

# **Yapı ve Kredi Bankası A.Ş.**

**Publicly announced unconsolidated interim financial statements and related disclosures at June 30, 2012 together with independent auditor's review report**

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

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

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

We have reviewed the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at June 30, 2012 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 period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at June 30, 2012 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

**Additional paragraph for convenience translation:**

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with 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

Ayşe Zeynep Deldağ  
Partner, SMMM

Istanbul, August 2, 2012

**Convenience translation of publicly announced unconsolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three**

**The unconsolidated interim financial report of  
Yapı ve Kredi Bankası A.Ş. as of June 30, 2012**

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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 review 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 reviewed.

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

**H. Faik AÇIKALIN**  
Chief Executive Officer

**Marco CRAVARIO**  
Chief Financial  
Officer

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

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

**Francesco GIORDANO**  
Member of Audit  
Committee

**Füsun Akkal BOZOK**  
Member of Audit  
Committee

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**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at June 30, 2012**

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

**Section one**

**General information**

**I. History of the 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. Explanations 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 June 30, 2012, 18,20% of the shares of the Bank are publicly traded (December 31, 2011 - 18,20%). The remaining 81,80% is owned by Koç Finansal Hizmetler A.Ş. ("KFS"), a joint venture of UniCredit ("UCG") and Koç Group.

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

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

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

As of June 30, 2012, the 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
Laura PENNA	Member

**Yapı ve Kredi Bankası A.Ş.**

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

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

**General information (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>
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

<b>Name</b>	<b>Responsibility</b>
H. Faik AÇIKALIN	Chief Executive Officer
Carlo VIVALDI	Deputy General Manager

Assistant General Managers:

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**General information (continued)**

**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 June 30, 2012, the Bank has 917 branches operating in Turkey and 1 branch in off-shore region (December 31, 2011 - 906 branches operating in Turkey, 1 branch in off-shore region). As of June 30, 2012, the Bank has 14.974 employees (December 31, 2011 - 14.859 employees).

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

(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 June 30, 2012 and December 2011

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

## Section two Unconsolidated financial statements

### I. Balance sheet (Statement of Financial Position)

		(30/06/2012)			(31/12/2011)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	I-a	1.896.758	7.483.326	9.380.084	4.652.286	5.082.419	9.734.705
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	I-b	368.633	111.947	480.580	346.723	100.799	447.522
2.1 Trading financial assets		368.633	111.947	480.580	346.723	100.799	447.522
2.1.1 Government debt securities		123.793	12.322	136.115	139.501	27.459	166.960
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		244.840	98.940	343.780	207.222	70.694	277.916
2.1.4 Other marketable securities		-	685	685	-	2.646	2.646
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>	I-c	710.990	3.422.736	4.133.726	133.164	1.680.515	1.813.679
<b>IV. Money markets</b>		3.802.195	55.434	3.857.629	2.101.360	36.835	2.138.195
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	55.434	55.434	-	36.835	36.835
4.3 Receivables from reverse repurchase agreements		3.802.195	-	3.802.195	2.101.360	-	2.101.360
<b>V. Financial assets available-for-sale (net)</b>	I-d	6.730.032	505.848	7.235.880	5.990.836	1.065.625	7.056.461
5.1 Share certificates		3.921	173	4.094	3.912	186	4.098
5.2 Government debt securities		5.283.547	313.908	5.597.455	4.588.785	741.454	5.330.239
5.3 Other marketable securities		1.442.564	191.767	1.634.331	1.398.139	323.985	1.722.124
<b>VI. Loans and receivables</b>	I-e	49.792.410	21.818.715	71.611.125	44.738.510	23.041.301	67.779.811
6.1 Loans and receivables		49.129.710	21.675.364	70.805.074	44.170.083	22.874.788	67.044.871
6.1.1 Loans to bank's risk group		741.193	596.580	1.337.773	372.793	853.334	1.226.127
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		48.388.517	21.078.784	69.467.301	43.797.290	22.021.454	65.818.744
6.2 Loans under follow-up		2.103.454	303.087	2.406.541	1.835.600	244.313	2.079.913
6.3 Specific provisions (-)		(1.440.754)	(159.736)	(1.600.490)	(1.267.173)	(77.800)	(1.344.973)
<b>VII. Factoring receivables</b>		-	-	-	-	-	-
<b>VIII. Held-to-maturity investments (net)</b>	I-f	3.356.492	8.666.816	12.023.308	3.428.099	9.109.326	12.537.425
8.1 Government debt securities		3.356.492	8.666.816	12.023.308	3.428.099	9.109.326	12.537.425
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. Investments in associates (net)</b>	I-g	4.503	43.404	47.907	4.503	43.404	47.907
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	43.404	47.907	4.503	43.404	47.907
9.2.1 Investments in financial associates		-	43.404	43.404	-	43.404	43.404
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
<b>X. Subsidiaries (net)</b>	I-h	2.708.240	427.886	3.136.126	2.386.826	408.423	2.795.249
10.1 Unconsolidated financial subsidiaries		2.705.940	427.886	3.133.826	2.384.526	408.423	2.792.949
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	I-i	19.623	-	19.623	19.623	-	19.623
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		19.623	-	19.623	19.623	-	19.623
11.2.1 Financial joint ventures		19.623	-	19.623	19.623	-	19.623
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Lease receivables</b>	I-j	-	-	-	-	-	-
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>	I-k	167.782	-	167.782	376.973	362	377.335
13.1 Fair value hedge		167.782	-	167.782	369.747	-	369.747
13.2 Cash flow hedge		-	-	-	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>		965.445	-	965.445	1.009.450	-	1.009.450
<b>XV. Intangible assets (net)</b>		1.282.986	-	1.282.986	1.261.854	-	1.261.854
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		303.493	-	303.493	282.361	-	282.361
<b>XVI. Investment property (net)</b>	I-l	-	-	-	-	-	-
<b>XVII. Tax asset</b>		327.302	-	327.302	236.753	-	236.753
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		327.302	-	327.302	236.753	-	236.753
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	I-m	122.815	-	122.815	100.396	-	100.396
18.1 Held for sale purposes		122.815	-	122.815	100.396	-	100.396
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>		432.135	787.557	1.219.692	540.932	1.199.706	1.740.638
<b>Total assets</b>		<b>72.688.341</b>	<b>43.323.669</b>	<b>116.012.010</b>	<b>67.328.288</b>	<b>41.768.715</b>	<b>109.097.003</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 June 30, 2012 and December 2011

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

#### I. Balance sheet (Statement of Financial Position)

		(30/06/2012)			(31/12/2011)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	<b>II-a</b>	<b>37.922.530</b>	<b>28.356.903</b>	<b>66.279.433</b>	<b>35.036.377</b>	<b>28.481.007</b>	<b>63.517.384</b>
1.1 Deposits of the Bank's risk group		4.031.451	4.475.231	8.506.682	3.653.673	3.662.205	7.315.878
1.2 Other		33.891.079	23.881.672	57.772.751	31.382.704	24.818.802	56.201.506
<b>II. Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>337.996</b>	<b>100.046</b>	<b>438.042</b>	<b>392.517</b>	<b>78.773</b>	<b>471.290</b>
<b>III. Funds borrowed</b>	<b>II-c</b>	<b>682.849</b>	<b>11.937.353</b>	<b>12.620.202</b>	<b>758.034</b>	<b>12.964.666</b>	<b>13.722.700</b>
<b>IV. Money markets</b>		<b>570.392</b>	<b>6.397.972</b>	<b>6.968.364</b>	<b>903.756</b>	<b>5.013.930</b>	<b>5.917.686</b>
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		570.392	6.397.972	6.968.364	903.756	5.013.930	5.917.686
<b>V. Marketable securities issued (net)</b>	<b>II-d</b>	<b>1.486.106</b>	<b>895.988</b>	<b>2.382.094</b>	<b>1.096.306</b>	-	<b>1.096.306</b>
5.1 Bills		1.045.275	-	1.045.275	951.956	-	951.956
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		440.831	895.988	1.336.819	144.350	-	144.350
<b>VI. Funds</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		<b>4.315.838</b>	<b>527.984</b>	<b>4.843.822</b>	<b>3.806.098</b>	<b>601.709</b>	<b>4.407.807</b>
<b>VIII. Other liabilities</b>	<b>II-e</b>	<b>415.417</b>	<b>1.108.121</b>	<b>1.523.538</b>	<b>726.204</b>	<b>823.955</b>	<b>1.550.159</b>
<b>IX. Factoring payables</b>		-	-	-	-	-	-
<b>X. Lease payables (net)</b>	<b>II-f</b>	<b>736</b>	<b>17.711</b>	<b>18.447</b>	-	<b>28.597</b>	<b>28.597</b>
10.1 Financial lease payables		866	18.342	19.208	-	29.745	29.745
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		(130)	(631)	(761)	-	(1.148)	(1.148)
<b>XI. Derivative financial liabilities held for hedging</b>	<b>II-g</b>	<b>183.561</b>	<b>486.272</b>	<b>669.833</b>	<b>62.652</b>	<b>440.189</b>	<b>502.841</b>
11.1 Fair value hedge		67.578	-	67.578	18.959	-	18.959
11.2 Cash flow hedge		115.983	486.272	602.255	43.693	440.189	483.882
11.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XII. Provisions</b>	<b>II-h</b>	<b>2.158.761</b>	<b>442.133</b>	<b>2.600.894</b>	<b>1.970.870</b>	<b>436.151</b>	<b>2.407.021</b>
12.1 General loan loss provision		828.384	393.498	1.221.882	669.793	372.211	1.042.004
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		201.348	-	201.348	183.428	-	183.428
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.129.029	48.635	1.177.664	1.117.649	63.940	1.181.589
<b>XIII. Tax liability</b>	<b>II-i</b>	<b>366.741</b>	-	<b>366.741</b>	<b>257.184</b>	-	<b>257.184</b>
13.1 Current tax liability		366.741	-	366.741	257.184	-	257.184
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	<b>II-j</b>	-	<b>3.384.577</b>	<b>3.384.577</b>	-	<b>2.523.816</b>	<b>2.523.816</b>
<b>XVI. Shareholders' equity</b>	<b>II-k</b>	<b>14.308.836</b>	<b>(392.813)</b>	<b>13.916.023</b>	<b>13.042.435</b>	<b>(348.223)</b>	<b>12.694.212</b>
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		2.195.631	(392.813)	1.802.818	1.640.797	(348.223)	1.292.574
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	1.339.408	47.003	1.386.411	866.478	44.104	910.582
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)		17.810	(439.816)	(422.006)	83.797	(392.327)	(308.530)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		294.532	-	294.532	146.641	-	146.641
16.3 Profit reserves		6.906.696	-	6.906.696	5.197.101	-	5.197.101
16.3.1 Legal reserves		359.847	-	359.847	266.973	-	266.973
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		6.546.849	-	6.546.849	4.930.128	-	4.930.128
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Income or (loss)		859.458	-	859.458	1.857.486	-	1.857.486
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		859.458	-	859.458	1.857.486	-	1.857.486
<b>Total liabilities and shareholders' equity</b>		<b>62.749.763</b>	<b>53.262.247</b>	<b>116.012.010</b>	<b>58.052.433</b>	<b>51.044.570</b>	<b>109.097.003</b>

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2012 and December 2011

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

II. Off-balance sheet commitments

	Note (Section Five)	(30/06/2012)			(31/12/2011)		
		TL	FC	Total	TL	FC	Total
<b>A</b>	<b>Off-balance sheet commitments (H+II+III)</b>	<b>93.891.414</b>	<b>115.620.027</b>	<b>209.511.441</b>	<b>81.037.541</b>	<b>109.504.366</b>	<b>190.541.907</b>
<b>I</b>	<b>Guarantees and warranties</b>	<b>11.325.012</b>	<b>16.252.998</b>	<b>27.578.010</b>	<b>10.695.351</b>	<b>15.439.788</b>	<b>26.135.139</b>
1.1	Letters of guarantee	11.000.563	9.313.196	20.313.759	9.943.523	8.754.339	18.697.862
1.1.1	Guarantees subject to state tender law	588.014	556.552	1.144.566	502.263	628.039	1.130.302
1.1.2	Guarantees given for foreign trade operations	1.169.127	8.756.644	9.925.771	1.105.998	8.126.300	9.232.298
1.1.3	Other letters of guarantee	9.243.422	-	9.243.422	8.335.262	-	8.335.262
1.2	Bank acceptances	-	128.630	128.630	-	158.915	158.915
1.2.1	Import letter of acceptance	-	128.630	128.630	-	158.915	158.915
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	10.691	4.961.862	4.972.553	13.687	4.872.778	4.886.465
1.3.1	Documentary letters of credit	10.691	4.961.862	4.972.553	13.687	4.872.778	4.886.465
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Prefinancing given as guarantee	143	2.409	2.552	143	2.519	2.662
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	313.615	1.100.754	1.414.369	737.998	614.488	1.352.486
1.9	Other warranties	-	746.147	746.147	-	1.036.749	1.036.749
<b>II</b>	<b>Commitments</b>	<b>55.079.072</b>	<b>33.695.168</b>	<b>88.774.240</b>	<b>50.502.978</b>	<b>30.333.764</b>	<b>80.836.742</b>
2.1	Irrevocable commitments	27.772.875	10.966.065	38.738.940	23.716.890	6.829.040	30.545.930
2.1.1	Asset purchase and sale commitments	423.678	10.524.641	10.948.319	42.700	6.067.378	6.110.078
2.1.2	Deposit purchase and sales commitments	6.119	1.193	7.312	1.692	301	1.993
2.1.3	Share capital commitments to associates and subsidiaries	1.000	-	1.000	1.000	-	1.000
2.1.4	Loan granting commitments	4.955.981	440.173	5.396.154	4.345.796	761.300	5.107.096
2.1.5	Securities issue brokerage commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Commitments for cheques	5.419.202	-	5.419.202	4.220.740	-	4.220.740
2.1.8	Tax and fund liabilities from export commitments	37.597	-	37.597	37.251	-	37.251
2.1.9	Commitments for credit card limits	15.176.666	-	15.176.666	13.666.113	-	13.666.113
2.1.10	Commitments for credit cards and banking services promotions	-	-	-	-	-	-
2.1.11	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	1.752.632	58	1.752.690	1.401.598	61	1.401.659
2.2	Revocable commitments	27.306.197	22.729.103	50.035.300	26.786.088	23.504.724	50.290.812
2.2.1	Revocable loan granting commitments	27.306.197	22.669.469	49.975.666	26.786.088	23.504.724	50.290.812
2.2.2	Other revocable commitments	-	59.634	59.634	-	-	-
<b>III</b>	<b>Derivative financial instruments</b>	<b>27.487.330</b>	<b>65.671.861</b>	<b>93.159.191</b>	<b>19.839.212</b>	<b>63.730.814</b>	<b>83.570.026</b>
3.1	Derivative financial instruments for hedging purposes	13.061.358	27.803.034	40.864.392	9.094.408	29.549.643	38.644.051
3.1.1	Transactions for fair value hedge	2.509.758	2.922.309	5.432.067	2.782.808	3.424.046	6.206.854
3.1.2	Transactions for cash flow hedge	10.551.600	24.880.725	35.432.325	6.311.600	26.125.597	32.437.197
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	14.425.972	37.868.827	52.294.799	10.744.804	34.181.171	44.925.975
3.2.1	Forward foreign currency buy/sell transactions	3.818.936	6.429.361	10.248.297	4.145.190	7.055.471	11.200.661
3.2.1.1	Forward foreign currency transactions-buy	1.110.550	3.978.875	5.089.425	1.122.701	4.479.466	5.602.167
3.2.1.2	Forward foreign currency transactions-sell	2.708.386	2.450.486	5.158.872	3.022.489	2.576.005	5.598.494
3.2.2	Swap transactions related to foreign currency and interest rates	6.592.045	20.260.776	26.852.821	2.612.272	18.913.481	21.525.753
3.2.2.1	Foreign currency swap-buy	2.619.340	9.123.663	11.743.003	1.507.063	7.142.973	8.650.036
3.2.2.2	Foreign currency swap-sell	3.972.705	7.786.487	11.759.192	1.105.209	7.778.806	8.884.015
3.2.2.3	Interest rate swap-buy	-	1.675.313	1.675.313	-	1.995.851	1.995.851
3.2.2.4	Interest rate swap-sell	-	1.675.313	1.675.313	-	1.995.851	1.995.851
3.2.3	Foreign currency, interest rate and securities options	3.307.991	10.554.614	13.862.605	3.280.342	7.445.145	10.725.487
3.2.3.1	Foreign currency options-buy	1.035.865	3.371.444	4.407.309	1.235.699	2.075.490	3.311.189
3.2.3.2	Foreign currency options-sell	1.384.508	3.165.463	4.549.971	1.513.005	1.344.579	2.857.584
3.2.3.3	Interest rate options-buy	187.350	2.044.318	2.231.668	187.350	2.041.794	2.229.144
3.2.3.4	Interest rate options-sell	262.350	1.973.389	2.235.739	262.350	1.967.628	2.229.978
3.2.3.5	Securities options-buy	262.622	-	262.622	63.894	15.654	79.548
3.2.3.6	Securities options-sell	175.296	-	175.296	18.044	-	18.044
3.2.4	Foreign currency futures	-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5	Interest rate futures	-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell	-	-	-	-	-	-
3.2.6	Other	707.000	624.076	1.331.076	707.000	767.074	1.474.074
<b>B</b>	<b>Custody and pledges received (IV+V+VI)</b>	<b>108.712.740</b>	<b>25.874.899</b>	<b>134.587.639</b>	<b>101.200.873</b>	<b>27.592.127</b>	<b>128.793.000</b>
<b>IV</b>	<b>Items held in custody</b>	<b>50.757.080</b>	<b>4.020.525</b>	<b>54.777.605</b>	<b>47.517.660</b>	<b>4.271.501</b>	<b>51.789.161</b>
4.1	Customer fund and portfolio balances	-	114	114	-	122	122
4.2	Investment securities held in custody	38.874.668	3.324.518	42.199.186	36.521.544	3.581.191	40.102.735
4.3	Checks received for collection	9.722.233	70.689	9.792.922	8.660.022	89.243	8.749.265
4.4	Commercial notes received for collection	2.154.951	601.870	2.756.821	2.330.866	575.964	2.906.830
4.5	Other assets received for collection	-	23.334	23.334	-	24.981	24.981
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	5.228	-	5.228	5.228	-	5.228
4.8	Custodians	-	-	-	-	-	-
<b>V</b>	<b>Pledges received</b>	<b>56.808.855</b>	<b>21.249.381</b>	<b>78.058.236</b>	<b>52.561.567</b>	<b>22.673.972</b>	<b>75.235.539</b>
5.1	Marketable securities	228.340	195	228.535	207.970	204	208.174
5.2	Guarantee notes	677.240	413.597	1.090.837	560.893	442.768	1.003.661
5.3	Commodity	42.478	-	42.478	38.944	-	38.944
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	38.489.284	15.930.405	54.419.689	36.292.482	16.967.526	53.260.008
5.6	Other pledged items	17.371.513	4.901.993	22.273.506	15.461.278	5.260.128	20.721.406
5.7	Pledged items-depository	-	3.191	3.191	-	3.346	3.346
<b>VI</b>	<b>Accepted independent guarantees and warranties</b>	<b>1.146.805</b>	<b>604.993</b>	<b>1.751.798</b>	<b>1.121.646</b>	<b>646.654</b>	<b>1.768.300</b>
<b>Total off-balance sheet commitments (A+B)</b>		<b>202.604.154</b>	<b>141.494.926</b>	<b>344.099.080</b>	<b>182.238.414</b>	<b>137.096.493</b>	<b>319.334.907</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 As of June 30, 2012 and 2011

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

#### III. Income statement

Income and expense items		Note (Section Five)	01/01-30/06/2012	01/01-30/06/2011
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>4.522.022</b>	<b>3.220.438</b>
1.1	Interest on loans	IV-a-1	3.650.632	2.496.906
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks	IV-a-2	17.697	11.594
1.4	Interest received from money market transactions		56.597	1.849
1.5	Interest received from marketable securities portfolio	IV-a-3	796.497	709.433
1.5.1	Trading financial assets		9.375	8.405
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		331.089	260.320
1.5.4	Held to maturity investments		456.033	440.708
1.6	Financial lease income		-	-
1.7	Other interest income		599	656
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(2.494.228)</b>	<b>(1.698.118)</b>
2.1	Interest on deposits	IV-b-4	(2.035.022)	(1.361.105)
2.2	Interest on funds borrowed	IV-b-1	(269.941)	(200.188)
2.3	Interest expense on money market transactions		(84.162)	(129.326)
2.4	Interest on securities issued	IV-b-3	(98.607)	(3.990)
2.5	Other interest expenses		(6.496)	(3.509)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>2.027.794</b>	<b>1.522.320</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>800.429</b>	<b>851.846</b>
4.1	Fees and commissions received		1.009.123	1.001.029
4.1.1	Non-cash loans		128.057	110.059
4.1.2	Other	IV-j	881.066	890.970
4.2	Fees and commissions paid		(208.694)	(149.183)
4.2.1	Non-cash loans		(247)	(262)
4.2.2	Other		(208.447)	(148.921)
<b>V.</b>	<b>Dividend income</b>		<b>167.101</b>	<b>128.203</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(101.772)</b>	<b>(46.047)</b>
6.1	Trading gains/(losses) on securities		47.794	8.814
6.2	Derivative financial transactions gains/(losses)	IV-d	(805.542)	(193.231)
6.3	Foreign exchange gains/(losses)		655.976	138.370
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>136.914</b>	<b>453.697</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>3.030.466</b>	<b>2.910.019</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(486.657)</b>	<b>(406.994)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(1.454.933)</b>	<b>(1.296.484)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>1.088.876</b>	<b>1.206.541</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-h</b>	<b>1.088.876</b>	<b>1.206.541</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>		<b>(229.418)</b>	<b>(229.721)</b>
16.1	Current tax provision		(330.864)	(235.986)
16.2	Deferred tax provision		101.446	6.265
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>859.458</b>	<b>976.820</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-i</b>	<b>859.458</b>	<b>976.820</b>
	Earnings/(loss) per share (full TL)		0,0020	0,0022

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 As of June 30, 2012 and 2011

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

#### III. Income statement

Income and expense items		Note (Section Five)	01/04-30/06/2012	01/04-30/06/2011
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>2.309.979</b>	<b>1.642.725</b>
1.1	Interest on loans	IV-a-1	1.898.378	1.310.626
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks	IV-a-2	10.986	6.333
1.4	Interest received from money market transactions		32.800	416
1.5	Interest received from marketable securities portfolio	IV-a-3	367.782	324.845
1.5.1	Trading financial assets		4.236	5.090
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		171.679	137.201
1.5.4	Held to maturity investments		191.867	182.554
1.6	Financial lease income		-	-
1.7	Other interest income		33	505
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(1.248.164)</b>	<b>(911.428)</b>
2.1	Interest on deposits	IV-b-4	(1.015.811)	(704.036)
2.2	Interest on funds borrowed	IV-b-1	(138.483)	(108.194)
2.3	Interest expense on money market transactions		(35.904)	(92.560)
2.4	Interest on securities issued	IV-b-3	(55.954)	(3.990)
2.5	Other interest expenses		(2.012)	(2.648)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>1.061.815</b>	<b>731.297</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>415.093</b>	<b>434.549</b>
4.1	Fees and commissions received		521.627	511.761
4.1.1	Non-cash loans		66.055	57.712
4.1.2	Other	IV-j	455.572	454.049
4.2	Fees and commissions paid		(106.534)	(77.212)
4.2.1	Non-cash loans		(121)	(214)
4.2.2	Other		(106.413)	(76.998)
<b>V.</b>	<b>Dividend income</b>		<b>16.759</b>	<b>14.272</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(69.963)</b>	<b>(62.253)</b>
6.1	Trading gains/(losses) on securities		30.223	7.839
6.2	Derivative financial transactions gains/(losses)	IV-d	(461.535)	(217.107)
6.3	Foreign exchange gains/(losses)		361.349	147.015
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>39.481</b>	<b>173.034</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>1.463.185</b>	<b>1.290.899</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(257.137)</b>	<b>(110.380)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(727.185)</b>	<b>(634.386)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>478.863</b>	<b>546.133</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-h</b>	<b>478.863</b>	<b>546.133</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>		<b>(126.446)</b>	<b>(104.305)</b>
16.1	Current tax provision		(194.049)	(119.840)
16.2	Deferred tax provision		67.603	15.535
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>352.417</b>	<b>441.828</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-i</b>	<b>352.417</b>	<b>441.828</b>
	Earnings/(loss) per share (full TL)		0,0008	0,0010

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 As of June 30, 2012 and 2011

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

#### IV. Statement of income and expense items accounted under shareholders' equity

Income and expense items accounted under shareholders' equity	(30/06/2012)	(30/06/2011)
I. Transfers to marketable securities valuation differences from financial assets available for sale	517.012	(69.391)
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	16.230	(449)
V. Profit /loss on cash flow hedges (effective part of the fair value changes)	(159.992)	31.669
VI. Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII. Effects of changes in accounting policy and adjustment of errors	-	-
VIII. Other income and expense items accounted under shareholders' equity according to TAS	-	219
IX. Deferred tax on valuation differences	(10.897)	26.354
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	362.353	(11.598)
XI. Current year profit/loss	859.458	976.820
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	2.477	1.674
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(75.073)	(87.835)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	932.054	1.062.981
<b>XII. Total income/loss accounted for the period (X+XI)</b>	<b>1.221.811</b>	<b>965.222</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 as of June 30, 2011

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

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

June 30, 2011	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	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	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	1.100.496	-	-	-	-	1.100.496
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	1.100.496	-	-	-	-	1.100.496
III. New balance (I+II)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	1.285.569	-	-	(101.828)	-	11.418.196
Changes in the period																	
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(37.708)	-	-	-	-	(37.708)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	25.335	-	25.335
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	25.335	-	25.335
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		-	-	-	-	-	-	-	-	-	-	4.575	-	-	(4.019)	-	556
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219
XIX. Current year income or loss		-	-	-	-	-	-	-	-	976.820	-	-	-	-	-	-	976.820
XX. Profit distribution		-	-	-	-	103.014	-	1.891.585	65.691	(2.060.290)	-	-	-	-	-	-	-
20.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	103.014	-	1.891.585	65.691	(2.060.290)	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period end balance (III+.....+ XVIII +XIX+XX)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>266.973</b>	<b>-</b>	<b>4.930.128</b>	<b>146.641</b>	<b>976.820</b>	<b>-</b>	<b>1.252.436</b>	<b>-</b>	<b>-</b>	<b>(80.512)</b>	<b>-</b>	<b>12.383.418</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 as of June 30, 2012

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

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

	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	shareholders' equity	Total	
June 30, 2012																			
I. Prior period end balance		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	910.582	-	-	(308.530)	-	-	12.694.212	
Changes in the period																			
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	477.362	-	-	-	-	-	477.362	
IV. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(127.993)	-	-	(127.993)	
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(127.993)	-	-	(127.993)	
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		-	-	-	-	-	-	-	-	-	-	(1.533)	-	-	14.517	-	-	12.984	
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Current year income or loss		-	-	-	-	-	-	-	-	859.458	-	-	-	-	-	-	-	859.458	
XVIII. Profit distribution		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-	-	
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2 Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-	-	
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period end balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>359.847</b>	<b>-</b>	<b>6.546.849</b>	<b>294.532</b>	<b>859.458</b>	<b>-</b>	<b>1.386.411</b>	<b>-</b>	<b>-</b>	<b>(422.006)</b>	<b>-</b>	<b>-</b>	<b>13.916.023</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 as June 30, 2012 and 2011

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

#### VI. Statement of cash flows

	Notes (Section five)	(30/06/2012)	(30/06/2011)
<b>A. Cash flows from banking operations</b>			
1.1 Operating profit before changes in operating assets and liabilities		2.745.313	1.340.120
1.1.1 Interest received		4.476.263	3.194.801
1.1.2 Interest paid		(2.349.445)	(1.594.256)
1.1.3 Dividend received		150.349	113.970
1.1.4 Fees and commissions received		1.010.670	1.001.644
1.1.5 Other income		(612.368)	(97.055)
1.1.6 Collections from previously written-off loans and other receivables		741.213	737.790
1.1.7 Payments to personnel and service suppliers		(1.140.992)	(1.024.030)
1.1.8 Taxes paid		(317.361)	(292.280)
1.1.9 Other		786.984	(700.464)
1.2 Changes in operating assets and liabilities		(2.650.279)	630.589
1.2.1 Net (increase)/decrease in trading securities		38.722	(191.241)
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(2.298.064)	(852.580)
1.2.4 Net (increase)/decrease in loans		(4.991.221)	(10.181.246)
1.2.5 Net (increase)/decrease in other assets		528.443	(236.620)
1.2.6 Net increase/(decrease) in bank deposits		(65.184)	(268.661)
1.2.7 Net increase/(decrease) in other deposits		2.790.995	3.434.782
1.2.8 Net increase/(decrease) in funds borrowed		66.326	7.538.941
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		1.279.704	1.387.214
<b>I. Net cash flows from banking operations</b>		<b>95.034</b>	<b>1.970.709</b>
<b>B. Cash flows from investing activities</b>			
<b>II. Net cash flows from investing activities</b>		<b>477.261</b>	<b>(1.054.532)</b>
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(2.650)	-
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(87.518)	(71.604)
2.4 Disposals of property and equipment		3.712	3.663
2.5 Purchase of investments available-for-sale		(1.675.839)	(2.549.214)
2.6 Sale of investments available-for-sale		2.165.105	662.317
2.7 Purchase of investment securities		(46)	(553.607)
2.8 Sale of investment securities		74.497	1.453.913
2.9 Other		-	-
<b>C. Cash flows from financing activities</b>			
<b>III. Net cash flows from financing activities</b>		<b>1.029.242</b>	<b>1.349.713</b>
3.1 Cash obtained from funds borrowed and securities issued		3.565.717	3.127.768
3.2 Cash used for repayment of funds borrowed and securities issued		(2.506.621)	(1.757.314)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(29.854)	(20.741)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rates on cash and cash equivalents</b>		<b>(214.743)</b>	<b>228.479</b>
<b>V. Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>1.386.794</b>	<b>2.494.369</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>9.780.424</b>	<b>4.966.401</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>11.167.218</b>	<b>7.460.770</b>

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 June 30, 2012**

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

**Section three**

**Accounting policies**

**I. Explanations on basis of presentation:**

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

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis that are restated for the changes in the general purchasing power of TL until December 31, 2004, except for financial assets at fair value through profit or loss, financial assets available for sale, investments in associates and subsidiaries measured at fair value, trading derivative financial liabilities, hedging derivative financial assets/liabilities.

The preparation of 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 interim financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied at financial statements for the year ended December 31, 2011. TAS/TFRS changes (TAS 12 (Amendment) “Income Taxes – Recovery of Underlying Assets”; TFRS 7 (Amendment), “Financial Instruments Disclosures – Enhanced Derecognition Disclosure Requirements” (effective from January 1, 2012) do not have an effect on the Bank’s accounting policies, financial position or performance. Those accounting policies and valuation principles are explained in Notes II. to XXV 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 June 30, 2012**

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

**Explanations on basis of presentation: (continued)**

**Adjustments of the prior periods' Financial statements:**

Subsidiaries for which the fair value can be determined reliably, are carried at fair value starting from June 30, 2012. The effect of the changes in the accounting policy of the Bank has been applied retrospectively in accordance with TMS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and therefore the Bank's comparative financial statements are adjusted. The effect of this adjustment on the financial statements as of December 31, 2011 and 2010 are summarized below:

<b>December 31, 2011</b>	<b>Published</b>	<b>Effects of the changes in accounting policies</b>	<b>Restated</b>
Subsidiaries (Net)	1.801.223	994.026	2.795.249
Total Assets	108.102.977	994.026	109.097.003
Marketable Securities Valuation Differences	(83.444)	994.026	910.582
Shareholder's Equity	11.700.186	994.026	12.694.212
Total Liabilities	108.102.977	994.026	109.097.003

<b>December 31, 2010</b>	<b>Published</b>	<b>Effects of the changes in accounting policies</b>	<b>Restated</b>
Subsidiaries (Net)	1.789.841	1.100.496	2.890.337
Total Assets	84.776.146	1.100.496	85.876.642
Marketable Securities Valuation Differences	185.073	1.100.496	1.285.569
Shareholder's Equity	10.317.700	1.100.496	11.418.196
Total Liabilities	84.776.146	1.100.496	85.876.642

**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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

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:**

The unconsolidated investments in associates and subsidiaries are accounted for in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement". Investments in subsidiaries quoted in organized markets or for which their fair values can be reliably measured, are accounted for at their fair values. Differences arising from the revaluation of the subsidiaries are accounted for in line item "Marketable Securities Valuation Differences" under equity. Investments in subsidiaries which are not quoted in organized markets and for which their fair values can not be reliably measured, are accounted for at their historical cost less allowance for impairment, if any.

**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, according to the adjustments made to the carrying value (amortised cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts.

The 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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

Some of the trading purpose 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.

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

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

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.

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

All fees and commission income/expenses are recognized on an accrual basis, certain commission income and fees from various banking services are recorded as income at the time of realization. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised either flat or deferred based on the type of the underlying transaction.

**VII. Explanations on financial assets:**

The 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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

**b. Held-to-maturity financial assets:**

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

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to breach of classification principles.

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

**c. Loans and receivables:**

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

Retail and commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the Uniform Chart of Account Plan.

Foreign currency indexed loans are accounted in local currency accounts with the foreign exchange rate at the initial recognition and re-valued throughout the maturities of loans with the relevant foreign currency rates as at the financial statement dates. Increase or decrease in the value of the principal amount due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates at the repayment date and the valuation differences is accounted for in foreign exchange gain/Loss accounts.

The 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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

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

**d. Available-for-sale financial assets:**

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

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

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

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

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

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

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

**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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

**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.

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.



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

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 a recoverable amount in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets". The recoverable amount is the higher of net sales price or the value in use. When the book value of 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.

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 in accordance with the Turkish Accounting Standard 16 (TAS 16) "Tangible Assets". Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment.

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Accounting policies (continued)**

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.

**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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**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 which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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

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

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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**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 deductible temporary differences except for general loan loss provisions, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

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

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

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

**c. Transfer pricing:**

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**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" including costs of transactions 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 obtains funds by issuing bonds and bills.

**XIX. Explanations on issuance of share certificates:**

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

No dividend payments were announced after the balance sheet date.

**XX. Explanations on avalized drafts and letter of acceptances:**

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

**XXI. Explanations on government grants:**

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until June 30, 2012, the Bank received government grant from TÜBİTAK amounting to TL 828. (December 31, 2011 - TL 828).

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

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

**XXIII. Earnings per share:**

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

	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Net Income/(loss) to be appropriated to ordinary shareholders	859.458	976.820
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
<b>Earnings per share (disclosed in full TL)</b>	<b>0,0020</b>	<b>0,0022</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 June 30, 2012 (continued)**

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

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

**XXIV. 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 VIII. of Section Four.

**XXV. Explanations on other matters:**

Changes have been made to comparative figures as of December 31, 2011 and June 30, 2011, to conform the presentation with the presentation in financial statements as of June 30, 2012 as detailed in Note I of Section III.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section four**

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

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

- a. The capital adequacy ratio of the Bank is 14,52% (December 31, 2011 - 14,69%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006". The following tables show the details of "Risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.
- c. **Information related to capital adequacy ratio:**

	Risk weights <sup>(1)</sup>					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (net)</b>	<b>24.370.017</b>	<b>8.841.030</b>	<b>12.917.262</b>	<b>55.158.346</b>	<b>1.745.425</b>	<b>3.554.399</b>
Cash	1.390.717	250	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	2.285.847	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	3.855.666	-	276.208	-	-
Interbank money market placements	55.433	-	-	-	-	-
Receivables from reverse repurchase transactions	-	3.800.000	-	-	-	-
Reserve requirements	5.834.091	-	-	-	-	-
Loans	2.406.337	1.146.196	12.703.965	48.052.097	1.745.425	3.554.399
Non-performing receivables (net)	-	-	-	806.051	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.828.766	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	14.090	-	-
Miscellaneous receivables	-	530	-	754.254	-	-
Interest and income accruals	234.946	22.752	213.297	816.111	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	3.140.629	-	-
Fixed assets	-	-	-	1.009.910	-	-
Other assets	333.880	15.636	-	288.996	-	-
<b>Off-balance sheet items</b>	<b>666.539</b>	<b>7.802.066</b>	<b>575.623</b>	<b>19.070.924</b>	-	-
Non-cash loans and commitments	666.539	6.249.213	575.623	18.910.083	-	-
Derivative financial instruments	-	1.552.853	-	160.841	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets <sup>(2)</sup></b>	<b>25.036.556</b>	<b>16.643.096</b>	<b>13.492.885</b>	<b>74.229.270</b>	<b>1.745.425</b>	<b>3.554.399</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 June 30, 2012 (continued)**

(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:**

	June 30, 2012	December 31, 2011
Amount subject to credit risk (ASCR)	94.031.268	85.132.603
Amount subject to market risk (ASMR)	3.384.500	3.299.213
Amount subject to operational risk (ASOR)	9.600.083	8.842.703
<b>Shareholders' equity</b>	<b>15.543.266</b>	<b>14.294.439</b>
<b>Shareholders' equity /(ASCR+ASMR+ASOR) *100</b>	<b>14,52</b>	<b>14,69</b>

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

	June 30, 2012	December 31, 2011
<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	359.847	266.973
First legal reserve (Turkish Commercial Code 466/1)	359.847	266.973
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	6.546.849	4.930.128
Reserves allocated by the general assembly	6.546.849	4.930.128
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	859.458	1.857.486
Current period net profit	859.458	1.857.486
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	149.495	135.719
Profit on disposal of associates, subsidiaries and immovables	294.532	146.641
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 (-)	69.641	84.982
Prepaid expenses (-) <sup>(1)</sup>	-	-
Intangible assets (-)	1.282.986	1.261.854
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>11.748.486</b>	<b>10.881.043</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 June 30, 2012 (continued)

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

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

	June 30, 2012	December 31, 2011
<b>Supplementary capital</b>		
General provisions	1.221.882	1.042.004
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)</sup>	2.137.678	2.647.737
45% of marketable securities valuation differences	623.884	(83.444)
Investments in associates and subsidiaries <sup>(3)</sup>	590.756	-
Available-for-sale financial assets	33.128	(83.444)
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>3.983.444</b>	<b>3.606.297</b>
<b>Tier III capital</b>	<b>-</b>	<b>-</b>
<b>Capital</b>	<b>15.731.930</b>	<b>14.487.340</b>
<b>Deductions from the capital</b>	<b>188.664</b>	<b>192.901</b>
Investments in unconsolidated financial institutions (domestic, foreign) and banks in which 10% or more equity interest exist	63.027	67.530
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 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received 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	8.709	8.900
Other	116.928	116.471
<b>Total shareholders' equity</b>	<b>15.543.266</b>	<b>14.294.439</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) "Marketable Securities Valuation Differences" includes fair value differences due to revaluation of subsidiaries for the current year. Relevant application is taken into account in calculation of capital adequacy ratio only as of June 30, 2012.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**II. 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 table below represents the details of market risk calculation as of June 30, 2012 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

**a. Information on market risk:**

	June 30, 2012	December 31, 2011
(I) Capital to be employed for general market risk - standard method	122.673	176.470
(II) Capital to be employed for specific risk -standard method	98.481	40.385
(III) Capital to be employed for currency risk – standard method	47.977	44.742
(IV) Capital to be employed for commodity risk - standard method	798	1.534
(V) Capital to be employed for settlement risk-standard method	-	-
(VI) Capital to be employed for market risk due to options-standard method	831	806
(VII) 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)	270.760	263.937
<b>(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)</b>	<b>3.384.500</b>	<b>3.299.213</b>

**III. 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:

(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 June 30, 2012 (continued)**

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

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

(Exchange rates presented as full TL)

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

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

USD : TL 1,77204  
Euro : TL 2,21822  
Yen : TL 0,02233

**As of December 31, 2011;**

	<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>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**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:

	EURO	USD	Yen	Other FC	Total
<b>June 30, 2012</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	4.027.729	2.618.754	1.145	835.698	7.483.326
Banks	1.641.241	1.522.343	11.129	248.023	3.422.736
Financial assets at fair value through profit or loss	15.222	96.431	285	9	111.947
Money market placements	55.434	-	-	-	55.434
Available-for-sale financial assets	10.010	495.838	-	-	505.848
Loans <sup>(1)</sup>	7.304.191	17.411.442	185.693	503.960	25.405.286
Investments in associates, subsidiaries and joint ventures	275.967	151.919	-	43.404	471.290
Held-to-maturity investments	454.151	8.212.665	-	-	8.666.816
Hedging derivative financial assets	-	-	-	-	-
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets	140.173	513.637	15	105.502	759.327
<b>Total assets</b>	<b>13.924.118</b>	<b>31.023.029</b>	<b>198.267</b>	<b>1.736.596</b>	<b>46.882.010</b>
<b>Liabilities</b>					
Bank deposits	51.389	29.716	13	73.168	154.286
Foreign currency deposits	9.094.702	17.459.212	15.479	1.633.224	28.202.617
Funds from money market	457.948	5.940.024	-	-	6.397.972
Funds borrowed from other financial institutions	5.308.619	6.503.611	121.388	3.735	11.937.353
Marketable securities issued	-	895.988	-	-	895.988
Miscellaneous payables	222.922	296.331	90	8.641	527.984
Hedging derivative financial liabilities	82.034	404.238	-	-	486.272
Other liabilities	2.868.698	1.738.945	684	2.128	4.610.455
<b>Total liabilities</b>	<b>18.086.312</b>	<b>33.268.065</b>	<b>137.654</b>	<b>1.720.896</b>	<b>53.212.927</b>
<b>Net on-balance sheet position</b>	<b>(4.162.194)</b>	<b>(2.245.036)</b>	<b>60.613</b>	<b>15.700</b>	<b>(6.330.917)</b>
<b>Net off-balance sheet position <sup>(2)</sup></b>	<b>4.099.698</b>	<b>1.831.286</b>	<b>(114.325)</b>	<b>(28.960)</b>	<b>5.787.699</b>
Financial derivative assets	5.823.574	9.893.809	31.682	290.673	16.039.738
Financial derivative liabilities	1.723.876	8.062.523	146.007	319.633	10.252.039
<b>Non-cash loans</b>	<b>5.291.102</b>	<b>10.518.072</b>	<b>294.950</b>	<b>148.874</b>	<b>16.252.998</b>
<b>December 31, 2011</b>					
Total assets	13.265.165	30.338.346	130.474	1.757.849	45.491.834
Total liabilities	17.934.271	31.156.124	97.903	1.768.344	50.956.642
<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</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>

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**IV. 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:**

June 30, 2012	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	-	-	-	-	-	9.380.084	9.380.084
Banks	2.385.902	101.890	88.234	177.326	-	1.380.374	4.133.726
Financial assets at fair value through profit/loss	131.785	126.018	158.297	53.041	11.439	-	480.580
Money market placements	3.857.629	-	-	-	-	-	3.857.629
Available-for-sale financial assets	589.763	936.963	2.621.664	935.643	2.147.753	4.094	7.235.880
Loans	11.082.936	7.514.543	17.659.452	20.724.223	13.023.966	1.606.005	71.611.125
Held-to-maturity investments	518.812	1.646.508	1.500.879	2.072.269	6.284.840	-	12.023.308
Other assets	25.380	71.930	70.472	-	-	7.121.896	7.289.678
<b>Total assets</b>	<b>18.592.207</b>	<b>10.397.852</b>	<b>22.098.998</b>	<b>23.962.502</b>	<b>21.467.998</b>	<b>19.492.453</b>	<b>116.012.010</b>
<b>Liabilities</b>							
Bank deposits	185.077	170.385	79.589	16.954	-	166.296	618.301
Other deposits	42.744.223	11.036.270	1.970.218	40.889	-	9.869.532	65.661.132
Funds from money market	-	4.065.748	2.902.616	-	-	-	6.968.364
Miscellaneous payables	-	-	-	-	-	4.843.822	4.843.822
Marketable securities issued	540.758	32.297	913.052	895.987	-	-	2.382.094
Funds borrowed from other financial institutions	494.936	5.015.352	4.591.895	1.934.508	583.511	-	12.620.202
Other liabilities and shareholders' equity	352.271	2.582.399	1.508.192	55.299	12.736	18.407.198	22.918.095
<b>Total liabilities</b>	<b>44.317.265</b>	<b>22.902.451</b>	<b>11.965.562</b>	<b>2.943.637</b>	<b>596.247</b>	<b>33.286.848</b>	<b>116.012.010</b>
<b>Balance sheet long position</b>	-	-	<b>10.133.436</b>	<b>21.018.865</b>	<b>20.871.751</b>	-	<b>52.024.052</b>
<b>Balance sheet short position</b>	<b>(25.725.058)</b>	<b>(12.504.599)</b>	-	-	-	<b>(13.794.395)</b>	<b>(52.024.052)</b>
Off-balance sheet long position	4.985.913	13.344.917	-	-	-	-	18.330.830
Off-balance sheet short position	-	-	(265.773)	(18.022.730)	(706.241)	-	(18.994.744)
<b>Total position</b>	<b>(20.739.145)</b>	<b>840.318</b>	<b>9.867.663</b>	<b>2.996.135</b>	<b>20.165.510</b>	<b>(13.794.395)</b>	<b>(663.914)</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 June 30, 2012 (continued)

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

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

December 31, 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<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	-	-	7.211.870	7.589.205
<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>20.145.831</b>	<b>109.097.003</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	16.908.576	20.435.120
<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>31.834.651</b>	<b>109.097.003</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>

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

<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</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	5,80	4,81	4,02	13,74
Held-to-maturity investments	5,26	6,70	-	9,93
<b>Liabilities<sup>(1)</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

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

**V. 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.



(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 June 30, 2012 (continued)

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

#### 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 (1),(2)	Total
<b>June 30, 2012</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	3.545.993	5.834.091	-	-	-	-	-	9.380.084
Banks	1.380.374	2.385.902	101.890	88.234	177.326	-	-	4.133.726
Financial assets at fair value through profit or loss	-	106.042	112.304	151.900	46.893	63.441	-	480.580
Money market placements	-	3.857.629	-	-	-	-	-	3.857.629
Available-for-sale financial assets	74.945	4.389	100.411	1.130.460	1.761.859	4.159.722	4.094	7.235.880
Loans	-	11.756.593	7.514.543	17.659.452	20.850.521	13.023.965	806.051	71.611.125
Held-to-maturity investments	-	95.167	47.964	478.548	4.094.459	7.307.170	-	12.023.308
Other assets <sup>(1)</sup>	564.855	806.619	-	46.796	118.473	-	5.752.935	7.289.678
<b>Total assets</b>	<b>5.566.167</b>	<b>24.846.432</b>	<b>7.877.112</b>	<b>19.555.390</b>	<b>27.049.531</b>	<b>24.554.298</b>	<b>6.563.080</b>	<b>116.012.010</b>
<b>Liabilities</b>								
Bank deposits	166.288	185.085	170.385	79.589	16.954	-	-	618.301
Other deposits	9.869.540	42.744.219	11.036.266	1.970.218	40.889	-	-	65.661.132
Funds borrowed from other financial institutions	-	391.149	444.146	6.474.954	4.148.981	1.160.972	-	12.620.202
Funds from money market	-	-	4.271.908	2.696.456	-	-	-	6.968.364
Marketable securities issued	-	423.745	-	1.038.960	895.987	23.402	-	2.382.094
Miscellaneous payables	492.674	4.351.148	-	-	-	-	-	4.843.822
Other liabilities <sup>(2)</sup>	1.379.287	307.652	152.869	442.585	4.109.218	1.446.371	15.080.113	22.918.095
<b>Total liabilities</b>	<b>11.907.789</b>	<b>48.402.998</b>	<b>16.075.574</b>	<b>12.702.762</b>	<b>9.212.029</b>	<b>2.630.745</b>	<b>15.080.113</b>	<b>116.012.010</b>
<b>Net liquidity gap</b>	<b>(6.341.622)</b>	<b>(23.556.566)</b>	<b>(8.198.462)</b>	<b>6.852.628</b>	<b>17.837.502</b>	<b>21.923.553</b>	<b>(8.517.033)</b>	<b>-</b>
<b>December 31, 2011</b>								
Total assets	8.219.760	17.990.351	5.773.401	17.045.835	28.322.207	25.635.620	6.109.829	109.097.003
Total liabilities	12.671.217	44.724.286	15.204.303	12.856.961	8.396.996	1.979.293	13.263.947	109.097.003
<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>

(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.

## VI. Explanations on hedge accounting:

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

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

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

Contractual amounts and the fair values as at June 30, 2012 and December 31, 2011 of these hedging instruments are presented in the table below:

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

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

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

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

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

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 in accordance with TAS 39.

The impact of application of FVH accounting is summarized below:

June 30, 2012						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <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	109.031	167.782	67.578	1.827

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 2.103.

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 in foreign exchange gains / losses line item.

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

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

At the inception date, the 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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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.

The impact of application of CFH accounting is summarized below:

June 30, 2012						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds <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	-	602.255	(422.006)	(113.476)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 1.667.

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 and repos	Cash flow risk due to the changes in the interest rates	7.588	483.882	(308.530)	(206.702)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**VII. Explanations on operating segments:**

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

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

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

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

The 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 June 30, 2012 (continued)**

(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:**

<b>June 30, 2012</b>	<b>Retail banking</b>	<b>Corporate and commercial banking</b>	<b>Private banking and wealth management</b>	<b>Other<sup>(4)</sup></b>	<b>Total operations of the Bank</b>
Operating revenue	1.363.102	788.054	62.039	650.170	2.863.365
Operating expenses	(1.075.578)	(161.842)	(34.181)	(669.989)	(1.941.590)
<b>Net operating income</b>	<b>287.524</b>	<b>626.212</b>	<b>27.858</b>	<b>(19.819)</b>	<b>921.775</b>
Dividend income <sup>(1)</sup>	-	-	-	167.101	167.101
<b>Profit before tax</b>	<b>287.524</b>	<b>626.212</b>	<b>27.858</b>	<b>147.282</b>	<b>1.088.876</b>
Tax provision <sup>(1)</sup>				(229.418)	(229.418)
<b>Net profit</b>	<b>287.524</b>	<b>626.212</b>	<b>27.858</b>	<b>(82.136)</b>	<b>859.458</b>
Segment assets <sup>(3)</sup>	34.590.637	30.815.519	200.941	47.201.257	112.808.354
Investments in associates, subsidiaries and joint ventures				3.203.656	3.203.656
<b>Total assets</b>	<b>34.590.637</b>	<b>30.815.519</b>	<b>200.941</b>	<b>50.404.913</b>	<b>116.012.010</b>
Segment liabilities <sup>(3)</sup>	27.884.568	22.159.135	17.437.866	34.614.418	102.095.987
Shareholders' equity				13.916.023	13.916.023
<b>Total liabilities</b>	<b>27.884.568</b>	<b>22.159.135</b>	<b>17.437.866</b>	<b>48.530.441</b>	<b>116.012.010</b>

<b>December 31, 2011</b>	<b>Retail banking</b>	<b>Corporate and commercial banking</b>	<b>Private banking and wealth management</b>	<b>Other<sup>(4)</sup></b>	<b>Total operations of the Bank</b>
Operating revenue <sup>(2)</sup>	1.230.626	609.127	68.502	873.561	2.781.816
Operating expenses <sup>(2)</sup>	(686.484)	(185.449)	(33.152)	(798.393)	(1.703.478)
<b>Net operating income<sup>(2)</sup></b>	<b>544.142</b>	<b>423.678</b>	<b>35.350</b>	<b>75.168</b>	<b>1.078.338</b>
Dividend income <sup>(1) (2)</sup>				128.203	128.203
<b>Profit before tax<sup>(2)</sup></b>	<b>544.142</b>	<b>423.678</b>	<b>35.350</b>	<b>203.371</b>	<b>1.206.541</b>
Tax provision <sup>(1) (2)</sup>				(229.721)	(229.721)
<b>Net profit</b>	<b>544.142</b>	<b>423.678</b>	<b>35.350</b>	<b>(26.350)</b>	<b>976.820</b>
Segment assets <sup>(3)</sup>	31.022.708	32.454.527	230.862	42.526.127	106.234.224
Investments in associates, subsidiaries and joint ventures				2.862.779	2.862.779
<b>Total assets</b>	<b>31.022.708</b>	<b>32.454.527</b>	<b>230.862</b>	<b>45.388.906</b>	<b>109.097.003</b>
Segment liabilities <sup>(3)</sup>	25.921.556	22.672.713	15.712.099	32.096.423	96.402.791
Shareholders' equity				12.694.212	12.694.212
<b>Total liabilities</b>	<b>25.921.556</b>	<b>22.672.713</b>	<b>15.712.099</b>	<b>44.790.635</b>	<b>109.097.003</b>

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

(2) Income statement figures represent balances for the 6 months period ended June 30, 2011.

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

(4) Other segment, mainly includes Treasury management results, activities of business support units and the other undistributed operations.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section five**

**Explanations and notes related to 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:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Cash	981.333	278.563	781.556	232.056
The CBRT <sup>(1)</sup>	915.425	7.204.513	3.870.730	4.850.192
Other	-	250	-	171
<b>Total</b>	<b>1.896.758</b>	<b>7.483.326</b>	<b>4.652.286</b>	<b>5.082.419</b>

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

2. Information on the account of the CBRT:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	915.425	1.370.422	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement <sup>(2)</sup>	-	5.834.091	-	3.439.176
<b>Total</b>	<b>915.425</b>	<b>7.204.513</b>	<b>3.870.730</b>	<b>4.850.192</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.

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

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

1. As of June 30, 2012, the Bank does not have financial assets at fair value through profit and loss subject to repo transactions and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2011 - None).

2. Positive differences related to trading derivative financial assets:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	112.335	-	126.658	74
Swap transactions <sup>(1)</sup>	123.152	66.590	34.541	62.272
Futures transactions	-	-	-	-
Options	9.353	32.350	46.023	8.348
Other	-	-	-	-
<b>Total</b>	<b>244.840</b>	<b>98.940</b>	<b>207.222</b>	<b>70.694</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**c. Information on banks:**

1. Information on banks:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Banks	710.990	3.422.736	133.164	1.680.515
Domestic	586.825	804.311	86.751	10.569
Foreign <sup>(1)</sup>	124.165	2.618.425	46.413	1.669.946
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>710.990</b>	<b>3.422.736</b>	<b>133.164</b>	<b>1.680.515</b>

(1) As of June 30, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 137.473.

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

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

As of June 30, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 7.474 (December 31, 2011 - TL 98.351) and available-for-sale financial assets subject to repo transactions amount to TL 1.348.983. (December 31, 2011 – TL 705.903).

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

	June 30, 2012	December 31, 2011
Debt securities	7.160.873	7.107.106
Quoted in stock exchange	5.610.663	5.441.406
Not quoted <sup>(1)</sup>	1.550.210	1.665.700
Share certificates	49.397	49.399
Quoted in stock exchange	-	-
Not quoted	49.397	49.399
Impairment provision (-) <sup>(2)</sup>	(49.335)	(187.463)
Other <sup>(3)</sup>	74.945	87.419
<b>Total</b>	<b>7.235.880</b>	<b>7.056.461</b>

(1) Includes credit linked notes amounting to TL 866.224 (December 31, 2011 - TL 951.989).

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

(3) As of June 30, 2012, other available-for-sale financial assets include mutual funds amounting to TL 74.945 (December 31, 2011 - TL 87.419).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**e. Explanations on loans:**

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

	June 30, 2012		December 31, 2011	
	Cash	Non-cash	Cash	Non-cash
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>7.652</b>	<b>297.703</b>	<b>4.576</b>	<b>230.061</b>
<b>Loans granted to employees</b>	<b>98.587</b>	<b>71</b>	<b>95.934</b>	<b>71</b>
<b>Total</b>	<b>106.239</b>	<b>297.774</b>	<b>100.510</b>	<b>230.132</b>

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

Cash Loans	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
<b>Non-specialised loans</b>	<b>68.867.096</b>	-	<b>1.841.416</b>	<b>96.562</b>
Discount and purchase notes	1.045.592	-	8.802	-
Export loans	3.823.206	-	124.176	-
Import loans	-	-	-	-
Loans granted to financial sector	1.644.822	-	-	-
Foreign loans	1.163.749	-	104	-
Consumer loans	13.377.528	-	651.204	1.475
Credit cards	11.760.986	-	290.402	11.080
Precious metal loans	343.986	-	-	-
Other <sup>(1)</sup>	35.707.227	-	766.728	84.007
<b>Specialised loans</b>	-	-	-	-
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>68.867.096</b>	-	<b>1.841.416</b>	<b>96.562</b>

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

3. 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>121.550</b>	<b>13.495.778</b>	<b>13.617.328</b>
Real estate loans	4.218	6.485.384	6.489.602
Automotive loans	6.879	1.165.460	1.172.339
Consumer loans	1.318	42.476	43.794
Other	109.135	5.802.458	5.911.593
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>140.983</b>	<b>140.983</b>
Real estate loans	-	137.087	137.087
Automotive loans	-	145	145
Consumer loans	-	2.826	2.826
Other	-	925	925
<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>10.695.894</b>	<b>271.308</b>	<b>10.967.202</b>
With installments	6.177.079	265.755	6.442.834
Without installments	4.518.815	5.553	4.524.368
<b>Individual credit cards- FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installments	-	-	-
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>3.907</b>	<b>38.440</b>	<b>42.347</b>
Real estate loans	-	989	989
Automotive loans	-	1.028	1.028
Consumer loans	-	-	-
Other	3.907	36.423	40.330
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>4</b>	<b>4</b>
Real estate loans	-	4	4
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>54.866</b>	<b>467</b>	<b>55.333</b>
With installments	33.269	467	33.736
Without installments	21.597	-	21.597
<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>229.545</b>	<b>-</b>	<b>229.545</b>
<b>Credit deposit account-FC (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11.105.762</b>	<b>13.946.980</b>	<b>25.052.742</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	Short-term	Medium and long-term	Total
<b>Commercial installments loans-TL</b>	<b>374.421</b>	<b>5.271.061</b>	<b>5.645.482</b>
Business loans	1.768	283.566	285.334
Automotive loans	36.597	1.812.026	1.848.623
Consumer loans	-	35	35
Other	336.056	3.175.434	3.511.490
<b>Commercial installments loans-FC indexed</b>	<b>28.053</b>	<b>438.162</b>	<b>466.215</b>
Business loans	-	24.552	24.552
Automotive loans	1.473	87.597	89.070
Consumer loans	-	-	-
Other	26.580	326.013	352.593
<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>1.038.487</b>	<b>1.446</b>	<b>1.039.933</b>
With installment	555.915	1.446	557.361
Without installment	482.572	-	482.572
<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>757.335</b>	<b>-</b>	<b>757.335</b>
<b>Credit deposit account-FC (legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2.198.296</b>	<b>5.710.669</b>	<b>7.908.965</b>

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

	June 30, 2012	December 31, 2011
Domestic loans	69.641.221	65.908.367
Foreign loans	1.163.853	1.136.504
<b>Total</b>	<b>70.805.074</b>	<b>67.044.871</b>

6. Loans granted to associates and subsidiaries:

	June 30, 2012	December 31, 2011
Direct loans granted to associates and subsidiaries	698.464	701.047
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>698.464</b>	<b>701.047</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

7. Specific provisions provided against loans:

	June 30, 2012	December 31, 2011
Loans and other receivables with limited collectability	73.941	69.662
Loans and other receivables with doubtful collectability	304.907	201.155
Uncollectible loans and other receivables	1.221.642	1.074.156
<b>Total</b>	<b>1.600.490</b>	<b>1.344.973</b>

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>June 30, 2012</b>			
<b>(Gross amounts before specific reserves)</b>	<b>45.327</b>	<b>141.077</b>	<b>23.104</b>
Restructured loans and other receivables	45.327	141.077	23.104
Rescheduled 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	107.002	31.673	42.739
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2011</b>	<b>486.550</b>	<b>353.967</b>	<b>1.239.396</b>
Additions (+)	999.399	33.637	34.805
Transfers from other categories of non-performing loans (+)	-	801.591	433.367
Transfer to other categories of non-performing loans (-)	(801.591)	(433.367)	-
Collections (-)	(268.907)	(114.356)	(357.950)
Write-offs(-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>June 30, 2012</b>	<b>415.451</b>	<b>641.472</b>	<b>1.349.618</b>
Specific provision (-)	(73.941)	(304.907)	(1.221.642)
<b>Net balance on balance sheet</b>	<b>341.510</b>	<b>336.565</b>	<b>127.976</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>June 30, 2012</b>			
Period end balance	177	87.018	215.892
Specific provision (-)	(26)	(27.966)	(131.744)
<b>Net balance on-balance sheet</b>	<b>151</b>	<b>59.052</b>	<b>84.148</b>
<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>

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>June 30, 2012 (net)</b>			
Loans granted to real persons and corporate entities (gross)	415.451	641.472	1.241.034
Specific provision amount (-)	(73.941)	(304.907)	(1.113.058)
Loans granted to real persons and corporate entities (net)	341.510	336.565	127.976
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-
<b>December 31, 2011 (net)</b>	<b>416.888</b>	<b>152.812</b>	<b>165.240</b>
Loans granted to real persons and corporate entities (gross)	486.550	329.379	1.155.400
Specific provision amount (-)	(69.662)	(176.567)	(990.160)
Loans granted to real persons and corporate entities (net)	416.888	152.812	165.240
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

Number of restructuring <sup>(1)</sup>	Balance						Total
	Up to 1 month	1-3 months	3-6 months	6 months-1 year	1 - 5 years	Over 5 years	
1	15.259	33.249	72.675	150.848	1.341.917	10.570	1.624.518
2	12.969	5.572	24.914	38.420	206.212	744	288.831
3 and over	17.414	17.082	35.899	17.055	50.202	170	137.822
<b>Total Amount</b>	<b>45.642</b>	<b>55.903</b>	<b>133.488</b>	<b>206.323</b>	<b>1.598.331</b>	<b>11.484</b>	<b>2.051.171</b>

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

One loan with maturity extended 1 year to 5 years is restructured in accordance with temporary article 6 subsection 2 of the amendment of "Regulation of Procedures for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set Aside" dated December 30, 2011.

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

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

	June 30, 2012	December 31, 2011
Government bond	12.023.308	12.537.425
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>12.023.308</b>	<b>12.537.425</b>

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

	June 30, 2012	December 31, 2011
Debt securities	12.127.951	12.633.048
Quoted on stock exchange	12.127.951	12.633.048
Not quoted	-	-
Impairment provision (-) <sup>(1)</sup>	(104.643)	(95.623)
<b>Total</b>	<b>12.023.308</b>	<b>12.537.425</b>

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

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

	June 30, 2012	December 31, 2011
<b>Beginning balance</b>	<b>12.537.425</b>	<b>12.530.657</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	(430.646)	1.664.889
Purchases during year	46	545.066
Disposals through sales and redemptions	(74.497)	(2.185.999)
Impairment provision (-) <sup>(2)</sup>	(9.020)	(17.188)
<b>Period end balance</b>	<b>12.023.308</b>	<b>12.537.425</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

As of June 30, 2012, held-to-maturity investments given as collateral/blocked amount to TL 2.231.302 (December 31, 2011 - TL 2.728.229). Held-to-maturity investments subject to repo transactions amount to TL 7.002.467 (December 31, 2011 - TL 6.467.221).

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

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	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	69,33
2	Kredi Kayıt Bürosu <sup>(2)</sup>	Istanbul/Turkey	18,18	18,18
3	Bankalararası Kart Merkezi <sup>(2)</sup>	Istanbul/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	4.498.601	603.938	6.098	44.840	7.980	32.209	35.082	-
2	48.139	42.147	3.032	328	-	7.881	4.175	-
3	25.106	20.942	10.754	249	-	2.458	1.589	25.106

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

(2) Financial statement information disclosed above shows March 31, 2012 results for these non financial investments in associates.

3. Movement of unconsolidated investments in associates:

	June 30, 2012	December 31, 2011
<b>Balance at the beginning of the period</b>	<b>47.907</b>	<b>47.344</b>
<b>Movements during the period</b>	<b>-</b>	<b>563</b>
Purchases	-	-
Transfers	-	-
Bonus shares obtained <sup>(1)</sup>	-	563
Share of current period income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>47.907</b>	<b>47.907</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share holding percentage at the end of the period (%)</b>	<b>-</b>	<b>-</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 .

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	June 30, 2012	December 31, 2011
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total financial investments</b>	<b>43.404</b>	<b>43.404</b>

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

**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. <sup>(1)</sup>	Istanbul/Turkey	74,01	93,94
8	Yapı Kredi Finansal Kiralama A.O. <sup>(2)</sup>	Istanbul/Turkey	98,98	99,72
9	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. <sup>(3)</sup>	Istanbul/ Turkey	11,09	56,07
10	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Turkey	99,96	99,99
11	Yapı Kredi Azerbaijan	Baku/Azerbaijan	99,80	100,00
12	Yapı Kredi Niderland N.V.	Amsterdam/The Netherlands	67,24	100,00

- (1) On June 27, 2012 the Bank has decided to consider the alternatives to dispose the shares of Yapı Kredi Sigorta A.Ş. to reorganize its operations in insurance business and to start working on agreements for long-term maturity bank insurance.
- (2) The Bank bought the shares of Yapı Kredi Finansal Kiralama A.O. with a nominal value of TL 1,382,401 for a share call price of full TL 5,02 per share in accordance with the ongoing delisting process of Yapı Kredi Finansal Kiralama A.O. As a result of these transactions, Bank's equity stake in Yapı Kredi Finansal Kiralama A.O. increased to 98.98%.
- (3) The Bank, has started to work on sale of its shares in YapıKredi B Tipi Yatırım Ortaklığı with a nominal value of TL 3.485.661 in the issued share capital of TL 31.425.000 and within the framework of confidentiality agreements it has been decided to start the correspondences.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

2. Main financial figures of the subsidiaries in order of the above table: <sup>(1)</sup>

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>(2)</sup>
1	57.359	51.025	774	3.274	19	10.083	22.554	-
2	100.830	100.745	-	-	-	(11)	(259)	-
3	1.696.515	279.428	5.653	39.794	2.260	55.817	69.213	-
4	14.508	11.778	325	40	-	885	1.072	-
5	1.841.713	92.946	507	80.714	-	3.601	19.899	-
6	340.785	107.011	8.826	10.842	1.117	6.227	5.069	-
7	1.116.504	346.096	22.519	22.219	11.966	39.010	35.388	1.412.000
8	3.296.728	940.861	3.895	116.749	-	62.919	69.543	1.150.513
9	83.799	81.929	37	1.486	(538)	4.817	(1.956)	69.764
10 <sup>(3)</sup>	36.945	23.599	3.935	418	-	281	218	-
11	466.105	136.009	17.661	19.075	294	6.000	5.942	-
12	4.038.949	520.527	1.007	95.558	5.084	26.958	9.414	-

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

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

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

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

3. Movement schedule of subsidiaries:

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

(1) Yapı Kredi Finansal Kiralama A.O. has voluntarily decided to delist its shares traded in capital markets upon the completion of the necessary legal procedures and the Bank has decided to purchase the shares of Yapı Kredi Finansal Kiralama A.O. through calling of these shares.

(2) During the General Assembly meeting of Yapı Kredi Azerbaijan registered on May 29, 2012; it was decided to increase the share capital by AZN 8.700 thousand from the profit of 2011.

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

5. Subsidiaries quoted to stock exchange:

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

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

1. Information on joint ventures:

<b>Joint ventures</b>	<b>Bank's share</b>	<b>Group's share</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Long term debt</b>	<b>Income</b>	<b>Expense</b>
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	81.106	24.741	110	14.627	16.310
<b>Total</b>			<b>81.106</b>	<b>24.741</b>	<b>110</b>	<b>14.627</b>	<b>16.310</b>

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

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

None (December 31, 2011 - None).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

**l. Information on investment property:**

None (December 31, 2011 - None).

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

	June 30, 2012	December 31, 2011
<b>Net book value at the beginning of the period</b>	<b>100.396</b>	<b>79.377</b>
Additions	35.059	63.790
Disposals (-), net	(10.661)	(41.523)
Impairment provision reversal	102	1.380
Impairment provision (-)	(110)	(238)
Depreciation (-)	(1.971)	(2.390)
<b>Net book value at the end of the period</b>	<b>122.815</b>	<b>100.396</b>
Cost at the end of the period	131.966	107.782
Accumulated depreciation at the end of the period (-)	(9.151)	(7.386)
<b>Net book value at the end of the period</b>	<b>122.815</b>	<b>100.396</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

(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). June 30, 2012:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	1.975.441	1.021.485	19.684.201	536.577	145.928	663.697	24.027.329
Foreign currency deposits	3.731.355	4.173.321	16.135.469	1.265.921	231.498	1.313.060	26.850.624
Residents in Turkey	3.646.578	4.158.706	14.790.655	838.907	227.360	733.057	24.395.263
Residents abroad	84.777	14.615	1.344.814	427.014	4.138	580.003	2.455.361
Public sector deposits	228.905	393	12.470	1.208	-	31	243.007
Commercial deposits	3.000.660	2.000.255	6.045.272	468.655	91.353	260.248	11.866.443
Other institutions deposits	43.134	15.799	549.111	668.709	410	44.573	1.321.736
Precious metals vault	890.045	11.577	174.302	71.365	134.382	70.322	1.351.993
Bank deposits	166.288	3.986	252.586	130.756	38.243	26.442	618.301
The CBRT	-	-	-	-	-	-	-
Domestic banks	1.720	3.626	252.586	87.305	38.243	26.442	409.922
Foreign banks	140.947	360	-	43.451	-	-	184.758
Participation banks	23.621	-	-	-	-	-	23.621
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>10.035.828</b>	<b>7.226.816</b>	<b>42.853.411</b>	<b>3.143.191</b>	<b>641.814</b>	<b>2.378.373</b>	<b>66.279.433</b>

1 (ii). 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>

**Yapı ve Kredi Bankası A.Ş.**

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

(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	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
<b>Saving deposits</b>				
Saving deposits	8.917.858	8.534.672	15.109.466	12.736.461
Foreign currency savings deposit	2.207.863	2.751.032	8.106.298	7.640.970
Other deposits in the form of savings deposits	585.822	607.610	636.690	633.098
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	June 30, 2012	December 31, 2011
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	62.232	37.005
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	7.176	9.026

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

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	140.417	-	77.962	-
Swap transactions <sup>(1)</sup>	178.402	60.415	286.060	53.852
Futures transactions	-	-	-	-
Options	19.177	39.631	28.495	24.921
Other	-	-	-	-
<b>Total</b>	<b>337.996</b>	<b>100.046</b>	<b>392.517</b>	<b>78.773</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

(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:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	250.606	227.776	188.351	234.523
From foreign banks, institutions and funds	432.243	11.709.577	569.683	12.730.143
<b>Total</b>	<b>682.849</b>	<b>11.937.353</b>	<b>758.034</b>	<b>12.964.666</b>

2. Information on maturity structure of borrowings:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Short-term	255.033	6.519.117	312.162	7.567.347
Medium and long-term	427.816	5.418.236	445.872	5.397.319
<b>Total</b>	<b>682.849</b>	<b>11.937.353</b>	<b>758.034</b>	<b>12.964.666</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 335 million and EUR 173 million, the equivalent of TL 974.680 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") as an intermediary and Assured Guaranty, MBIA, Radian, Ambac, FGIC and XL Capital as guarantors. The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2014 and 2015. The repayments commenced in 2010 and during 2012 a total of TL 196.633 is paid (2011 – TL 387.701).

The Bank also made a securitisation borrowing deal at August and September 2011, from Standard Chartered Bank, Wells Fargo, West LB and SMBC amounting USD 225 million and EUR 206 million, the equivalent of TL 853.213 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

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

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Bills	1.045.275	-	951.956	-
Bonds	440.831	895.988	144.350	-
<b>Total</b>	<b>1.486.106</b>	<b>895.988</b>	<b>1.096.306</b>	<b>-</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**e. Information on other liabilities:**

As of June 30, 2012, other liabilities do not exceed 10% of the total balance sheet commitments.

**f. Information on lease payables:**

1. Information on financial leasing agreements:

	June 30, 2012		December 31, 2011	
	Gross	Net	Gross	Net
Less than 1 year	262	254	606	569
Between 1-4 years	18.942	18.193	29.074	27.970
More than 4 years	4	-	65	58
<b>Total</b>	<b>19.208</b>	<b>18.447</b>	<b>29.745</b>	<b>28.597</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.

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

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

(1) Explained in Note VI of Section IV.

**h. Information on provisions:**

1. Information on general provisions:

	June 30, 2012	December 31, 2011
Provisions for Group I loans and receivables	889.339	756.701
Provisions for Group II loans and receivables	68.309	70.625
Provisions for non cash loans	68.663	66.886
Other	195.571	147.792
<b>Total</b>	<b>1.221.882</b>	<b>1.042.004</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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 80.503 of additional general provision for the loans whose payment plans are extended. Such loans are explained in note I.e.9 section V.

2. Information on reserve for employee rights:

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

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

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Discount rate (%)	4,66	4,66
Possibility of being eligible for retirement (%)	94,94	94,94

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 3.033,98 effective from July 1, 2012 (July 1, 2011: full TL 2.731,85) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
<b>Prior period ending balance</b>	<b>99.080</b>	<b>88.800</b>
Changes during the period	21.267	32.622
Paid during the period	(14.326)	(22.342)
<b>Balance at the end of the period</b>	<b>106.021</b>	<b>99.080</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 95.327 as of June 30, 2012 (December 31, 2011 - TL 84.348).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

3. Other provisions:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Pension fund provision	796.986	775.286
Non-cash loan provision	82.523	108.232
Provision for possible risks <sup>(1)</sup>	116.139	106.176
Provisions on credit cards and promotion campaigns related to banking services	39.291	33.905
Provision on export commitment tax and funds liability	37.597	37.251
Legal risk provision <sup>(1)</sup>	33.356	29.543
Other	71.772	91.196
<b>Total</b>	<b>1.177.664</b>	<b>1.181.589</b>

(1) Refers to provisions for possible losses.

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

As of June 30, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 80.313 (December 31, 2011 - TL 17.520).

Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

**i. Information on taxes payable:**

(i) Information on taxes payable:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Corporate Tax Payable	186.384	90.809
Taxation of Marketable Securities	85.112	71.272
Property Tax	1.737	1.485
Banking Insurance Transaction Tax ("BITT")	53.195	50.754
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.842	3.399
Other	18.692	21.160
<b>Total</b>	<b>346.962</b>	<b>238.879</b>



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

(ii) Information on premium payables:

	June 30, 2012	December 31, 2011
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	8.762	8.097
Bank pension fund premiums – employer	9.137	8.471
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	626	577
Unemployment insurance – employer	1.254	1.160
Other	-	-
<b>Total</b>	<b>19.779</b>	<b>18.305</b>

(iii) Information on deferred tax liability:

None (December 31, 2011 - None).

**j. Information on subordinated loans:**

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

1. Presentation of paid-in capital:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
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 10.000.000.

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

None (December 31, 2011 - None).

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

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

6. Information on prior period's indicators on the 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:

	<b>June 30, 2012</b>		<b>December 31, 2011</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From investments in associates, subsidiaries, and joint ventures	1.312.790	-	994.026	-
Valuation difference	26.618	48.536	(127.548)	29.190
Foreign currency difference <sup>(1)</sup>	-	(1.533)	-	14.914
<b>Total</b>	<b>1.339.408</b>	<b>47.003</b>	<b>866.478</b>	<b>44.104</b>

(1) Includes current period foreign currency differences.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

1. The amount and type of irrevocable commitments:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Commitments on credit card limits	15.176.666	13.666.113
Loan granting commitments	5.396.154	5.107.096
Commitments for cheques	5.419.202	4.220.740
Other irrevocable commitments	12.746.918	7.551.981
<b>Total</b>	<b>38.738.940</b>	<b>30.545.930</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 68.663 (December 31, 2011 - TL 66.886) and a specific provision regarding non-cash loans amounting to TL 82.523 (December 31, 2011 – TL 108.232).

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

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Bank acceptance loans	128.630	158.915
Letter of credits	4.972.553	4.886.465
Other guarantees and collaterals	2.163.068	2.391.897
<b>Total</b>	<b>7.264.251</b>	<b>7.437.277</b>

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

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Temporary letter of guarantees	1.953.133	1.789.616
Definite letter of guarantees	14.023.836	12.932.613
Advance letter of guarantees	2.653.838	2.476.742
Letter of guarantees given to customs	1.053.051	1.048.085
Other letter of guarantees	629.901	450.806
<b>Total</b>	<b>20.313.759</b>	<b>18.697.862</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

3. Total amount of non-cash loans:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
Non-cash loans given against cash loans	469.667	292.804
With original maturity of 1 year or less than 1 year	51.598	21.119
With original maturity of more than 1 year	418.069	271.685
Other non-cash loans	27.108.343	25.842.335
<b>Total</b>	<b>27.578.010</b>	<b>26.135.139</b>

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

The Bank has recorded a provision of TL 33.356 (December 31, 2011 - TL 29.543) 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. According to the decision of Competition Board dated April 6, 2012 and No.12-17/460-M, the process deadline is extended for another 6 months from May 2, 2012, as it has been decided that the initial deadline is not adequate to complete the process.

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

**a. Information on interest income:**

1. Information on interest income on loans:

	<b>June 30, 2012</b>		<b>June 30, 2011</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-term loans <sup>(1)</sup>	1.712.255	84.315	1.046.156	60.201
Medium/long-term loans <sup>(1)</sup>	1.313.684	496.339	943.920	397.025
Interest on loans under follow-up	44.027	12	49.511	93
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>3.069.966</b>	<b>580.666</b>	<b>2.039.587</b>	<b>457.319</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

2. Information on interest income on banks:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	11.097	770	4.496	661
From foreign banks	1.120	4.710	1.549	4.888
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>12.217</b>	<b>5.480</b>	<b>6.045</b>	<b>5.549</b>

3. Information on interest income on marketable securities:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
From trading financial assets	8.162	1.213	7.662	743
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	309.887	21.202	234.060	26.260
From held-to-maturity investments	169.942	286.091	177.958	262.750
<b>Total</b>	<b>487.991</b>	<b>308.506</b>	<b>419.680</b>	<b>289.753</b>

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

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
Interest received from associates and subsidiaries		9.829		4.494

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	June 30, 2012		June 30, 2011	
	TL	FC	TL	FC
Banks	34.123	235.818	55.287	144.796
The CBRT	-	-	-	-
Domestic banks	8.354	3.499	4.177	2.020
Foreign banks	25.769	232.319	51.110	142.776
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	105
<b>Total <sup>(1)</sup></b>	<b>34.123</b>	<b>235.818</b>	<b>55.287</b>	<b>144.901</b>

(1) Includes fees and commissions related to borrowings.

(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 June 30, 2012 (continued)**

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

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

2. Information on interest expense to associates and subsidiaries:

	June 30, 2012	June 30, 2011
Interest paid to associates and subsidiaries	34.043	15.157

3. Information on interest expense to marketable securities issued:

	June 30, 2012		December 31, 2011	
	TL	FC	TL	FC
Interest expense to marketable securities issued	74.380	24.227	3.990	-
<b>Total</b>	<b>74.380</b>	<b>24.227</b>	<b>3.990</b>	<b>-</b>

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	June 30, 2012
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Bank deposits	105	1.078	1.493	1.206	527	167	-	4.576	6.999
Saving deposits	1	41.665	911.257	41.932	10.960	41.872	-	1.047.687	668.077
Public sector deposits	-	15	42	60	1	1	-	119	1.247
Commercial deposits	14	71.732	345.890	64.303	7.092	13.651	-	502.682	366.406
Other deposits	-	2.256	37.503	27.437	422	2.104	-	69.722	43.163
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>120</b>	<b>116.746</b>	<b>1.296.185</b>	<b>134.938</b>	<b>19.002</b>	<b>57.795</b>	<b>-</b>	<b>1.624.786</b>	<b>1.085.892</b>
<b>FC</b>									
Foreign currency deposits	67	89.896	271.344	29.262	1.907	15.642	-	408.118	274.106
Bank deposits	142	207	-	336	7	104	-	796	782
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	824	357	52	63	26	-	1.322	325
<b>Total</b>	<b>209</b>	<b>90.927</b>	<b>271.701</b>	<b>29.650</b>	<b>1.977</b>	<b>15.772</b>	<b>-</b>	<b>410.236</b>	<b>275.213</b>
<b>Grand total</b>	<b>329</b>	<b>207.673</b>	<b>1.567.886</b>	<b>164.588</b>	<b>20.979</b>	<b>73.567</b>	<b>-</b>	<b>2.035.022</b>	<b>1.361.105</b>

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

	June 30, 2012	June 30, 2011
<b>Gain</b>	<b>22.604.433</b>	<b>9.555.703</b>
Gain from capital market transactions	54.505	23.923
Derivative financial transaction gains	8.788.143	6.790.377
Foreign exchange gains	13.761.785	2.741.403
<b>Loss(-)</b>	<b>(22.706.205)</b>	<b>(9.601.750)</b>
Loss from capital market transactions	(6.711)	(15.109)
Derivative financial transaction losses	(9.593.685)	(6.983.608)
Foreign exchange loss	(13.105.809)	(2.603.033)
<b>Net gain/loss</b>	<b>(101.772)</b>	<b>(46.047)</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

The amount of net loss from derivative financial transactions related to exchange rate changes is TL 578.617 (December 31, 2011 – TL 27.610 loss).

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

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

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

	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Specific provisions for loans and other receivables	266.853	272.051
III. Group loans and receivables	16.169	129.162
IV. Group loans and receivables	105.096	19.267
V. Group loans and receivables	145.588	123.622
General provision expenses	196.464	104.419
Provision expense for possible risks	13.776	12.558
Marketable securities impairment expenses	-	1.690
Financial assets at fair value through profit or loss	-	1.456
Available-for-sale financial assets	-	234
Impairment of investments in associates, subsidiaries and held-to-maturity securities	9.020	15.635
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	9.020	15.635
Other	544	641
<b>Total</b>	<b>486.657</b>	<b>406.994</b>

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

	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Personnel expenses	609.304	577.511
Reserve for employee termination benefits	6.941	2.226
Provision expense for pension fund	21.700	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	76.312	71.390
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	31.240	26.841
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	110	119
Depreciation expenses of assets held for resale	1.971	1.140
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	441.897	401.695
Operational lease expenses	71.832	62.340
Repair and maintenance expenses	22.906	11.054
Advertising expenses	38.284	31.067
Other expense	308.875	297.234
Loss on sales of assets	23	431
Other	265.435	215.131
<b>Total</b>	<b>1.454.933</b>	<b>1.296.484</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

As of June 30, 2012 the Bank has TL 330.864 (June 30, 2011 - TL 235.986) of total current tax expense and deferred tax income as TL 101.446 (30 June 2011 - TL 6.265).

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

1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance. (June 30, 2011 - The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

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

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



(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 June 30, 2012 (continued)**

(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 the 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. June 30, 2012:

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	701.047	291.713	8.292	230.061	673.086	722.958
Balance at the end of the period	698.464	118.557	23.958	297.703	649.950	1.016.191
<b>Interest and commission income received</b>	<b>9.829</b>	<b>771</b>	<b>1.799</b>	<b>1.170</b>	<b>34.450</b>	<b>8.539</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.

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<sup>(3)</sup></b>	<b>4.494</b>	<b>761</b>	<b>862</b>	<b>450</b>	<b>28.440</b>	<b>2.777</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.

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

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	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
<b>Deposit</b>						
Beginning of the period	1.239.623	549.533	5.160.138	3.449.707	4.414.388	5.019.730
End of the period	1.531.092	1.239.623	5.210.513	5.160.138	7.868.271	4.414.388
<b>Interest expense on deposits<sup>(3)</sup></b>	<b>34.043</b>	<b>15.157</b>	<b>141.870</b>	<b>97.443</b>	<b>95.497</b>	<b>126.116</b>

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	2.044.472	963.586	216.174	187.782	97.206	642.637
End of the period <sup>(3)</sup>	1.691.997	2.044.472	90.055	216.174	180.754	97.206
<b>Total profit / (loss)<sup>(4)</sup></b>	<b>(95.146)</b>	<b>(96.053)</b>	<b>(579)</b>	<b>1.320</b>	<b>(11.948)</b>	<b>(16.970)</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)<sup>(4)</sup></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.

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

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

Salaries and benefits paid to the Bank's top management amount to TL 17.716 as of June 30, 2012 (June 30, 2011 – TL 17.219).

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section six**

**Other explanations and notes**

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

None.

**Section seven**

**Explanations on independent review report**

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

The unconsolidated financial statements for the period ended June 30, 2012 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated August 2, 2012 is presented preceding the unconsolidated financial statements.

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

None.