	<b>1.338</b>	<b>1.741</b>	<b>1.191</b>	<b>62.523</b>	<b>5.910</b>

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

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

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

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### Notes to unconsolidated financial statements at December 31, 2011

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

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

December 31, 2010:

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	115.865	31.375	59.325	54.926	470.383	550.070
Balance at the end of the period	194.199	229.243	8.893	81.282	905.508	671.131
<b>Interest and commission income received</b>	<b>5.325</b>	<b>1.316</b>	<b>1.747</b>	<b>868</b>	<b>72.899</b>	<b>3.923</b>

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

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

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

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Deposit						
Beginning of the period	549.533	384.711	3.449.707	2.131.632	5.019.730	2.343.771
End of the period	1.239.623	549.533	5.160.138	3.449.707	4.414.388	5.019.730
<b>Interest expense on deposits</b>	<b>37.656</b>	<b>33.850</b>	<b>217.274</b>	<b>172.642</b>	<b>242.442</b>	<b>135.069</b>

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

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

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

Bank's risk group <sup>(1)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
<b>Transactions at fair value through profit or loss <sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	963.586	1.002.431	187.782	378.174	642.637	710.040
End of the period <sup>(3)</sup>	2.044.472	963.586	216.174	187.782	97.206	642.637
<b>Total profit / (loss)</b>	<b>60.279</b>	<b>(264.295)</b>	<b>3.718</b>	<b>(17.801)</b>	<b>(16.174)</b>	<b>(26.061)</b>
<b>Transactions for hedging purposes <sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	-	-	-	-	-	-
End of the period <sup>(3)</sup>	-	-	-	-	-	-
<b>Total profit / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(2) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" 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.

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

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**Notes to unconsolidated financial statements at December 31, 2011**

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

**b. With respect to the Bank's risk group:**

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank irrespective of the relationship between the parties:

The Bank performs various transactions with group companies during its banking activities. These are commercial transactions realized with market prices. The Bank sold real estate to a related party with a sales profit amounting to TL 12.628.

**c. Information regarding benefits provided to the Bank's top management:**

Amount of TL 24.151 was paid to the Bank's top management as of December 31, 2011 (December 31, 2010 – TL 25.496).

**VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank**

	Number	Employee number			
Domestic Branch <sup>(1)</sup>	906	14.855			
			<b>Country of incorporation</b>		
Foreign Rep. Office	-	-	-		
				<b>Total asset</b>	<b>Statutory share capital</b>
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	1	4	Bahrain	7.985.171	-

(1) In 2011, 41 new branches have been opened while 2 branches have been closed.

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**Notes to unconsolidated financial statements at December 31, 2011**

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

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

1. In the meeting held on January 18, 2012, the Board decided to submit to the approval of shareholders at the General Assembly the extension of the registered capital ceiling of the Bank which will expire at the end of 2012 until the end of 2016 and the authorization to the Management regarding obtaining permits (required from Banking Regulation and Supervision Agency, Capital Market Board and other relevant authorities for a change as indicated in the accompanying Articles of Association of the Bank, "Capital," Chapter 8) to increase the amount of the Authorized Capital from TL 5.000.000 to TL 10.000.000.
2. On February 8, 2012, the Bank finalized a bond issuance of USD 500 million with 5 years maturity with a fixed semi-annual coupon rate of 6,75% managed by J.P. Morgan Securities Ltd., Standard Chartered Bank and UniCredit Bank AG.
3. On February 6, 2012, the Bank has issued TL 400.000 nominal value discounted bill with a simple interest rate of 9,95%, 161 days to maturity and issued bonds amounting to TL 150.000 nominal value with a quarterly coupon at an interest rate of 2,48 % with 368 days to maturity.
4. On February 17, 2012, the Bank completed a private placement bond issuance amounting to TL 30.000 nominal value with 6 year maturity and semi annual coupon payment.
5. According to the resolution of the Board of Directors of the Bank dated February 22, 2012, the Bank has signed a subordinated loan agreement with UniCredit Bank Austria AG, amounting to USD 585 million, with 10 years maturity and a repayment option by the borrower at the end of five years, at an interest rate of 3 months LIBOR + 8,30%.

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

**Yapı ve Kredi Bankası A.Ş.**

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**Section six**

**Other explanations and notes**

**I. Other explanations on the Bank's operations**

None

**Section seven**

**Independent auditor's report**

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

The unconsolidated financial statements for the period ended December 31, 2011 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited). The independent auditor's report dated February 23, 2012 is presented preceding the unconsolidated financial statements.

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

None.