

Yapı ve Kredi Bankası A.Ş.

Publicly announced unconsolidated financial statements and related disclosures at December 31, 2012 together with independent auditor's report

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

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

Independent audit report

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

We have audited the accompanying unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") as at December 31, 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 year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

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

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

Auditor's responsibility:

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

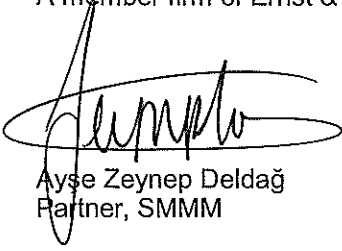
Independent auditor's opinion:

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

Additional paragraph for convenience translation to English:

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

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



Ayşe Zeynep Deldağ
Partner, SMMM

Istanbul, February 14, 2013

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

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

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

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

The accompanying unconsolidated financial statements for the year end and notes to these financial statements which are expressed, (unless otherwise stated) in **thousands of Turkish Lira**, have been presented based on the accounting books of the Bank prepared in accordance with 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 audited.

Mustafa V. KOÇ
Chairman of the
Board of Directors

H. Faik AÇIKALIN
Chief Executive Officer

Marco CRAVARIO
Chief Financial Officer

B. Seda İKİZLER
Head of Financial
Reporting and
Accounting

Gianni F.G. PAPA
Chairman of Audit Committee

Francesco GIORDANO
Member of Audit Committee

F. Füsün Akkal BOZOK
Member of Audit Committee

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

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Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of December 31, 2012

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

Section One

General Information

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

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

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from ISE and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger and the share transfer procedures in 2007 and of a 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 December 31, 2012, the Bank's Board of Directors, Members of the Audit Committee, Statutory Auditors, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

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

(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 as of December 31, 2012 (continued)

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

General information (continued)

Audit Committee Members:

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

Statutory Auditors:

Name	Responsibility
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Deputy General Manager:

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

Assistant General Managers:

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

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

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

(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 as of December 31, 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:

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

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

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

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

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

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

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

As of December 31, 2012, the Bank has 927 branches operating in Turkey and 1 branch overseas (December 31, 2011 - 906 branches operating in Turkey, 1 branch in overseas). As of December 31, 2012, the Bank has 14.733 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.

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

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

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

All other subsidiaries are fully consolidated.

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

None.

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of December 31, 2012 and 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)

	Note (Section Five)	Current Period (31/12/2012)			Restated Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
I. Assets							
I. Cash and balances with Central Bank	I-a	1.620.811	9.455.751	11.076.562	4.652.286	5.082.419	9.734.705
II. Financial assets at fair value through profit or (loss) (net)	I-b	629.323	211.078	840.401	346.723	100.799	447.522
2.1 Trading financial assets		629.323	211.078	840.401	346.723	100.799	447.522
2.1.1 Government debt securities		341.736	110.557	452.293	139.501	27.459	166.960
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading	I-c	287.587	92.640	380.227	207.222	70.694	277.916
2.1.4 Other marketable securities		-	7.881	7.881	-	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		-	-	-	-	-	-
III. Banks	I-ç	297.735	2.423.218	2.720.953	133.164	1.680.515	1.813.679
IV. Money markets		2.618.818	111.234	2.730.052	2.101.360	36.835	2.138.195
4.1 Interbank money market placements		330.046	-	330.046	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		1.396.571	111.234	1.507.805	-	36.835	36.835
4.3 Receivables from reverse repurchase agreements		892.201	-	892.201	2.101.360	-	2.101.360
V. Financial assets available-for-sale (net)	I-e	7.742.462	7.119.001	14.861.463	5.990.836	1.065.625	7.056.461
5.1 Share certificates		5.132	179	5.311	3.912	186	4.098
5.2 Government debt securities		6.200.265	6.939.048	13.139.313	4.588.785	741.454	5.330.239
5.3 Other marketable securities		1.537.065	179.774	1.716.839	1.398.139	323.985	1.722.124
VI. Loans and receivables	I-f	54.892.258	20.877.058	75.769.316	44.738.510	23.041.301	67.779.811
6.1 Loans and receivables		54.024.235	20.770.277	74.794.512	44.170.083	22.874.788	67.044.871
6.1.1 Loans to bank's risk group		602.690	305.441	908.131	372.793	853.334	1.226.127
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		53.421.545	20.464.836	73.886.381	43.797.290	22.021.454	65.818.744
6.2 Loans under follow-up		2.202.516	323.389	2.525.905	1.835.600	244.313	2.079.913
6.3 Specific provisions (-)		(1.334.493)	(216.608)	(1.551.101)	(1.267.173)	(77.800)	(1.344.973)
VII. Factoring receivables		-	-	-	-	-	-
VIII. Held-to-maturity investments (net)	I-g	3.286.761	2.399.687	5.686.448	3.428.099	9.109.326	12.537.425
8.1 Government debt securities		3.286.761	2.399.687	5.686.448	3.428.099	9.109.326	12.537.425
8.2 Other marketable securities		-	-	-	-	-	-
IX. Investments in associates (net)	I-ğ	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
X. Subsidiaries (net)	I-h	3.254.382	565.797	3.820.179	2.797.567	554.399	3.351.966
10.1 Unconsolidated financial subsidiaries		3.252.082	565.797	3.817.879	2.795.267	554.399	3.349.666
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
XI. Joint ventures (net)	I-ı	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		-	-	-	-	-	-
XII. Lease receivables	I-ı	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. Derivative financial assets held for hedging	I-j	94.166	-	94.166	376.973	362	377.335
13.1 Fair value hedge		93.996	-	93.996	369.747	-	369.747
13.2 Cash flow hedge		170	-	170	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
XIV. Property and equipment (net)	I-k	984.674	-	984.674	1.009.450	-	1.009.450
XV. Intangible assets (net)	I-l	1.329.944	-	1.329.944	1.261.854	-	1.261.854
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		350.451	-	350.451	282.361	-	282.361
XVI. Investment property (net)	I-m	-	-	-	-	-	-
XVII. Tax asset		52.535	-	52.535	236.753	-	236.753
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset	I-n	52.535	-	52.535	236.753	-	236.753
XVIII. Assets held for resale and related to discontinued operations (net)	I-o	132.195	-	132.195	100.396	-	100.396
18.1 Held for sale purposes		132.195	-	132.195	100.396	-	100.396
18.2 Related to discontinued operations		-	-	-	-	-	-
XIX. Other assets	I-ö	1.006.493	1.007.296	2.013.789	540.932	1.199.706	1.740.638
Total assets		77.966.683	44.213.524	122.180.207	67.739.029	41.914.691	109.653.720

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 December 31, 2012 and 2011

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

I. Balance sheet (Statement of Financial Position)

Liabilities	Note (Section Five)	Current Period			Restated		
		(31/12/2012)			Prior Period		
		TL	FC	Total	TL	FC	Total
I. Deposits	II-a	41.440.810	26.603.130	68.043.940	35.036.377	28.481.007	63.517.384
1.1 Deposits of the Bank's risk group		4.838.601	3.907.990	8.746.591	3.653.673	3.662.205	7.315.878
1.2 Other		36.602.209	22.695.140	59.297.349	31.382.704	24.818.802	56.201.506
II. Derivative financial liabilities held for trading	II-b	286.669	84.585	371.254	392.517	78.773	471.290
III. Funds borrowed	II-c	638.396	11.782.055	12.420.451	758.034	12.964.666	13.722.700
IV. Money markets		1.711.008	3.019.074	4.730.082	903.756	5.013.930	5.917.686
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		1.711.008	3.019.074	4.730.082	903.756	5.013.930	5.917.686
V. Marketable securities issued (net)	II-ç	1.441.014	885.367	2.326.381	1.096.306	-	1.096.306
5.1 Bills		737.778	-	737.778	951.956	-	951.956
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		703.236	885.367	1.588.603	144.350	-	144.350
VI. Funds		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. Miscellaneous payables		4.759.776	617.741	5.377.517	3.806.098	601.709	4.407.807
VIII. Other liabilities	II-d	1.605.587	1.027.930	2.633.517	726.204	823.955	1.550.159
IX. Factoring payables		-	-	-	-	-	-
X. Lease payables (net)	II-e	596	6.791	7.387	-	28.597	28.597
10.1 Financial lease payables		681	6.983	7.664	-	29.745	29.745
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		(85)	(192)	(277)	-	(1.148)	(1.148)
XI. Derivative financial liabilities held for hedging	II-f	412.001	492.686	904.687	62.652	440.189	502.841
11.1 Fair value hedge		90.233	-	90.233	18.959	-	18.959
11.2 Cash flow hedge		321.768	492.686	814.454	43.693	440.189	483.882
11.3 Foreign net investment hedge		-	-	-	-	-	-
XII. Provisions	II-g	2.438.060	461.105	2.899.165	1.970.870	436.151	2.407.021
12.1 General loan loss provision		919.039	385.793	1.304.832	669.793	372.211	1.042.004
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		213.610	-	213.610	183.428	-	183.428
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.305.411	75.312	1.380.723	1.117.649	63.940	1.181.589
XIII. Tax liability	II-ğ	408.142	-	408.142	257.184	-	257.184
13.1 Current tax liability		408.142	-	408.142	257.184	-	257.184
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. Subordinated loans	II-h	-	5.195.642	5.195.642	-	2.523.816	2.523.816
XVI. Shareholders' equity	II-ı	15.926.652	935.390	16.862.042	13.453.176	(202.247)	13.250.929
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		2.758.337	935.390	3.693.727	2.050.711	(202.247)	1.848.464
16.2.1 Share premium		543.881	-	543.881	543.881	-	543.881
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences	II-ı	2.039.404	1.377.550	3.416.954	1.277.219	190.080	1.467.299
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)		(118.653)	(442.160)	(560.813)	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		293.705	-	293.705	145.814	-	145.814
16.3 Profit reserves		6.907.792	-	6.907.792	5.197.928	-	5.197.928
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		1.096	-	1.096	827	-	827
16.4 Income or (loss)		1.913.472	-	1.913.472	1.857.486	-	1.857.486
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		1.913.472	-	1.913.472	1.857.486	-	1.857.486
Total liabilities and shareholders' equity		71.068.711	51.111.496	122.180.207	58.463.174	51.190.546	109.653.720

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 December 31, 2012 and 2011 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

II. Off-balance sheet commitments

	Note (Section Five)	Current Period (31/12/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
A	Off-balance sheet commitments (III+IV)	113.305.921	113.241.494	226.547.415	81.037.541	109.504.366	190.541.907
I.	Guarantees and warranties	11.375.121	16.986.676	28.362.797	10.695.351	15.439.788	26.135.139
1.1	Letters of guarantee	11.271.953	9.239.705	20.511.658	9.943.523	8.754.339	18.697.862
1.1.1	Guarantees subject to state tender law	567.403	522.814	1.090.217	502.263	628.039	1.130.302
1.1.2	Guarantees given for foreign trade operations	1.131.282	8.716.891	9.848.173	1.105.998	8.126.300	9.232.298
1.1.3	Other letters of guarantee	9.573.268	-	9.573.268	8.335.262	-	8.335.262
1.2	Bank acceptances	-	121.325	121.325	-	158.915	158.915
1.2.1	Import letter of acceptance	-	121.325	121.325	-	158.915	158.915
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	13.789	5.596.826	5.610.615	13.687	4.872.778	4.886.465
1.3.1	Documentary letters of credit	13.789	5.596.826	5.610.615	13.687	4.872.778	4.886.465
1.3.2	Other letters of credit	-	-	-	-	-	-
1.4	Pre-financing given as guarantee	143	2.377	2.520	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	90.236	1.057.479	1.147.715	737.998	614.488	1.352.486
1.9	Other warranties	-	968.064	968.064	-	1.036.749	1.036.749
II.	Commitments	75.280.393	28.375.675	103.656.068	50.502.978	30.333.764	80.836.742
2.1	Irrevocable commitments	29.934.837	6.991.388	36.926.225	23.716.890	6.829.040	30.545.930
2.1.1	Asset purchase and sale commitments	35.590	6.661.062	6.696.652	42.700	6.067.378	6.110.078
2.1.2	Deposit purchase and sales commitments	-	-	-	1.692	301	1.993
2.1.3	Share capital commitments to associates and subsidiaries	-	-	-	1.000	-	1.000
2.1.4	Loan granting commitments	4.992.286	330.326	5.322.612	4.345.798	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	5.258.480	-	5.258.480	4.220.740	-	4.220.740
2.1.8	Tax and fund liabilities from export commitments	38.108	-	38.108	37.251	-	37.251
2.1.9	Commitments for credit card limits	17.856.081	-	17.856.081	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	1.754.294	-	1.754.294	1.401.598	61	1.401.659
2.2	Revocable commitments	45.345.556	21.384.287	66.729.843	26.786.088	23.504.724	50.290.812
2.2.1	Revocable loan granting commitments	45.345.556	21.365.157	66.711.713	26.786.088	23.504.724	50.290.812
2.2.2	Other revocable commitments	-	18.130	18.130	-	-	-
III.	Derivative financial instruments	26.649.407	67.879.143	94.528.550	19.839.212	63.730.814	83.570.026
3.1	Derivative financial instruments for hedging purposes	14.124.458	26.657.257	40.781.715	9.094.408	29.549.643	38.644.051
3.1.1	Transactions for fair value hedge	1.772.858	2.048.951	3.821.809	2.782.809	3.424.046	6.206.854
3.1.2	Transactions for cash flow hedge	12.351.600	24.608.308	36.959.908	6.311.600	26.125.597	32.437.197
3.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
3.2	Trading transactions	12.524.949	41.221.886	53.746.835	10.744.804	34.181.171	44.925.875
3.2.1	Forward foreign currency buy/sell transactions	3.004.739	5.217.724	8.222.463	4.145.190	7.055.471	11.200.661
3.2.1.1	Forward foreign currency transactions-buy	988.834	3.092.645	4.081.279	1.122.701	4.479.466	5.602.167
3.2.1.2	Forward foreign currency transactions-sell	2.016.105	2.125.079	4.141.184	3.022.489	2.576.005	5.598.494
3.2.2	Swap transactions related to foreign currency and interest rates	5.339.212	24.430.414	29.769.626	2.612.272	18.913.481	21.525.753
3.2.2.1	Foreign currency swap-buy	2.604.049	10.715.333	13.319.382	1.507.063	7.142.973	8.650.036
3.2.2.2	Foreign currency swap-sell	2.735.163	10.500.081	13.236.124	1.105.209	7.778.808	8.884.015
3.2.2.3	Interest rate swap-buy	-	1.607.060	1.607.060	-	1.995.851	1.995.851
3.2.2.4	Interest rate swap-sell	-	1.607.060	1.607.060	-	1.995.851	1.995.851
3.2.3	Foreign currency, interest rate and securities options	3.473.998	10.919.644	14.393.642	3.280.342	7.445.145	10.725.487
3.2.3.1	Foreign currency options-buy	1.246.132	3.539.644	4.785.776	1.235.699	2.075.490	3.311.189
3.2.3.2	Foreign currency options-sell	1.684.220	3.214.377	4.898.597	1.513.005	1.344.579	2.857.584
3.2.3.3	Interest rate options-buy	70.800	2.117.807	2.188.607	187.350	2.041.794	2.229.144
3.2.3.4	Interest rate options-sell	145.800	2.047.816	2.193.616	262.350	1.967.628	2.229.978
3.2.3.5	Securities options-buy	215.704	-	215.704	63.894	15.654	79.548
3.2.3.6	Securities options-sell	111.342	-	111.342	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	654.104	1.361.104	707.000	767.074	1.474.074
B.	Custody and pledges received (IV+V+VI)	115.496.598	25.192.246	140.688.844	101.200.873	27.592.127	128.793.000
IV.	Items held in custody	51.688.636	4.089.103	55.777.739	47.517.660	4.271.501	51.789.161
4.1	Customer fund and portfolio balances	-	117	117	-	122	122
4.2	Investment securities held in custody	40.031.441	3.482.529	43.523.970	38.521.544	3.581.191	40.102.735
4.3	Checks received for collection	9.364.237	88.780	9.453.017	8.660.022	89.243	8.749.265
4.4	Commercial notes received for collection	2.282.730	483.701	2.766.431	2.330.868	575.964	2.906.830
4.5	Other assets received for collection	-	23.976	23.976	-	24.981	24.981
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	10.228	-	10.228	5.228	-	5.228
4.8	Custodians	-	-	-	-	-	-
V.	Pledges received	62.639.447	20.520.383	83.159.830	52.561.567	22.673.972	75.235.539
5.1	Marketable securities	220.994	193	221.187	207.970	204	208.174
5.2	Guarantee notes	703.851	365.205	1.069.056	560.893	442.768	1.003.661
5.3	Commodity	28.559	-	28.559	38.944	-	38.944
5.4	Warrants	-	-	-	-	-	-
5.5	Properties	41.434.412	15.196.331	56.630.743	36.292.482	16.967.526	53.260.008
5.6	Other pledged items	20.251.531	4.955.489	25.207.020	15.461.278	5.260.128	20.721.406
5.7	Pledged items-depository	-	3.165	3.165	-	3.346	3.346
VI.	Accepted independent guarantees and warranties	1.168.515	582.760	1.751.275	1.121.646	646.654	1.768.300
Total off-balance sheet commitments (A+B)		228.802.519	138.433.740	367.236.259	182.238.414	137.095.493	319.334.907

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(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 December 31, 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)	Current Period 01/01-31/12/2012	Prior Period 01/01-31/12/2011
I. Interest income	IV-a	9.372.833	7.155.567
1.1 Interest on loans	IV-a-1	7.589.281	5.605.263
1.2 Interest received from reserve deposits		-	-
1.3 Interest received from banks	IV-a-2	33.517	28.820
1.4 Interest received from money market transactions		144.533	31.585
1.5 Interest received from marketable securities portfolio	IV-a-3	1.604.762	1.488.199
1.5.1 Trading financial assets		20.431	21.637
1.5.2 Financial assets at fair value through profit or (loss)		-	-
1.5.3 Available-for-sale financial assets		643.440	552.054
1.5.4 Held to maturity investments		940.891	914.508
1.6 Financial lease income		-	-
1.7 Other interest income		740	1.700
II. Interest expense	IV-b	(4.880.824)	(3.845.460)
2.1 Interest on deposits	IV-b-4	(3.977.981)	(3.065.998)
2.2 Interest on funds borrowed	IV-b-1	(553.951)	(447.192)
2.3 Interest expense on money market transactions		(152.459)	(260.696)
2.4 Interest on securities issued	IV-b-3	(186.708)	(48.236)
2.5 Other interest expenses		(9.725)	(23.338)
III. Net interest income (I + II)		4.492.009	3.310.107
IV. Net fees and commissions income		1.761.005	1.826.778
4.1 Fees and commissions received		2.165.631	2.157.003
4.1.1 Non-cash loans		245.698	223.425
4.1.2 Other	IV-1	1.919.933	1.933.578
4.2 Fees and commissions paid		(404.626)	(330.225)
4.2.1 Non-cash loans		(487)	(418)
4.2.2 Other		(404.139)	(329.807)
V. Dividend income		183.377	128.203
VI. Trading gain/(loss) (net)	IV-ç	(39.001)	(254.708)
6.1 Trading gains/(losses) on securities		305.957	29.035
6.2 Derivative financial transactions gains/(losses)	IV-d	(948.671)	(498.485)
6.3 Foreign exchange gains/(losses)		603.713	214.742
VII. Other operating income	IV-e	338.192	811.393
VIII. Total operating income (III+IV+V+VI+VII)		6.735.582	5.821.773
IX. Provision for impairment of loans and other receivables (-)	IV-f	(1.293.415)	(776.222)
X. Other operating expenses (-)	IV-g	(2.992.925)	(2.690.486)
XI. Net operating income/(loss) (VIII-IX-X)		2.449.242	2.355.065
XII. Excess amount recorded as income after merger		-	-
XIII. Income/(loss) from investments accounted based on equity method		-	-
XIV. Income/(loss) on net monetary position		-	-
XV. Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)	IV-ğ	2.449.242	2.355.065
XVI. Tax provision for continuing operations (±)	IV-h	(535.770)	(497.579)
16.1 Current tax provision		(739.096)	(420.569)
16.2 Deferred tax provision		203.326	(77.010)
XVII. Net profit/loss from continuing operations (XV±XVI)		1.913.472	1.857.486
XVIII. Income from discontinued operations		-	-
18.1 Income from non-current assets held for resale		-	-
18.2 Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3 Other income from discontinued operations		-	-
XIX. Expenses from discontinued operations (-)		-	-
19.1 Expenses for non-current assets held for resale		-	-
19.2 Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3 Other expenses from discontinued operations		-	-
XX. Profit /losses before taxes from discontinued operations (XVIII-XIX)		-	-
XXI. Tax provision for discontinued operations (±)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. Net profit/loss from discontinued operations (XX±XXI)		-	-
XXIII. Net profit/loss (XVII+XXII)	IV-ı	1.913.472	1.857.486
Earnings/(loss) per share (full TL)		0,0044	0,0043

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 December 31, 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

	Current Period	Restated
Income and expense items accounted under shareholders' equity	(31/12/2012)	Prior Period (31/12/2011)
I. Transfers to marketable securities valuation differences from financial assets available for sale	2.402.759	(333.283)
II. Property and equipment revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Currency translation differences for foreign currency transactions	18.864	(1.821)
V. Profit/loss on cash flow hedges (effective part of the fair value changes)	(336.707)	(237.914)
VI. Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII. Effects of changes in accounting policy and adjustment of errors	-	51.560
VIII. Other income and expense items accounted under shareholders' equity according to TAS	269	219
IX. Deferred tax on valuation differences	(387.544)	97.799
X. Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	1.697.641	(423.440)
XI. Current year profit/loss	1.913.472	1.857.486
11.1 Net change in fair value of marketable securities (recycled to profit-loss)	4.236	3.842
11.2 Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(209.965)	(185.994)
11.3 Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4 Other	2.119.201	2.039.638
XII. Total income/loss accounted for the period (X+XI)	3.611.113	1.434.046

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 December 31, 2011 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Statement of changes in shareholders' equity

Prior Period	Note (Section five)	Paid- in capital	Adjustment to share capital 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 intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations fund	Total shareholders' equity
December 31, 2011		4.347.051	- 543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700
I. Period opening balance																
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	1.499.183	-	-	-	-	1.499.183
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	1.499.183	-	-	-	-	1.499.183
III. New balance (+/-)		4.347.051	- 543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	1.684.256	-	-	(101.828)	-	11.816.883
IV. Changes in the period																
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	(231.871)	-	-	-	-	(231.871)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	(190.331)	-	(190.331)
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		-	-	-	-	-	-	-	-	-	14.914	-	-	-	-	(1.457)
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	(16.371)	-	(16.371)
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		-	-	-	-	-	-	-	1.857.486	-	-	-	-	-	-	1.857.486
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+...+ XVII +XIX+XX)		4.347.051	- 543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	1.467.299	-	-	(308.530)	-	13.250.929

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 December 31, 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. Statement of changes in shareholders' equity

Current Period	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/ operations discontinued revaluation fund	Total shareholders' equity
December 31, 2012		4,347,051	-	543,881	-	266,973	-	4,930,128	146,641	1,857,486	-	1,467,299	-	-	(308,530)	-	13,250,929
I. Prior period end balance		4,347,051	-	543,881	-	266,973	-	4,930,128	146,641	1,857,486	-	1,467,299	-	-	(308,530)	-	13,250,929
Changes in the period																	
II. Increase/decrease due to the merger																	
III. Marketable securities valuation differences												1,951,647					1,951,647
IV. Hedging transactions (effective portion)															(269,366)		(269,366)
4.1 Cash flow hedge															(269,366)		(269,366)
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												(1,992)			17,083		15,091
VIII. Foreign exchange differences																	
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									269								269
XVII. Current year income or loss										1,913,472							1,913,472
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																	
Period end balance (I+II+III+...+XVI+XVII+XVIII)		4,347,051	-	543,881	-	359,847	-	6,546,849	294,801	1,913,472	-	3,416,954	-	-	(560,813)	-	16,862,042

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 December 31, 2012 and 2011

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

VI. Statement of cash flows

	Notes (Section Five)	Current Period (31/12/2012)	Prior Period (31/12/2011)
A. Cash flows from banking operations			
1.1 Operating profit before changes in operating assets and liabilities		5.000.529	1.105.225
1.1.1 Interest received		8.715.216	6.814.470
1.1.2 Interest paid		(4.702.612)	(3.620.844)
1.1.3 Dividend received		150.349	116.258
1.1.4 Fees and commissions received		2.166.084	2.162.613
1.1.5 Other income		(899.474)	(521.815)
1.1.6 Collections from previously written-off loans and other receivables		1.576.539	1.335.062
1.1.7 Payments to personnel and service suppliers		(2.413.358)	(2.317.066)
1.1.8 Taxes paid		(716.167)	(541.753)
1.1.9 Other	VI-c	1.123.952	(2.321.700)
1.2 Changes in operating assets and liabilities		(7.712.256)	2.009.883
1.2.1 Net (increase)/decrease in trading securities		(283.257)	51.277
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net (increase)/decrease in banks		(4.312.304)	(958.160)
1.2.4 Net (increase)/decrease in loans		(9.957.615)	(16.078.971)
1.2.5 Net (increase)/decrease in other assets		(238.922)	(335.031)
1.2.6 Net increase /(decrease) in bank deposits		13.988	(346.273)
1.2.7 Net increase /(decrease) in other deposits		4.499.412	11.030.865
1.2.8 Net increase /(decrease) in funds borrowed		(2.173.684)	7.188.602
1.2.9 Net increase /(decrease) in payables		-	-
1.2.10 Net increase /(decrease) in other liabilities	VI-c	4.740.126	1.457.574
I. Net cash flows from banking operations		(2.711.727)	3.115.108
B. Cash flows from investing activities			
II. Net cash flows from investing activities		702.063	(847.120)
2.1 Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		(22.236)	-
2.2 Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3 Purchases of property and equipment		(271.209)	(225.330)
2.4 Disposals of property and equipment		35.543	185.795
2.5 Purchase of investments available-for-sale		(3.258.932)	(4.034.646)
2.6 Sale of investments available-for -sale		3.349.491	1.586.128
2.7 Purchase of investment securities		(342)	(545.066)
2.8 Sale of investment securities		869.748	2.185.999
2.9 Other		-	-
C. Cash flows from financing activities			
III. Net cash flows from financing activities		702.315	2.076.992
3.1 Cash obtained from funds borrowed and securities issued		7.808.583	6.340.216
3.2 Cash used for repayment of funds borrowed and securities issued		(7.059.732)	(4.203.302)
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(46.536)	(59.922)
3.6 Other		-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	VI-c	(163.969)	469.043
V. Net increase in cash and cash equivalents (I+II+III+IV)		(1.471.318)	4.814.023
VI. Cash and cash equivalents at beginning of the period	VI-a	9.780.424	4.966.401
VII. Cash and cash equivalents at end of the period	VI-a	8.309.106	9.780.424

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

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

Yapı ve Kredi Bankası A.Ş.

Profit appropriation statements as of December 31, 2012 and 2011

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

VII. Profit appropriation statement ⁽¹⁾

	Current Period (31/12/2012)	Prior Period (31/12/2011)
I. Distribution of current year income		
1.1 Current year income	2.449.242	2.355.065
1.2 Taxes and duties payable (-)	(535.770)	(497.579)
1.2.1 Corporate tax (income tax)	(739.096)	(420.569)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties ⁽²⁾	203.326	(77.010)
A. Net income for the year (1.1-1.2)	1.913.472	1.857.486
1.3 Prior year losses (-)	-	-
1.4 First legal reserves (-)	-	(92.874)
1.5 Other statutory reserves (-)	-	-
B. Net income available for distribution [(a-(1.3+1.4+1.5))]	1.913.472	1.764.612
1.6 First dividend to shareholders (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of preferred shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to board of directors (-)	-	-
1.9 Second dividend to shareholders (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of preferred shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 Second legal reserves (-)	-	-
1.11 Statutory reserves (-)	-	-
1.12 Extraordinary reserves	-	1.616.721
1.13 Other reserves	-	-
1.14 Special funds	-	147.891
II. Distribution of reserves		
2.1 Appropriated reserves	-	-
2.2 Second legal reserves (-)	-	-
2.3 Dividends to shareholders (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 Dividends to personnel (-)	-	-
2.5 Dividends to board of directors (-)	-	-
III. Earnings per share		
3.1 To owners of ordinary shares	0,0044	0,0043
3.2 To owners of ordinary shares (%)	-	-
3.3 To owners of privileged shares	-	-
3.4 To owners of privileged shares (%)	-	-
IV. Dividend per share		
4.1 To owners of ordinary shares	-	-
4.2 To owners of ordinary shares (%)	-	-
4.3 To owners of privileged shares	-	-
4.4 To owners of privileged shares (%)	-	-

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

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

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements

As of December 31, 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. 28337 dated June 28, 2012.

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

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

The accounting policies and valuation principles applied in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended December 31, 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 XXVII. below.

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

(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 December 31, 2012

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

Accounting policies (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 restated. The effect of this restatement and other classifications on the financial statements as of December 31, 2011 and 2010 are summarized below:

December 31, 2011	Published	Adjustments	Restated
Subsidiaries (Net)	1.801.223	1.550.743	3.351.966
Total Assets	108.102.977	1.550.743	109.653.720
Marketable Securities Valuation Differences	(83.444)	1.550.743	1.467.299
Other capital reserves	146.641	(827)	145.814
Other profit reserves	-	827	827
Shareholder's Equity	11.700.186	1.550.743	13.250.929
Total Liabilities	108.102.977	1.550.743	109.653.720

December 31, 2010	Published	Adjustments	Restated
Subsidiaries (Net)	1.789.841	1.499.183	3.289.024
Total Assets	84.776.146	1.499.183	86.275.329
Marketable Securities Valuation Differences	185.073	1.499.183	1.684.256
Other capital reserves	80.731	(609)	80.122
Other profit reserves	-	609	609
Shareholder's Equity	10.317.700	1.499.183	11.816.883
Total Liabilities	84.776.146	1.499.183	86.275.329

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.

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements

As of December 31, 2012

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

Accounting policies (continued)

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 is also sustaining a lengthened liability structure by using long-term foreign and local currency borrowings from domestic and international investors and financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is followed within the determined levels by the Board of Directors, by considering the limits specified by the Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans. Since the foreign currency investments and subsidiaries are considered as non-monetary items, they are translated with the exchange rates at the transaction date and therefore no foreign exchange differences are realized. Foreign currency non-performing loans are translated with the exchange rates at the date of transfer to non-performing loans accounts.

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

Investments in associates, subsidiaries and joint ventures are accounted for in accordance with the Turkish Accounting Standard 39 (TAS 39) "Financial Instruments: Recognition and Measurement" in the unconsolidated financial statements. 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 the line item "Marketable Securities Valuation Differences" under equity. Investments in subsidiaries which are not quoted in organized markets and for which their fair values cannot 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 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 remeasured 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 applied to 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.

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Unconsolidated financial statements

As of December 31, 2012

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

Accounting policies (continued)

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 are recorded in "Hedging funds" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

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

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the 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 December 31, 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.

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements

As of December 31, 2012

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

Accounting policies (continued)

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

Credit default swaps are valued daily by the valuation model of the 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 modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, currency exchange transactions, which are 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:

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

VII. Explanations on financial assets:

The 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 accordance with the basis of valuation of assets.

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements

As of December 31, 2012

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

Accounting policies (continued)

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

Financial assets, which are classified as "Financial assets at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of this section.

b. Held-to-maturity financial assets:

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

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

c. Loans and receivables:

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

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

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Accounting policies (continued)

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" ("Provisioning Regulation") published in the Official Gazette No. 26333 dated November 1, 2006. In this context, the management estimates are determined, on the basis of the prudence principle and 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.

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 cannot be determined reliably, are carried at cost less any impairment. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the shareholders' equity as "Marketable securities valuation differences", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from available for sale assets are recorded in interest income and dividend income as appropriate.

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

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Accounting policies (continued)

VIII. Explanations on impairment of financial assets:

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

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

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

IX. Explanations on offsetting financial assets:

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

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

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

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

The Bank has no securities lending transactions.

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Accounting policies (continued)

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.

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").

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Accounting policies (continued)

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 another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are 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.

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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 liabilities:

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

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

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

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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, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years.

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

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

The 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.

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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.

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

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

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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 December 31, 2012, the Bank received government grant from TÜBİTAK amounting to TL 1.096 (December 31, 2011 - TL 827).

XXII. Profit reserves and profit distribution:

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

XXIII. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	1.913.472	1.857.486
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
Earnings per share (disclosed in full TL)	0,0044	0,0043

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

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

XXIV. Related parties:

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

XXV. Explanations on operating segments:

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

XXVI. Explanations on other matters:

Changes have been made to comparative figures as of December 31, 2011 and December 31, 2010, as detailed in Note I of Section III.

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

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

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

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

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

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

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

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Information related to financial position of the Bank (continued)

Information related to capital adequacy ratio:

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

Summary information about capital adequacy ratio ⁽¹⁾:

	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	8.639.259
Capital requirement for market risk (II) (MRCR)	134.553
Capital requirement for operational risk (III) (ORCR)	746.900
Shareholders' equity	19.397.778
Shareholders' Equity/((CRCR+MRCR+ORCR) * 12.5) * 100	16,30

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

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Information about shareholders' equity items ⁽¹⁾:

	Current Period
Core Capital	
Paid-in capital	4.347.051
Nominal capital	4.347.051
Capital commitments (-)	-
Adjustment to paid-in capital	-
Share premium	543.881
Share repeal	-
Legal reserves	6.907.792
Adjustment to legal reserves	-
Profit	1.913.472
Net current period profit	1.913.472
Prior period profit	-
Provisions for possible losses up to 25% of core capital	229.247
Income on sale of equity shares and real estates ⁽²⁾	293.705
Primary subordinated loans	-
Loss (in excess of Reserves) (-)	-
Net current period's losses	-
prior periods' losses	-
Leasehold Improvements on Operational Leases (-)	77.850
Intangible assets (-)	1.329.944
Deferred-assets for tax which exceeds 10% of core capital (-)	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-
Total core capital	12.827.354
Supplementary capital	
General reserves	1.304.832
45% of increase in revaluation fund of movables	-
45% of increase in revaluation fund of fixed assets	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary Subordinated Debts excluding the portion included in Core Capital	-
Secondary subordinated loans ⁽³⁾	3.990.969
45% of value increase fund of financial assets available for sale and associates and subsidiaries ⁽³⁾	1.537.629
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal reserves)	-
Total supplementary capital	6.833.430
Capital	19.660.784
Deductions from the capital	263.006
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	63.027
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Loans extended being noncompliant with articles 50 and 51 of the Law	3.190
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	6.844
Securitization positions that is deducted -preferably- from the shareholders' equity	-
Other	189.945
Total shareholders' equity	19.397.778

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

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

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

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

II. Explanations on credit risk:

- a. Credit risk is the loss or the risk of the Bank in case counterparty cannot fulfill its obligations stated in agreements where the Bank is at a side. The Bank identifies loan limits for each customer considering statutory regulations. Internal scoring system, financial analysis reports, geographical and sectoral concentrations and credit policies, which are approved and reviewed by the Bank's Board of Directors annually, are taken into consideration for limit allocation to customers. The limits defined by the Bank's Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each dealer at Treasury department who is authorized for transactions in the market are performed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

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

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

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

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

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

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

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

The loan is overdue more than 90 days.

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

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

Deterioration of the creditworthiness of the borrower

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

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

Risk classifications:	Current period risk amount⁽¹⁾	Average risk amount⁽²⁾
Conditional and unconditional receivables from central governments or central banks	31.401.101	31.008.877
Conditional and unconditional receivables from regional or local governments	148	148
Conditional and unconditional receivables from administrative units and non-commercial enterprises	4.437	8.710
Conditional and unconditional receivables from multilateral development banks	2.766	3.335
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	11.681.977	11.963.525
Conditional and unconditional receivables from corporates	51.255.409	52.881.975
Conditional and unconditional retail receivables	30.482.087	30.241.894
Conditional and unconditional receivables secured by mortgages	8.548.065	7.049.671
Past due receivables	1.033.399	1.005.385
Receivables defined as high risk category by the Regulator	7.069.529	5.431.275
Secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	8.474.747	7.975.831
Total	149.953.665	147.570.626

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

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

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Information related to financial position of the Bank (continued)

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

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

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

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

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

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

- f. The Bank provided a general loan loss provision amounting to TL 1.304.832 (December 31, 2011 - TL 1.042.004).

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g. Risk profile according to the geographical concentration:

	Risk Classifications*											Total
	1	2	3	4	5	6	7	8	9	10	11	
Current Period												
Domestic	31.401.101	148	4.437	-	5.290.636	49.935.158	30.475.699	8.528.624	1.020.525	7.069.529	4.650.065	138.375.922
EU countries	-	-	-	1.335	5.265.140	545.493	4.407	18.868	1.305	-	-	5.836.548
OECD countries **	-	-	-	-	385.586	17.804	233	-	7.281	-	-	410.904
Off-shore banking regions	-	-	-	-	1.761	20.290	8	-	-	-	-	22.059
USA, Canada	-	-	-	1.431	539.413	98.138	884	140	3	-	-	640.009
Other countries	-	-	-	-	199.441	638.526	856	433	4.285	-	-	843.541
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	3.824.682	3.824.682
Undistributed Assets / Liabilities***	-	-	-	-	-	-	-	-	-	-	-	-
Total	31.401.101	148	4.437	2.766	11.681.977	51.255.409	30.482.087	8.548.065	1.033.399	7.069.529	8.474.747	149.953.665

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

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

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

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

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ğ. Risk profile according to sectors and counterparties:

	Risk Classifications*											Total		
	1	2	3	4	5	6	7	8	9	10	11		TL	FC
Agricultural	-	-	-	-	-	1,407,277	779,220	151,506	32,607	-	-	413,375	1,957,235	2,370,610
Farming and raising livestock	-	-	-	-	-	1,301,379	673,509	138,108	29,438	-	-	354,109	1,786,325	2,142,434
Forestry	-	-	-	-	-	62,773	85,318	11,042	1,537	-	-	35,891	124,779	160,670
Fishing	-	-	-	-	-	43,125	20,393	2,356	1,632	-	-	23,375	44,131	67,506
Manufacturing	-	1	19	-	2,399	28,295,565	5,740,581	1,993,497	309,900	-	2,343	19,760,522	16,583,783	36,344,305
Mining	-	-	-	-	2,399	6,002,638	672,628	234,874	35,893	-	43	4,294,725	2,653,750	6,948,475
Production	-	1	11	-	-	17,647,429	4,965,177	1,666,873	267,055	-	2,300	11,156,959	13,391,887	24,548,846
Electric, gas and water	-	-	8	-	-	4,645,498	102,776	91,750	6,952	-	-	4,308,838	538,146	4,846,984
Construction	-	4	4	-	289,449	6,759,893	1,936,104	823,207	78,029	-	-	4,386,223	5,560,467	9,946,690
Services	31,401,097	68	4,179	1,431	9,063,581	13,180,549	4,549,883	1,752,154	158,408	-	6,525,465	33,218,855	33,417,960	66,636,815
Wholesale and retail trade	-	1	3	-	-	4,811,940	2,620,615	557,728	70,726	-	-	1,350,965	6,710,048	8,061,013
Hotel, food and beverage services	-	-	-	-	-	1,196,180	369,155	609,290	16,013	-	-	1,293,986	886,676	2,180,672
Transportation and telecommunication	-	-	24	-	100	3,483,493	664,129	316,057	40,835	-	-	2,967,311	1,537,311	4,504,622
Financial institutions	-	-	8	-	-	1,854,396	116,897	49,614	3,389	-	6,522,712	26,801,989	22,211,042	49,013,031
Real estate and renting services	-	-	-	-	-	162,367	28,666	14,299	1,891	-	-	96,862	110,361	207,223
Self-employment services	-	-	-	-	-	404,978	223,031	34,114	7,244	-	95	200,814	468,648	669,462
Education services	-	-	67	-	-	75,454	57,414	10,999	1,948	-	-	24,040	121,842	145,882
Health and social services	-	61	4,069	-	-	1,191,731	479,976	160,053	16,362	-	2,658	482,878	1,372,032	1,854,910
Other	-	75	239	1,335	2,326,548	1,612,125	17,416,289	3,827,701	454,455	7,069,529	1,946,939	2,131,588	32,523,657	34,655,245
Total	31,401,101	148	4,437	2,766	11,681,977	51,255,409	30,482,087	8,548,065	1,033,359	7,069,529	8,474,747	59,910,563	90,043,102	149,953,665

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

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

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h. Risk profile according to remaining maturities:

Risk classifications	According to their outstanding maturities					Total
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Conditional and unconditional receivables from central governments or central banks	9.050.476	-	499.482	41.995	20.458.535	30.050.488
Conditional and unconditional receivables from regional or local governments	-	-	-	-	3	3
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	3	-	41	44
Conditional and unconditional receivables from multilateral development banks	415	115	332	874	522	2.258
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.034.401	1.808.225	1.155.761	342.031	1.867.407	8.207.825
Conditional and unconditional receivables from corporates	5.074.660	4.237.335	5.879.564	6.414.372	24.175.531	45.781.462
Conditional and unconditional retail receivables	521.826	1.486.067	3.451.977	4.067.886	20.954.331	30.482.087
Conditional and unconditional receivables secured by mortgages	140.305	252.951	663.664	444.245	7.046.900	8.548.065
Past due receivables	1.736	3.905	11.540	21.935	279.892	319.008
Receivables defined as high risk category by the Regulator	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-
Other receivables	-	-	-	-	11.447	11.447
General Total	17.823.819	7.788.598	11.662.323	11.333.338	74.794.609	123.402.687

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

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

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

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

i. Risk balances according to risk weights:

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

Risk Weights	0%	20%	50%	75%	100%	150%	200%	Total	Deductions
									from the shareholders' equity
1 Total exposure before credit risk mitigation	22.325.632	6.206.266	22.820.891	30.482.088	60.644.738	3.571.134	3.902.916	149.953.665	263.006
2 Total exposure after credit risk mitigation	22.389.007	6.183.534	23.041.576	30.262.517	59.373.829	3.571.134	3.902.915	148.724.512	263.006

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j. Information according to sectors and counterparties:

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

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

Sectors / Counterparties	Loans		General Provisions	Specific Provisions
	Impaired Loans	Past due		
Agricultural	63.728	122.729	3.492	35.934
Farming and raising livestock	56.117	106.137	3.167	32.009
Forestry	3.787	7.483	156	2.028
Fishing	3.824	9.109	169	1.897
Manufacturing	996.445	1.157.162	51.804	649.482
Mining	16.469	136.130	11.520	10.060
Production	966.689	1.009.170	39.969	633.931
Electric, gas and water	13.287	11.862	315	5.491
Construction	222.735	527.452	24.152	111.321
Services	429.718	750.745	27.595	268.890
Wholesale and retail trade	172.464	297.225	9.490	91.506
Hotel, food and beverage services	31.939	90.596	1.805	14.263
Transportation and telecommunication	125.672	214.600	10.950	89.309
Financial institutions	5.076	35.219	2.561	2.726
Real estate and renting services	58.971	46.116	957	52.123
Self-employment services	-	-	-	-
Education services	3.423	7.402	177	1.606
Health and social services	32.173	59.587	1.655	17.357
Other	1.071.939	1.294.121	42.018	611.224
Total	2.784.565	3.852.209	149.061	1.676.851

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Information related to financial position of the Bank (continued)

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

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

The Bank provides general provision for loans classified as first and second group loan portfolio. This provision is calculated in accordance with the Provisioning Regulation.

	Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments*	Close out balance
1 Specific provisions	1.344.973	787.600	(21.666)	(559.806)	1.551.101
2 General provisions	1.042.004	332.483	(69.655)	-	1.304.832

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

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III. Explanations on market risk:

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

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

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

(1) Explanations on market risk ⁽¹⁾:

a. Information on market risk:

	Current Period
(I) Capital requirement against general market risk - standard method	24.099
(II) Capital requirement against specific risks - standard method	22.162
Capital requirement against specific risks of securitization positions- standard method	-
(III) Capital requirement against currency exchange risk - standard method	65.876
(IV) Capital requirement against commodity risks - standard method	3.024
(V) Capital requirement against exchange risks - standard method	-
(VI) Capital requirement against market risks of options - standard method	1.277
(VII) Capital requirement against counterparty credit risks - standard method	18.115
(VIII) Capital requirement against market risks of banks applying risk measurement model	-
(IX) Total capital requirement against market risk ((i+ii+iii+iv+v+vi+vii) (i+ii+iii+iv+v+vi+vii+viii))	134.553
(IX) Value-at-market risk ((12.5*viii) or (12.5*ix))	1.681.913

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

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

	Average ⁽¹⁾	Maximum ⁽¹⁾	Minimum ⁽¹⁾
Interest rate risk	23.999	32.018	15.752
Share price risk	15.709	18.512	9.458
Currency risk	49.482	65.876	36.687
Commodity risk	2.074	3.024	637
Settlement risk	-	-	-
Option risk	836	1.391	226
Counterparty credit risk	27.817	37.654	18.115
Total amount subject to risk	119.917	158.475	80.875

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

(2) Quantitative information on counterparty risk:

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

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

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

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

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

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

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Total counterparty credit risk from trading activities is TL 226.438 for the period ended December 31, 2012.

	Current Period ⁽¹⁾
Interest rate contracts	52.801
Foreign exchange rate contracts	487.013
Commodity contracts	-
Equity shares related contracts	6.768
Other	-
Gross Positive Fair Value	261.452
Netting benefits	-
Net current exposure amount	-
Collateral received	-
Net derivative position	261.452

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

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

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

IV. Explanations on operational risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2011, 2010 and 2009 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated June 28, 2012, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2012, the total amount subject to operational risk is TL 9.336.245 (December 31, 2011 - TL 8.842.703) and the amount of the related capital requirement is TL 746.900 (December 31, 2011 - TL 707.416).

	2 PP value	1 PP value	CD value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	5.222.903	4.753.333	4.961.755	4.979.330	15	746.900
Amount subject to operational risk (Total*12,5)						9.336.245

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V. Explanations on currency risk:

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

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

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

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

(Exchange rates presented as full TL)

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

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	EURO	USD	OTHER FC	Total
Current Period				
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	1.807.192	6.234.690	1.413.869	9.455.751
Banks	1.098.864	850.670	473.684	2.423.218
Financial assets at fair value through profit or loss	14.787	196.029	262	211.078
Money market placements	-	111.234	-	111.234
Available-for-sale financial assets	307.778	6.811.223	-	7.119.001
Loans ⁽¹⁾	7.425.540	16.020.341	652.950	24.098.831
Investments in associates, subsidiaries and joint ventures	349.015	216.782	43.404	609.201
Held-to-maturity investments	117.737	2.281.950	-	2.399.687
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	160.203	667.505	145.748	973.456
Total assets	11.281.116	33.390.424	2.729.917	47.401.457
Liabilities				
Bank deposits	12.812	121.289	75.795	209.896
Foreign currency deposits	8.203.293	16.540.745	1.649.196	26.393.234
Funds from money market	229.655	2.789.419	-	3.019.074
Funds borrowed from other financial institutions	5.265.448	6.430.668	85.939	11.782.055
Marketable securities issued	-	885.367	-	885.367
Miscellaneous payables	315.709	288.294	13.738	617.741
Hedging derivative financial liabilities	101.488	391.198	-	492.686
Other liabilities	3.113.620	3.274.527	2.113	6.390.260
Total liabilities	17.242.025	30.721.507	1.826.781	49.790.313
Net on-balance sheet position	(5.960.909)	2.668.917	903.136	(2.388.856)
Net off-balance sheet position	5.895.947	(1.553.974)	(1.111.471)	3.230.502
Financial derivative assets	7.533.536	7.960.682	414.402	15.908.620
Financial derivative liabilities	1.637.589	9.514.656	1.525.873	12.678.118
Non-cash loans	6.592.226	10.094.529	299.921	16.986.676
Prior Period				
Total assets	13.312.872	30.603.128	1.888.323	45.804.323
Total liabilities	17.934.271	31.220.064	1.866.247	51.020.582
Net on-balance sheet position	(4.621.399)	(616.936)	22.076	(5.216.259)
Net off-balance sheet position	5.527.492	(800.385)	(35.854)	4.691.253
Financial derivative assets	6.790.118	7.985.711	308.098	15.083.927
Financial derivative liabilities	1.262.626	8.786.096	343.952	10.392.674
Non-cash loans	4.807.604	10.082.290	549.894	15.439.788

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

(2) Does not include foreign currency prepaid expenses amounting to TL 33.840 (December 31, 2011 - TL 30.421).

Currency risk sensitivity analysis:

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

15% change is the assumption of parity change that may be faced according to the Bank's stress test scenarios.

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

(1) Excluding tax effect.

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VI. Explanations on interest rate risk:

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	11.076.562	11.076.562
Banks	755.441	193.448	4.043	177.291	-	1.590.730	2.720.953
Financial assets at fair value through profit/loss	129.691	104.992	185.673	122.150	297.895	-	840.401
Money market placements	2.620.972	109.080	-	-	-	-	2.730.052
Available-for-sale financial assets	1.615.316	1.523.937	2.296.245	2.968.458	6.452.196	5.311	14.861.463
Loans	17.264.421	18.436.046	19.056.320	14.662.021	4.446.618	1.903.890	75.769.316
Held-to-maturity investments	17.390	1.585.559	1.438.080	245.732	2.399.687	-	5.686.448
Other assets	10.930	36.115	47.121	-	-	8.400.846	8.495.012
Total assets	22.414.161	21.989.177	23.027.482	18.175.652	13.596.396	22.977.339	122.180.207
Liabilities							
Bank deposits	69.851	214.492	97.352	258	-	313.856	695.809
Other deposits	41.942.540	12.628.554	1.997.437	33.251	-	10.746.349	67.348.131
Funds from money market	3.222.368	1.507.714	-	-	-	-	4.730.082
Miscellaneous payables	-	-	-	-	-	5.377.517	5.377.517
Marketable securities issued	170.578	34.135	1.236.302	885.366	-	-	2.326.381
Funds borrowed from other financial institutions	420.171	4.902.762	5.103.676	1.376.644	617.198	-	12.420.451
Other liabilities and shareholders' equity	288.180	2.761.163	1.635.699	41.771	1.752.157	22.802.866	29.281.836
Total liabilities	46.113.688	22.048.820	10.070.466	2.337.290	2.369.355	39.240.588	122.180.207
Balance sheet long position	-	-	12.957.016	15.838.362	11.227.041	-	40.022.419
Balance sheet short position	(23.699.527)	(59.643)	-	-	-	(16.263.249)	(40.022.419)
Off-balance sheet long position	4.790.872	13.601.622	-	-	-	-	18.392.494
Off-balance sheet short position	-	-	(1.508.907)	(16.133.414)	(1.356.983)	-	(18.999.304)
Total position	(18.908.655)	13.541.979	11.448.109	(295.052)	9.870.058	(16.263.249)	(606.810)

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Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	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	-	-	7.768.587	8.145.922
Total assets	13.261.433	7.651.141	19.484.739	25.432.340	23.121.519	20.702.548	109.653.720
Liabilities							
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	17.465.293	20.991.837
Total liabilities	41.968.500	23.042.912	10.127.359	1.531.528	592.053	32.391.368	109.653.720
Balance sheet long position	-	-	9.357.380	23.900.812	22.529.466	-	55.787.658
Balance sheet short position	(28.707.067)	(15.391.771)	-	-	-	(11.688.820)	(55.787.658)
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)
Total position	(24.032.964)	(2.980.039)	10.542.727	6.419.451	21.870.674	(11.688.820)	131.029

b. Average interest rates for monetary financial instruments:

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

Current Period	EURO %	USD %	Yen %	TL %
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,30	1,41	-	6,11
Financial assets at fair value through profit/loss	2,57	4,03	-	7,10
Money market placements	-	0,60	-	6,26
Available-for-sale financial assets	5,41	7,05	-	9,19
Loans	5,44	5,18	4,40	12,52
Held-to-maturity investments	5,48	5,51	-	8,98
Liabilities⁽¹⁾				
Bank deposits	0,36	-	-	6,23
Other deposits	3,00	2,92	0,30	8,34
Funds from money market	0,71	1,37	-	5,63
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	7,88
Funds borrowed from other financial institutions	2,36	3,92	2,46	10,67

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Prior Period	EURO	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
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
Liabilities⁽¹⁾				
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.

c. Interest rate risk arising from banking accounts:

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

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

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

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

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

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

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

- Consolidated subsidiaries of the Bank are carried at fair value in the accompanying financial statements. Valuation differences at the end of the period are presented in marketable securities valuation differences account in shareholder's equity.
- Comparison of carrying value of equity investments at fair value with the market value;

Equity shares invested	Comparison		
	Carrying Value	Fair Value	Quoted Market Value
Investments for quoted securities - Group A	1.231.950	1.231.950	1.231.950
Quoted in a stock exchange	1.231.950	1.231.950	1.231.950

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

Below figures represent valuation differences, before tax, arising from fair value accounting of subsidiaries which are presented in the line item "marketable securities valuation differences" under equity.

Portfolio	Realized gains (losses) in the current	Revaluation Surpluses		Unrealized gains and losses	
		Total	Amount under supplementary capital	Total	Amount under core capital
1. Equity Shares Investments	-	-	-	-	-
2. Quoted Equity Shares	-	1.062.069	477.931	-	-
3. Other Equity Shares	-	898.913	404.511	-	-
Total	-	1.960.982	882.442	-	-

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VIII. Explanations on liquidity risk:

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

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

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

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

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

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

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

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

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Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
Current Period								
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.246.014	7.830.548	-	-	-	-	-	11.076.562
Banks	1.590.730	755.441	193.448	4.043	177.291	-	-	2.720.953
Financial assets at fair value through profit or loss	-	109.976	76.490	192.274	128.195	333.466	-	840.401
Money market placements	-	2.620.972	109.080	-	-	-	-	2.730.052
Available-for-sale financial assets	80.940	833.573	255.636	130.971	4.540.388	9.014.644	5.311	14.861.463
Loans	-	13.847.960	8.027.601	18.553.375	21.169.286	13.196.290	974.804	75.769.316
Held-to-maturity investments	-	17.390	-	-	3.269.371	2.399.687	-	5.686.448
Other assets ⁽¹⁾	1.113.035	1.032.950	-	66.198	27.798	170	6.254.861	8.495.012
Total assets	6.030.719	27.048.810	8.662.256	18.946.861	29.312.329	24.944.257	7.234.976	122.180.207
Liabilities								
Bank deposits	313.856	69.851	214.492	97.352	258	-	-	695.809
Other deposits	10.746.349	41.656.313	12.659.186	2.016.577	269.706	-	-	67.348.131
Funds borrowed from other financial institutions	-	315.859	462.265	7.061.345	3.380.283	1.200.699	-	12.420.451
Funds from money market	-	3,222,364	1,507,718	-	-	-	-	4,730,082
Marketable securities issued	-	170.578	9.401	858.417	1,263,251	24,734	-	2,326,381
Miscellaneous payables	575.760	4,801,757	-	-	-	-	-	5,377,517
Other liabilities ⁽²⁾	339.348	333.213	192.198	596.821	4,473,133	3,231,394	20,115,729	29,281,836
Total liabilities	11,975,313	50,569,935	15,045,260	10,630,512	9,386,631	4,456,827	20,115,729	122,180,207
Net liquidity gap	(5,944,594)	(23,521,125)	(6,383,005)	8,316,349	19,925,698	20,487,430	(12,880,753)	-
Prior Period								
Total assets	8.219.760	17.990.351	5.773.401	17.045.835	28.322.207	25.635.620	6.666.546	109.653.720
Total liabilities	12.671.217	44.724.286	15.204.303	12.856.961	8.396.996	1.979.293	13.820.664	109.653.720
Net liquidity gap	(4,451,457)	(26,733,935)	(9,430,902)	4,188,874	19,925,211	23,656,327	(7,154,118)	-

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

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Breakdown of financial liabilities according to their remaining contractual maturities:

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

Current Period ⁽¹⁾	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	53.078.322	13.053.568	2.195.961	283.356	-	68.611.207
Funds borrowed from other financial institutions	318.270	601.393	7.293.881	3.744.368	1.294.712	13.252.624
Funds from money market	3.234.257	1.511.106	-	-	-	4.745.363
Subordinated loans	-	42.238	260.669	3.520.688	3.618.241	7.441.836
Marketable securities issued	170.578	118.057	887.746	1.468.552	24.734	2.669.667
Total	56.801.427	15.326.362	10.638.257	9.016.964	4.937.687	96.720.697

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

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

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

IX. Explanations on securitization positions:

None.

X. Credit risk mitigation techniques:

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

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

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

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

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

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

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

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

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

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

Information about guaranties according to risk classifications:

Risk classifications	Amount ⁽¹⁾	Financial guaranties ⁽²⁾	Other / Physical guaranties ⁽²⁾	Guarantees and credit derivatives ⁽²⁾
Conditional and unconditional receivables from central governments or central banks	34.266.101	-	-	-
Conditional and unconditional receivables from regional or local governments	752	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	16.558	-	-	-
Conditional and unconditional receivables from multilateral development banks	139.548	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	51.450.104	31.751	-	-
Conditional and unconditional receivables from corporates	175.620.196	1.724.105	-	119.595
Conditional and unconditional retail receivables	74.611.582	252.918	-	9.112
Conditional and unconditional receivables secured by mortgages	8.663.280	-	-	-
Past due receivables	1.033.398	-	-	-
Receivables defined in high risk category by the Regulator	7.069.530	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Other Receivables	8.474.747	-	-	-
Total	361.345.796	2.008.774	-	128.707

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

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

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Information related to financial position of the Bank (continued)

XI. Strategies and policies of the risk management system:

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

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

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

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

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

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

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

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

	Carrying value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets	101.768.232	91.325.571	103.234.734	93.410.887
Due from money market	2.730.052	2.138.195	2.730.052	2.138.195
Banks	2.720.953	1.813.679	2.721.827	1.813.073
Available-for-sale financial assets	14.861.463	7.056.461	14.861.463	7.056.461
Held-to-maturity investments	5.686.448	12.537.425	6.046.615	12.798.230
Loans	75.769.316	67.779.811	76.874.777	69.604.928
Financial liabilities	93.363.931	85.268.013	94.419.535	85.238.949
Bank deposits	695.809	679.649	695.941	679.508
Other deposits	67.348.131	62.837.735	67.348.131	62.837.735
Funds borrowed from other financial institutions	12.420.451	13.722.700	12.474.469	13.693.777
Subordinated loans	5.195.842	2.523.816	6.166.951	2.523.816
Marketable securities issued	2.326.381	1.096.306	2.356.526	1.096.306
Miscellaneous payables	5.377.517	4.407.807	5.377.517	4.407.807

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

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

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

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

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

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

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

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

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Information related to financial position of the Bank (continued)

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

Current Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	452.293	388.108	-	840.401
Government debt securities	452.293	-	-	452.293
Share certificates	-	-	-	-
Trading derivative financial assets	-	380.227	-	380.227
Other marketable securities	-	7.881	-	7.881
Available-for-sale financial assets	13.220.253	1.635.899	5.311	14.861.463
Government debt securities	13.139.313	-	-	13.139.313
Other marketable securities ⁽¹⁾	80.940	1.635.899	5.311	1.722.150
Subsidiaries ⁽²⁾	1.231.950	-	2.585.929	3.817.879
Hedging derivative financial assets	-	94.166	-	94.166
Total assets	14.904.496	2.118.173	2.591.240	19.613.909
Trading derivative financial liabilities	-	371.254	-	371.254
Hedging derivative financial liabilities	-	904.687	-	904.687
Total liabilities	-	1.275.941	-	1.275.941

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or (loss)	166.960	280.562	-	447.522
Government debt securities	166.960	-	-	166.960
Share certificates	-	-	-	-
Trading derivative financial assets	-	277.916	-	277.916
Other marketable securities	-	2.646	-	2.646
Available-for-sale financial assets	5.417.658	1.634.705	4.098	7.056.461
Government debt securities	5.330.239	-	-	5.330.239
Other marketable securities ⁽¹⁾	87.419	1.634.705	4.098	1.726.222
Subsidiaries ⁽²⁾	733.347	-	2.616.319	3.349.666
Hedging derivative financial assets	-	377.335	-	377.335
Total assets	6.317.965	2.292.602	2.620.417	11.230.984
Trading derivative financial liabilities	-	471.290	-	471.290
Hedging derivative financial liabilities	-	502.841	-	502.841
Total liabilities	-	974.131	-	974.131

(1) Non-listed share certificates disclosed in Level 3, are accounted in accordance with TAS 39, at acquisition costs. The increase in the current year on Level 3 amounting to TL 1.213 is due to the cost increase of non-public equity shares.

(2) Information on movement of subsidiaries indicated on Level 3 column:

	Current Period	Prior Period
Opening Balance	2.616.319	2.446.907
Movements during the period	(30.390)	169.412
Purchases	22.236	-
Free shares obtained profit from current year's share	19.463	11.382
Sales	-	-
Revaluation recognized in equity (decrease) / increase	(72.089)	158.030
Balance at the end of the period	2.585.929	2.616.319

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

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Subsidiaries of the Bank are measured at fair value. Total carrying value of subsidiaries for which the fair value is determined through an organized market is TL 1.231.950 (31 December 2011: TL 733.347). Fair value of the rest of the subsidiaries is determined by using "Gordon Growth Model" and "Multiple Comparison" models. For the Gordon Growth Model, a multiple is determined by using return on equity ratio of each subsidiaries based on their business plans with growth rate and discount factors. This multiple is used to calculate the fair value of the subsidiary by multiplying with its existing total equity figure. Total carrying value of subsidiaries for which the modeling approach used is used amounts to TL 2.585.929 (31 December 2011: TL 2.616.319).

XIII. Explanations on hedge accounting:

The Bank applies the following hedge accounting models as of December 31, 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 December 31, 2012 and December 31, 2011 of these hedging instruments are presented in the table below:

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

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

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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 funding by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below:

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

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

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	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 funding 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 accordance with the same methodology. In accordance with TAS 39, the effectiveness tests of the relationships are performed in accordance with the Bank's risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

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

Cash flow hedge accounting:

The 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:

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

- (1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 2.304.

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

- (1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 1.076.

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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Information related to financial position of the Bank (continued)

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

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

XV. 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), commercial installment 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 services for the different segments within the World brand, shopping and marketing platform of the Bank. The Bank also offers debit card and a prepaid card named World Hediye Card.

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

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 department's results, operations of supporting business units and other unallocated transactions.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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:

Current Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, Asset-Liability Management and Other	Total operations of the Bank
Operating revenue	3.003.309	1.565.201	123.909	1.859.786	6.552.205
Operating expenses	(2.283.382)	(424.478)	(67.650)	(1.510.830)	(4.286.340)
Net operating income	719.927	1.140.723	56.259	348.956	2.265.865
Dividend income ⁽¹⁾	-	-	-	183.377	183.377
Profit before tax	719.927	1.140.723	56.259	532.333	2.449.242
Tax provision ⁽¹⁾	-	-	-	(535.770)	(535.770)
Net profit	719.927	1.140.723	56.259	(3.437)	1.913.472
Segment assets ⁽²⁾	38.170.950	31.191.828	169.225	48.760.495	118.292.498
Investments in associates, subsidiaries and joint ventures	-	-	-	3.887.709	3.887.709
Total assets	38.170.950	31.191.828	169.225	52.648.204	122.180.207
Segment liabilities ⁽²⁾	30.189.733	25.936.583	17.125.662	32.066.187	105.318.165
Shareholders' equity	-	-	-	16.862.042	16.862.042
Total liabilities	30.189.733	25.936.583	17.125.662	48.928.229	122.180.207

Prior Period	Retail banking	Corporate and commercial banking	Private banking and wealth management	Treasury, Asset-Liability Management and Other	Total operations of the Bank
Operating revenue	2.685.663	1.325.890	128.391	1.553.626	5.693.570
Operating expenses	(1.551.352)	(480.026)	(65.899)	(1.369.431)	(3.466.708)
Net operating income	1.134.311	845.864	62.492	184.195	2.226.862
Dividend income ⁽¹⁾	-	-	-	128.203	128.203
Profit before tax	1.134.311	845.864	62.492	312.398	2.355.065
Tax provision ⁽¹⁾	-	-	-	(497.579)	(497.579)
Net profit	1.134.311	845.864	62.492	(185.181)	1.857.486
Segment assets ⁽²⁾	31.022.708	32.454.527	230.862	42.526.127	106.234.224
Investments in associates, subsidiaries and joint ventures	-	-	-	3.419.496	3.419.496
Total assets	31.022.708	32.454.527	230.862	45.945.623	109.653.720
Segment liabilities ⁽²⁾	25.921.556	22.672.713	15.712.099	32.096.423	96.402.791
Shareholders' equity	-	-	-	13.250.929	13.250.929
Total liabilities	25.921.556	22.672.713	15.712.099	45.347.352	109.653.720

- (1) Dividend income and tax provision have not been distributed based on operating segments and presented under "Treasury, Asset-Liability Management and Other".
- (2) Segment asset and liability balances are extracted from Management Information Systems (MIS).

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Notes to unconsolidated financial statements at December 31, 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:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.206.771	308.515	781.556	232.056
The CBRT ⁽¹⁾	414.040	9.147.081	3.870.730	4.850.192
Other	-	155	-	171
Total	1.620.811	9.455.751	4.652.286	5.082.419

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

2. Information on the account of the CBRT:

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

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

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

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

1. As of December 31, 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).

c. Positive differences related to trading derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	52.215	-	126.658	74
Swap transactions ⁽¹⁾	226.076	70.326	34.541	62.272
Futures transactions	-	-	-	-
Options	9.296	22.314	46.023	8.348
Other	-	-	-	-
Total	287.587	92.640	207.222	70.694

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ç. Information on banks:

1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	297.634	372.828	86.751	10.569
Foreign ⁽¹⁾	101	2.050.390	46.413	1.669.946
Head quarters and branches abroad	-	-	-	-
Total	297.735	2.423.218	133.164	1.680.515

(1) As of December 31, 2012 the balance of foreign currency account in foreign banks includes the balance of gold amounting to TL 401.708 (December 31, 2011 – None).

2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	1.426.541	1.161.493	100.349	105.538
USA, Canada	465.140	313.044	-	-
OECD countries (1)	45.492	17.306	-	-
Off-shore banking regions	109	212	-	-
Other	12.860	118.766	-	-
Total	1.950.142	1.610.821	100.349	105.538

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

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

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

As of December 31, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 1.118.165 (December 31, 2011 - TL 98.351) and available-for-sale financial assets subject to repo transactions amount to TL 2.570.408 (December 31, 2011 – TL 705.903).

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

	Current Period	Prior Period
Debt securities	14.928.018	7.107.106
Quoted in stock exchange	13.303.177	5.441.406
Not quoted ⁽¹⁾	1.624.841	1.665.700
Share certificates	50.611	49.399
Quoted in stock exchange	-	-
Not quoted	50.611	49.399
Impairment provision (-) ⁽²⁾	(198.106)	(187.463)
Other ⁽³⁾	80.940	87.419
Total	14.861.463	7.056.461

(1) Includes credit linked notes amounting to TL 895.659 as of December 31, 2012 (December 31, 2011 - TL 951.989).

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

f. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	5.390	403.915	4.576	230.061
Loans granted to employees	104.256	68	95.934	71
Total	109.646	403.983	100.510	230.132

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

Cash Loans	Standard loans and other receivables			Loans and other receivables under close monitoring		
	Loans and other receivables (Total)	of which, terms & conditions are changed		Loans and other receivables (Total)	of which, terms & conditions are changed	
		Payment plan extensions	Other		Payment plan extensions	Other
Non-specialized loans	72.222.278	2.757.337	-	2.572.234	337.634	80.262
Loans given to enterprises	26.927.240	143.810	-	401.350	28.375	60.091
Export loans	3.686.363	181.022	-	138.078	36.002	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1.957.684	-	-	-	-	-
Consumer loans	14.087.248	2.400.590	-	1.099.770	269.374	10.382
Credit cards	14.132.862	-	-	286.990	-	9.787
Other ⁽¹⁾	11.430.881	31.915	-	646.046	3.883	2
Specialized loans	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	72.222.278	2.757.337	-	2.572.234	337.634	80.262

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

	Standard loans and other receivables	Loans and other receivables under close monitoring
Number of modifications made to extend payment plan⁽¹⁾		
Extended by 1 or 2 times	2.702.029	322.302
Extended by 3,4 or 5 times	23.251	2.960
Extended by more than 5 times	32.057	12.372
Total	2.757.337	337.634

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

Extended period of time ⁽¹⁾	Standard loans and other receivables	Loans and other receivables under close monitoring
0 - 6 Months	261.706	20.008
6 - 12 Months	235.553	22.565
1 - 2 Years	859.882	154.225
2 - 5 Years	1.137.190	136.026
5 Years and over	263.006	4.810
Total	2.757.337	337.634

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

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

3. Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Agreement conditions modified	Loans and other receivables	Agreement conditions modified
Short-term loans and other receivables	32.522.452	497.259	639.502	50.491
Non-specialised loans	32.522.452	497.259	639.502	50.491
Specialised loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	36.942.490	2.260.077	1.514.837	367.404
Non-specialised loans	36.942.490	2.260.077	1.514.837	367.404
Specialised loans	-	-	-	-
Other receivables	-	-	-	-

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

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	44.002.168	14.087.248	14.132.862	72.222.278
Watch list	1.185.474	1.099.770	286.990	2.572.234
Loans under legal follow-up	1.537.533	560.067	428.305	2.525.905
Specific provisions (-)	(1.000.877)	(286.258)	(263.966)	(1.551.101)
Total	45.724.298	15.460.827	14.584.191	75.769.316

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	368.963	541.077	-	910.040
Loans under legal follow-up ⁽¹⁾	288.968	37.102	-	326.070
Total	657.931	578.179	-	1.236.110

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch list	318.553	231.883	-	550.436
Loans under legal follow-up ⁽¹⁾	292.333	52.160	-	344.493
Total	610.886	284.043	-	894.929

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	142.421	14.591.463	14.733.884
Real estate loans	2.663	7.109.225	7.111.888
Automotive loans	8.359	1.133.691	1.142.050
Consumer loans	2.874	50.990	53.864
Other	128.525	6.297.557	6.426.082
Consumer loans-FC indexed	-	120.968	120.968
Real estate loans	-	118.013	118.013
Automotive loans	-	21	21
Consumer loans	-	2.416	2.416
Other	-	518	518
Consumer loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TL	12.222.373	507.555	12.729.928
With installments	7.747.931	501.303	8.249.234
Without installments	4.474.442	6.252	4.480.694
Individual credit cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel loans-TL	4.781	40.106	44.887
Real estate loans	-	930	930
Automotive loans	78	1.280	1.358
Consumer loans	-	-	-
Other	4.703	37.896	42.599
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	57.325	793	58.118
With installments	35.465	793	36.258
Without installments	21.860	-	21.860
Personnel credit cards-FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Credit deposit account-TL (real person)⁽¹⁾	287.279	-	287.279
Credit deposit account-FC (real person)	-	-	-
Total	12.714.179	15.260.885	27.975.064

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	447.473	5.233.844	5.681.317
Business loans	1.162	289.995	291.157
Automotive loans	34.409	1.776.186	1.810.595
Consumer loans	-	28	28
Other	411.902	3.167.635	3.579.537
Commercial installments loans-FC indexed	27.885	383.391	411.276
Business loans	-	20.522	20.522
Automotive loans	757	73.257	74.014
Consumer loans	-	-	-
Other	27.128	289.612	316.740
Commercial installments loans-FC	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TL	1.626.158	5.648	1.631.806
With installment	1.064.384	5.648	1.070.032
Without installment	561.774	-	561.774
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Credit deposit account-TL (legal person)	825.680	-	825.680
Credit deposit account-FC (legal person)	-	-	-
Total	2.927.196	5.622.883	8.550.079

7. Loans according to types of borrowers:

	Current Period	Prior Period
Public	1.153.905	1.463.881
Private	73.640.607	65.580.990
Total	74.794.512	67.044.871

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

	Current Period	Prior Period
Domestic loans	73.717.769	65.908.367
Foreign loans	1.076.743	1.136.504
Total	74.794.512	67.044.871

9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	203.903	701.047
Indirect loans granted to associates and subsidiaries	-	-
Total	203.903	701.047

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

10. Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectability	95.603	69.662
Loans and other receivables with doubtful collectability	359.150	201.155
Uncollectible loans and other receivables	1.096.348	1.074.156
Total	1.551.101	1.344.973

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
January 1	932.632	152.877	259.464	1.344.973
Allowance for impairment	573.018	477.222	244.472	1.294.712
Amount recovered during the period	(175.604)	(277.535)	(75.639)	(528.778)
Loans written off during the period as uncollectible ⁽¹⁾	(329.169)	(66.306)	(164.331)	(559.806)
December 31	1.000.877	286.258	263.966	1.551.101

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

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

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period			
(Gross amounts before specific reserves)	21.912	40.169	102.289
Restructured loans and other receivables	21.912	40.169	102.289
Rescheduled loans and other receivables	-	-	-
Prior Period			
(Gross amounts before specific reserves)	107.002	31.673	42.739
Restructured loans and other receivables	107.002	31.673	42.739
Rescheduled loans and other receivables	-	-	-

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

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Notes to unconsolidated financial statements at December 31, 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 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
Prior Period	486.550	353.967	1.239.396
Additions (+)	2.316.453	148.646	119.252
Transfers from other categories of non-performing loans (+)	-	1.571.428	1.087.833
Transfer to other categories of non-performing loans (-)	(1.571.428)	(1.087.833)	-
Collections (-)	(677.051)	(252.697)	(646.791)
Write-offs(-)	-	(3)	(561.817)
Corporate and commercial loans	-	(3)	(330.234)
Consumer loans	-	-	(66.607)
Credit cards	-	-	(164.976)
Other	-	-	-
Current Period	554.524	733.508	1.237.873
Specific provision (-)	(95.603)	(359.150)	(1.096.348)
Net balance on balance sheet	458.921	374.358	141.525

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period			
Period end balance	1.340	1.063	320.986
Specific provision (-)	(184)	(1.019)	(215.405)
Net balance on-balance sheet	1.156	44	105.581
Prior Period			
Period end balance	120.214	48.951	75.148
Specific provision (-)	(12.669)	(11.946)	(53.185)
Net balance on-balance sheet	107.545	37.005	21.963

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (net)	458.921	374.358	141.525
Loans granted to real persons and corporate entities (gross)	554.524	733.508	1.129.289
Specific provision amount (-)	(95.603)	(359.150)	(987.764)
Loans granted to real persons and corporate entities (net)	458.921	374.358	141.525
Banks (gross)	-	-	24.588
Specific provision amount (-)	-	-	(24.588)
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net) ⁽¹⁾	-	-	-
Prior Period (net)	416.888	152.812	165.240
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) ⁽¹⁾	-	-	-

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

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

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

13. Explanation on "Write-off" policies:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

g. Information on held-to-maturity investments:

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

As of December 31, 2012 held-to-maturity investments given as collateral / blocked amount to TL 1.299.927 (December 31, 2011 - TL 2.728.229). The amount of held-to-maturity investments subject to repurchase agreements amounting to TL 2.986.312 (December 31, 2011 - TL 6.467.221).

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

	Current Period	Prior Period
Government bond	5.686.448	12.537.425
Treasury bill	-	-
Other debt securities	-	-
Total	5.686.448	12.537.425

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

	Current Period	Prior Period
Debt securities	5.725.926	12.633.048
Quoted on stock exchange	5.725.926	12.633.048
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	(39.478)	(95.623)
Total	5.686.448	12.537.425

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

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

	Current Period	Prior Period
Beginning balance	12.537.425	12.530.657
Foreign currency differences on monetary assets ⁽¹⁾	(569.191)	1.664.889
Purchases during year	342	545.066
Disposals through sales and redemptions ⁽²⁾	(6.282.128)	(2.185.999)
Impairment provision (-) ⁽³⁾	-	(17.188)
Period end balance	5.686.448	12.537.425

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

- (2) Figure also includes the amount transferred to available for sale portfolio.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

ğ. 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. ⁽¹⁾	Geneva/Switzerland	30,67	69,33
2.	Kredi Kayıt Bürosu ⁽²⁾	İstanbul/Turkey	18,18	18,18
3.	Bankalararası Kart Merkezi ⁽²⁾	İstanbul/Turkey	9,98	9,98

2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	4.083.595	645.519	5.427	89.247	16.697	57.429	55.033	-
2	65.251	58.310	4.769	1.395	-	24.044	12.969	-
3	28.465	22.672	13.462	680	-	4.189	3.179	-

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

(2) Financial statement information disclosed above shows September 30, 2012 results for these non financial investments in associates.

3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	47.907	47.344
Movements during the period		563
Purchases	-	-
Free shares obtained profit from current year's share ⁽¹⁾	-	563
Dividends from current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
Balance at the end of the period	47.907	47.907
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

(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.

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Banks	43.404	43.404
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total financial investments	43.404	43.404

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

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

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

1. Information on shareholders' equity of the subsidiaries:

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

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

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

2. 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 Holding BV.	Amsterdam/Netherlands	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	99,98	99,99
3	Yapı Kredi Faktoring A.Ş.	İstanbul/Turkey	99,95	100,00
4	Yapı Kredi Moscow	Moscow/Russia	99,84	100,00
5	Yapı Kredi Sigorta A.Ş. ⁽¹⁾	İstanbul/Turkey	74,01	93,94
6	Yapı Kredi Finansal Kiralama A.O. ⁽²⁾	İstanbul/Turkey	99,98	99,98
7	Yapı Kredi B Tipi Yatırım Ortaklığı A.Ş. ⁽³⁾	İstanbul/Turkey	11,09	56,07
8	Yapı Kredi Portföy Yönetimi A.Ş.(Yapı Kredi Portföy)	İstanbul/Turkey	12,65	99,99
9	Yapı Kredi Nederland	Amsterdam/Netherlands	67,24	100,00
10	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
11	Enternasyonal Turizm Yatırım A.Ş	İstanbul/Turkey	99,96	99,99
12	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	İstanbul/Turkey	99,99	100,00

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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 ⁽²⁾	Required equity
1	104.127	104.059	-	-	-	(130)	5	143.860	-
2	2.068.137	299.332	5.356	105.150	4.914	75.722	84.107	626.739	-
3	1.674.262	114.206	516	138.712	-	24.861	32.584	345.466	-
4	368.748	120.224	9.999	20.925	1.898	11.033	10.155	94.615	-
5	1.066.119	383.163	10.495	40.007	14.046	75.773	55.185	1.652.657	-
6	3.299.283	1.009.944	4.038	244.182	-	130.074	142.736	1.020.597	-
7	86.958	85.416	8	2.921	415	8.305	(528)	79.506	-
8	71.815	64.676	718	6.083	32	23.734	41.505	219.936	-
9	4.030.311	559.624	1.376	205.048	8.672	47.712	33.314	305.108	-
10	512.557	135.960	30.405	40.580	548	7.657	15.478	122.316	-
11	37.672	24.459	3.898	1.539	-	1.141	621	-	-
12	15.027	12.289	833	48	-	1.405	1.338	-	-

- (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.

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

4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	3.351.966	3.289.024
Movements in period	468.213	62.942
Purchases ⁽¹⁾	22.236	-
Free shares obtained profit from current years share ⁽²⁾⁽³⁾	35.738	11.382
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	410.239	51.560
Impairment provision	-	-
Balance at the end of the period	3.820.179	3.351.966
Capital commitments	-	-
Share holding percentage at the end of the period (%)	-	-

- (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's share rose to 99.98% purchasing 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. The General Assembly with the decision on June 7, 2012 increased the share capital of Yapı Kredi Sigorta amounting TL 21.992 with financing from other profit reserves.
- (3) As a result of the General Assembly Meeting of Yapı Kredi Azerbaijan registered on April 20, 2011; capital was increased by AZN 6.499 thousand from the profit of 2010.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

6. Subsidiaries quoted to stock exchange:

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

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

I. Information on joint ventures (net):

Joint ventures in unconsolidated financial statements are accounted and monitored at cost according to "Financial Instruments: Recognition and Measurement of Accounting Standard for Turkey" ("IAS 39").

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

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

i. Information on lease receivables (net):

None (December 31, 2011 - None).

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

j. Information on hedging derivative financial assets:

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

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

k. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Other tangible fixed assets	Total
Prior Period					
Cost	1.970.991	409.319	2.542	819.682	3.202.534
Accumulated depreciation (-)	(1.312.485)	(279.677)	(2.380)	(598.542)	(2.193.084)
Net book value	658.506	129.642	162	221.140	1.009.450
Current Period					
Net book value at beginning of the period	658.506	129.642	162	221.140	1.009.450
Additions	3.401	26.122	110	102.792	132.425
Transfers from intangible assets	-	-	-	-	-
Disposals (-), net	(3.853)	(106)	(13)	(1.252)	(5.224)
Reversal of impairment, net	878	-	-	-	878
Impairment (-)	-	-	-	-	-
Depreciation (-)	(39.629)	(40.125)	(91)	(73.010)	(152.855)
Net book value at end of the period	619.303	115.533	168	249.670	984.674
Cost at the end of the period	1.963.142	423.958	1.804	856.711	3.245.615
Accumulated depreciation at the period end (-)	(1.343.839)	(308.425)	(1.636)	(607.041)	(2.260.941)
December 31, 2012	619.303	115.533	168	249.670	984.674

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

l. Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	1.261.854	1.229.401
Additions during the period	138.784	91.685
Unused and disposed items (-)	(6.190)	(3.666)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(64.504)	(55.566)
Balance at the end of the period	1.329.944	1.261.854

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

m. Information on investment property:

None (December 31, 2011 - None).

n. Information on deferred tax asset:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Reserves for employee benefit	213.610	42.722	183.428	36.686
Provision for the actuarial deficit of the pension fund	827.177	165.435	775.286	155.057
Derivative financial liabilities	1.285.779	257.156	981.675	196.335
Securities portfolio valuation differences	642.366	128.474	198.453	39.691
Subsidiaries, investment in associates and share certificates	122.117	24.423	122.602	24.520
Other	277.230	55.446	122.780	24.556
Total deferred tax asset	3.368.279	673.656	2.384.224	476.845
Derivative financial assets	(727.109)	(145.422)	(824.660)	(164.932)
Valuation difference of securities portfolio	(1.883.250)	(376.650)	(178.881)	(35.776)
Property, equipment and intangibles, net	(242.554)	(38.048)	(250.016)	(39.384)
Subsidiaries valuation differences	(1.062.069)	(53.103)	-	-
Other	(39.490)	(7.898)	-	-
Total deferred tax liability	(3.954.472)	(621.121)	(1.253.557)	(240.092)
Deferred tax asset, net	(586.193)	52.535	1.130.667	236.753

Deferred tax income amounting to TL 203.326 was recognized in profit and loss statements, whereas deferred tax expense amounting to TL 387.544 was recognized directly in equity accounts for the period ended December 31, 2012.

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

	Current Period	Prior Period
Net book value at the beginning of the period	100.396	79.377
Additions	68.043	63.790
Disposals (-), net	(33.226)	(41.523)
Impairment provision reversal	983	1.380
Impairment provision (-)	(235)	(238)
Depreciation (-)	(3.766)	(2.390)
Net book value at the end of the period	132.195	100.396
Cost at the end of the period	141.484	107.782
Accumulated depreciation at the end of the period (-)	(9.289)	(7.386)
Net book value at the end of the period	132.195	100.396

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

ö. Information on other assets:

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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). Current Period:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	1.989.153	1.449.252	18.956.316	1.122.181	119.581	406.577	24.043.060
Foreign currency deposits	4.129.993	3.872.345	13.542.703	1.870.383	239.044	1.425.775	25.080.243
Residents in Turkey	3.921.261	3.830.154	12.192.951	1.036.990	229.304	854.304	22.064.964
Residents abroad	208.732	42.191	1.349.752	833.393	9.740	571.471	3.015.279
Public sector deposits	598.082	130.389	19.479	132.524	407	32	880.913
Commercial deposits	3.141.122	2.234.583	6.487.144	2.067.758	200.984	191.268	14.322.859
Other institutions deposits	31.789	25.529	783.989	865.862	298	598	1.708.065
Precious metals vault	856.210	-	158.010	75.288	79.255	144.228	1.312.991
Bank deposits	313.856	58.414	200.158	65.190	51.355	6.836	695.809
The CBRT	-	-	-	-	-	-	-
Domestic banks	1.774	55.008	155.268	65.190	51.170	6.836	335.246
Foreign banks	208.135	3.406	44.890	-	185	-	256.616
Participation banks	103.947	-	-	-	-	-	103.947
Other	-	-	-	-	-	-	-
Total	11.060.205	7.770.512	40.147.799	6.199.186	690.924	2.175.314	68.043.940

1 (ii). Prior Period:

	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	-	-	-	-	-	-	-
Total	10.518.268	7.222.297	36.955.270	5.701.282	659.194	2.461.073	63.517.384

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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:

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	9.004.712	8.534.672	15.038.237	12.736.461
Foreign currency savings deposit	2.215.005	2.751.032	8.917.028	7.640.970
Other deposits in the form of savings deposits	527.019	607.610	663.011	633.098
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts	6.128	9.026
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	43.584	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	-	-

b. Information on trading derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	94.242	-	77.962	-
Swap transactions ⁽¹⁾	173.880	59.555	286.060	53.852
Futures transactions	-	-	-	-
Options	18.547	25.030	28.495	24.921
Other	-	-	-	-
Total	286.669	84.585	392.517	78.773

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

c. Information on borrowings:

1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	218.279	259.396	188.351	234.523
From foreign banks, institutions and funds	420.117	11.522.659	569.683	12.730.143
Total	638.396	11.782.055	758.034	12.964.666

2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	216.477	6.564.928	312.162	7.567.347
Medium and long-term	421.919	5.217.127	445.872	5.397.319
Total	638.396	11.782.055	758.034	12.964.666

3. Information on securitization borrowings:

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

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

ç. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	737.778	-	951.956	-
Bonds	703.236	885.367	144.350	-
Collateralized securities	462.720	-	-	-
Total	1.441.014	885.367	1.096.306	-

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

d. Information on other liabilities:

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

e. Information on lease payables:

1. Information on financial leasing agreements:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	606	569
Between 1-4 years	7.664	7.387	29.074	27.970
More than 4 years	-	-	65	58
Total	7.664	7.387	29.745	28.597

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".

f. Information on hedging derivative financial liabilities:

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

(1) Explained in Note XIII of Section IV.

g. Information on provisions:

1. Information on general provisions:

	Current Period	Prior Period
Provisions for first group loans and receivables	944.130	756.701
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	149.855	60.151
Provisions for second group loans and receivables	119.251	70.625
<i>of which, Provision for Loans and Receivables with Extended Maturity</i>	15.593	1.540
Provisions for non cash loans	72.986	66.886
Others	168.465	147.792
Total	1.304.832	1.042.004

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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 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:

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

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

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	99.080	88.800
Changes during the period	49.330	32.622
Paid during the period	(29.324)	(22.342)
Balance at the end of the period	119.086	99.080

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 94.524 as of December 31, 2012 (December 31, 2011 - TL 84.348).

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

As of December 31, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 65.231 (December 31, 2011 - TL 17.520).

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

4. Other provisions:

- (i) Information on other provisions:

	Current Period	Prior Period
Pension fund provision	827.177	775.286
Provisions on not indemnified non cash loans	125.749	108.232
Provisions on credit cards and promotion campaigns related to banking services	36.708	33.905
Provision on export commitment tax and funds liability	38.106	37.251
Other	123.736	91.196
Total	1.151.476	1.045.870

- (ii) General reserves for possible losses:

	Current Period	Prior Period
General reserves for possible losses	229.247	135.719
Total	229.247	135.719

5. Pension fund provision:

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

The principal actuarial assumptions used were as follows:

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

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

Plan assets are comprised as follows:

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

ğ. Information on taxes payable:

(i) Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	221.167	90.809
Taxation of Marketable Securities	80.738	71.272
Property Tax	1.705	1.485
Banking Insurance Transaction Tax ("BITT")	56.025	50.754
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	6.188	3.399
Other	22.130	21.160
Total	387.953	238.879

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

(ii) Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	8.946	8.097
Bank pension fund premiums – employer	9.327	8.471
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	638	577
Unemployment insurance – employer	1.278	1.160
Other	-	-
Total	20.189	18.305

(iii) Information on deferred tax liability:

None (December 31, 2011 - None).

h. Information on subordinated loans:

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

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

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

i. Information on shareholders' equity:

1. Presentation of paid-in capital:

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

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 value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	1.769.966	137.911	1.404.767	145.976
Valuation difference	1.769.966	137.911	1.404.767	145.976
Foreign currency difference ⁽¹⁾	-	-	-	-
Available for sale securities	269.438	1.239.639	(127.548)	44.104
Valuation differences	269.438	1.241.631	(127.548)	29.190
Foreign currency differences ⁽¹⁾	-	(1.992)	-	14.914
Total	2.039.404	1.377.550	1.277.219	190.080

(1) includes current period foreign currency differences.

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Notes to unconsolidated financial statements at December 31, 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:

	Current Period	Prior Period
Commitments on credit card limits	17.856.081	13.666.113
Loan granting commitments	5.322.612	5.107.096
Commitments for cheques	5.258.480	4.220.740
Other irrevocable commitments	8.489.052	7.551.981
Total	36.926.225	30.545.930

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside general provision for its non-cash loans amounting to TL 72.986 (December 31, 2011 - TL 66.886) and specific provision for TL 125.749 (December 31, 2011 - TL 108.232) for non-cash loans which are not indemnified yet for TL 258.609 (December 31, 2011 - TL 182.752).

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

	Current Period	Prior Period
Bank acceptance loans	121.325	158.915
Letter of credits	5.610.615	4.886.465
Other guarantees and collaterals	2.119.199	2.391.897
Total	7.851.139	7.437.277

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

	Current Period	Prior Period
Temporary letter of guarantees	1.572.512	1.789.616
Definite letter of guarantees	14.471.452	12.932.613
Advance letter of guarantees	2.677.145	2.476.742
Letter of guarantees given to customs	1.032.686	1.048.085
Other letter of guarantees	757.863	450.806
Total	20.511.658	18.697.862

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

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

	Current Period	Prior Period
Non-cash loans given against cash loans	583.744	292.804
With original maturity of 1 year or less than 1 year	72.182	21.119
With original maturity of more than 1 year	511.562	271.685
Other non-cash loans	27.779.053	25.842.335
Total	28.362.797	26.135.139

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

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	167.706	1,48	336.850	1,99	153.475	1,43	254.661	1,64
Farming and raising livestock	133.845	1,18	315.460	1,86	115.608	1,08	241.083	1,56
Forestry	29.706	0,26	16.222	0,10	33.968	0,32	8.424	0,05
Fishing	4.155	0,04	5.168	0,03	3.899	0,03	5.154	0,03
Manufacturing	4.363.236	38,35	8.000.390	47,09	3.966.421	37,09	7.442.320	48,20
Mining	528.278	4,64	1.014.730	5,97	474.401	4,44	650.116	4,21
Production	3.313.134	29,12	5.814.798	34,23	3.058.153	28,59	5.639.928	36,53
Electric, gas and water	521.824	4,59	1.170.862	6,89	433.867	4,06	1.152.276	7,46
Construction	3.264.824	28,70	3.896.086	22,94	3.164.314	29,59	3.743.485	24,25
Services	2.475.221	21,77	2.535.623	14,93	2.330.696	21,79	3.768.496	24,41
Wholesale and retail trade	1.095.298	9,63	936.939	5,52	1.112.054	10,40	760.222	4,92
Hotel, food and beverage services	122.334	1,08	92.529	0,54	97.522	0,91	127.342	0,82
Transportation and telecommunication	470.803	4,14	351.926	2,07	317.317	2,97	396.338	2,57
Financial institutions	412.537	3,63	476.751	2,81	470.730	4,40	1.906.817	12,36
Real estate and leasing services	99.138	0,87	377.955	2,23	94.246	0,88	250.625	1,62
Self-employment services	-	-	-	-	-	-	-	-
Education services	14.901	0,13	1.495	0,01	15.498	0,14	2.531	0,02
Health and social services	260.210	2,29	298.028	1,75	223.329	2,09	324.621	2,10
Other	1.105.134	9,70	2.217.727	13,05	1.080.445	10,10	230.826	1,50
Total	11.376.121	100,00	16.986.676	100,00	10.695.351	100,00	15.439.788	100,00

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

	Current Period		Group I		Group II ⁽¹⁾	
	TL	FC	TL	FC	TL	FC
Non-cash loans						
Letters of guarantee	11.136.586	9.177.883	135.367	61.822	-	-
Bank acceptances	-	121.325	-	-	-	-
Letters of credit	13.789	5.596.185	-	641	-	-
Endorsements	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-
Factoring guarantees	-	-	-	-	-	-
Other commitments and contingencies	90.379	2.025.374	-	3.446	-	-
Total	11.240.754	16.920.767	135.367	65.909		

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

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Notes to unconsolidated financial statements at December 31, 2012 (continued)

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

Explanations and notes related to unconsolidated financial statements (continued)

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	9.846.832	8.701.776	96.691	52.563
Bank acceptances	-	158.915	-	-
Letters of credit	13.687	4.872.778	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	738.141	1.653.756	-	-
Total	10.598.660	15.387.225	96.691	52.563

3(iv) Maturity distribution of non cash loans:

Current Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	3.369.154	2.030.817	210.644	-	5.610.615
Letter of guarantee	9.619.433	3.264.847	6.574.378	1.053.000	20.511.658
Bank acceptances	121.325	-	-	-	121.325
Other	251.864	814.862	884.460	168.013	2.119.199
Total	13.361.776	6.110.526	7.669.482	1.221.013	28.362.797
Prior Period ⁽¹⁾	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	2.727.074	1.683.763	475.628	-	4.886.465
Letter of guarantee	9.164.695	3.118.268	5.416.687	998.212	18.697.862
Bank acceptances	158.915	-	-	-	158.915
Other	913.922	647.746	815.288	14.941	2.391.897
Total	12.964.606	5.449.777	6.707.603	1.013.153	26.135.139

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

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b. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	44.462.342	34.903.485
FC trading forward transactions	8.222.463	11.200.661
Trading swap transactions	26.555.506	17.534.051
Futures transactions	-	-
Trading option transactions	9.684.373	6.168.773
Interest related derivative transactions (II)	7.596.343	8.450.824
Forward interest rate agreements	-	-
Interest rate swaps	3.214.120	3.991.702
Interest rate options	4.382.223	4.459.122
Interest rate futures	-	-
Other trading derivative transactions (III)	1.688.150	1.571.666
A. Total trading derivative transactions (I+II+III)	53.746.835	44.925.975
Types of hedging derivative transactions		
Transactions for fair value hedge	3.821.809	6.206.854
Cash flow hedges	36.959.906	32.437.197
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	40.781.715	38.644.051
Total derivative transactions (A+B)	94.528.550	83.570.026

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

Current Period ⁽¹⁾	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives	(40.622)	(7.223)	94.711	(512.591)	(157.000)	(622.725)
– Inflow	12.105.375	3.900.791	6.677.707	1.990.915	-	24.674.788
– Outflow	(12.145.997)	(3.908.014)	(6.582.996)	(2.503.506)	(157.000)	(25.297.513)
Interest rate derivatives	259	(2.256)	39.907	53.997	30.600	122.507
– Inflow	23.713	259.367	1.547.445	2.709.313	454.205	4.994.043
– Outflow	(23.454)	(261.623)	(1.507.538)	(2.655.316)	(423.605)	(4.871.536)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives	(41.305)	9.547	(213.752)	(1.463.759)	(158.052)	(1.867.321)
– Inflow	21.711	173.776	4.095.250	15.193.430	1.186.341	20.670.508
– Outflow	(63.016)	(164.229)	(4.309.002)	(16.657.189)	(1.344.393)	(22.537.829)
Total cash inflow	12.150.799	4.333.934	12.320.402	19.893.658	1.640.546	50.339.339
Total cash outflow	(12.232.467)	(4.333.866)	(12.399.536)	(21.816.011)	(1.924.998)	(52.706.878)

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

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

d. Information on credit derivatives and risk exposures:

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

e. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 34.091 (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. The investigation and evaluation of the Competition Board is still ongoing.

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

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

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Explanations and notes related to unconsolidated financial statements (continued)

IV. Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	3.579.677	165.254	2.397.425	154.556
Medium/long-term loans ⁽¹⁾	2.736.626	995.781	2.072.204	883.689
Interest on loans under follow-up	111.893	50	97.260	129
Premiums received from resource utilization support fund	-	-	-	-
Total	6.428.196	1.161.085	4.566.889	1.038.374

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

2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	21.065	1.124	13.222	1.180
From foreign banks	2.713	8.615	2.693	11.725
Headquarters and branches abroad	-	-	-	-
Total	23.778	9.739	15.915	12.905

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From trading financial assets	18.389	2.042	20.046	1.591
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	600.494	42.946	496.841	55.213
From held-to-maturity investments	332.346	608.545	343.147	571.361
Total	951.229	653.533	860.034	628.165

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest received from associates and subsidiaries	-	15.004	-	14.010

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b. Information on interest expense:

1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	67.883	486.068	96.253	350.835
The CBRT	-	-	-	-
Domestic banks	17.979	7.762	9.596	4.706
Foreign banks	49.904	478.306	86.657	346.129
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	104
Total ⁽¹⁾	67.883	486.068	96.253	350.939

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	57.590	37.656

3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	131.641	55.067	48.236	-
Total	131.641	55.067	48.236	-

4. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TL									
Bank deposits	228	1.399	2.969	2.436	1.262	257	-	8.551	8.366
Saving deposits	2	86.298	1.816.116	78.095	17.014	68.499	-	2.066.024	1.482.773
Public sector deposits	-	27	332	134	14	3	-	510	1.320
Commercial deposits	24	182.382	634.765	128.134	11.323	22.471	-	979.099	764.942
Other deposits	-	3.254	84.283	56.177	439	9.037	-	153.190	81.571
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	254	273.360	2.538.465	264.976	30.052	100.267	-	3.207.374	2.338.972
FC									
Foreign currency deposits									
Bank deposits	115	179.663	499.329	44.881	6.634	35.661	-	766.283	724.294
Deposits with 7 days notification	174	592	261	390	8	103	-	1.528	1.518
Precious metal vault	-	-	-	-	-	-	-	-	-
Total	289	181.830	500.517	45.393	6.767	35.811	-	770.607	727.026
Grand total	543	455.190	3.038.982	310.369	36.819	136.078	-	3.977.981	3.065.998

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Explanations and notes related to unconsolidated financial statements (continued)

c. Information on dividend income:

	Current Period	Prior Period
Trading financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	103	158
Subsidiaries and associates	183.274	128.045
Total	183.377	128.203

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

	Current Period	Prior Period
Gain	47.373.392	23.314.281
Gain from capital market transactions	317.241	54.552
Derivative financial transaction gains	19.858.334	13.790.462
Foreign exchange gains	27.197.817	9.469.267
Loss(-)	(47.412.393)	(23.568.989)
Loss from capital market transactions	(11.284)	(25.517)
Derivative financial transaction losses	(20.807.005)	(14.288.947)
Foreign exchange loss	(26.594.104)	(9.254.525)
Net gain/loss	(39.001)	(254.708)

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

The amount of net income/loss from derivative financial transactions related to exchange rate changes is TL 496.581 loss (December 31, 2011 – TL 10.191 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.

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Explanations and notes related to unconsolidated financial statements (continued)

f. Provision for impairment of loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	787.602	455.657
III. Group loans and receivables	37.862	132.734
IV. Group loans and receivables	170.057	46.430
V. Group loans and receivables	579.683	276.493
General provision expenses	332.482	245.259
Provision expense for possible risks	93.528	20.813
Marketable securities impairment expenses ⁽¹⁾	2.302	29.345
Financial assets at fair value through profit or loss	1.693	1.014
Available-for-sale financial assets	609	28.331
Impairment of investments in associates, subsidiaries and held-to-maturity securities	72.886	22.777
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	4.969
Held-to-maturity investments ⁽¹⁾	72.886	17.808
Other	4.615	2.371
Total	1.293.415	776.222

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

g. Information related to other operating expenses:

	Current Period	Prior Period
Personnel expenses	1.236.495	1.138.373
Reserve for employee termination benefits	20.006	10.280
Provision expense for pension fund	51.891	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	152.855	146.166
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	64.504	55.566
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	235	238
Depreciation expenses of assets held for resale	3.766	2.390
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	939.046	843.450
Operational lease expenses	149.504	130.589
Repair and maintenance expenses	51.440	27.055
Advertising expenses	78.040	69.716
Other expense	660.062	616.090
Loss on sales of assets	138	885
Other	523.989	493.138
Total	2.992.925	2.690.486

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Explanations and notes related to unconsolidated financial statements (continued)

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

The profit before tax includes TL 4.492.009 (31 December 2011 – TL 3.310.107) of net interest income, TL 1.761.005 (31 December 2011 – TL 1.826.778) of net fees and commissions and TL 2.992.925 (31 December 2011 – TL 2.690.486) of other operations.

The Bank does not have discontinued operations.

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

As of December 31, 2012, the Bank has current tax expense amounting to TL 739.096 (December 31, 2011 – TL 420.569) and deferred tax revenue amounting to TL 203.326 (December 31, 2011 – TL 77.010 expense).

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

	Current Period	Prior Period
Income before tax provision	2.449.242	2.355.065
Tax calculated with tax rate of 20%	489.848	471.013
Disallowables and deductions (net)	45.922	26.566
Total	535.770	497.579

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.
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

i. Other items in income statement:

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

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Explanations and notes related to unconsolidated financial statements (continued)

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

a. Information on dividends:

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

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

None.

c. Information on available for sale financial assets:

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

ç. Hedging transactions:

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

d. Information on share issue premium:

Explained in details in Note XIX of Section Three.

VI. Explanations and notes related to statement of cash flows

a. Information on cash and cash equivalents:

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

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

2. Effect of a change in the accounting policies: None.
3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

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Explanations and notes related to unconsolidated financial statements (continued)

3 (i). Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	7.208.779	3.953.850
Cash and effectives	1.013.783	686.548
Demand deposits in banks	6.194.996	3.267.302
Cash equivalents	2.571.645	1.012.551
Interbank money market	2.136.834	949.000
Time deposits in banks	434.811	63.551
Total cash and cash equivalents	9.780.424	4.966.401

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

	Current Period	Prior Period
Cash	4.836.744	7.208.779
Cash and effectives	1.515.441	1.013.783
Demand deposits in banks	3.321.303	6.194.996
Cash equivalents	3.472.362	2.571.645
Money market	2.725.227	2.136.834
Time deposits in banks	747.135	434.811
Total cash and cash equivalents	8.309.106	9.780.424

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

Reserves amounting to TL 9.560.872 (December 31, 2011 – TL 8.712.783) in CBRT represent the reserve requirements of the Bank. There is also TL 100.349 blocked amount in foreign banks account.

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

Increase in "Other Account" amounting to TL 1.123.952 as of December 31, 2012 (December 31, 2011 – TL 2.321.700 decrease), which is classified under "Operating profit before changes in operating assets and liabilities", includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 4.740.126 as of December 31, 2012 (December 31, 2011 – TL 1.457.574 increase), which is classified under "Changes in operating assets and liabilities", mainly arises from changes in miscellaneous payables and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as a decrease approximately of TL 163.969 as of December 31, 2012 (December 31, 2011 – TL 469.043 increase).

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Explanations and notes related to unconsolidated financial statements (continued)

VII. 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. Current Period:

Bank's risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	701.047	291.713	8.292	230.061	673.086	722.958
Balance at the end of the period	203.903	151.354	15.430	403.915	706.576	936.967
Interest and commission income received	15.004	1.504	3.365	2.215	64.940	14.901

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

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

Prior Period:

Bank's risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	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
Interest and commission income received ⁽³⁾	14.010	1.338	1.741	1.191	62.523	5.910

(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.

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

Bank's risk group ^{(1), (2)}	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	1.239.623	549.533	5.160.138	3.449.707	4.414.388	5.019.730
End of the period	770.943	1.239.623	5.838.878	5.160.138	8.016.750	4.414.388
Interest expense on deposits ⁽³⁾	57.590	37.656	277.539	217.274	233.982	242.442

(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.

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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 ⁽¹⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss⁽²⁾						
Beginning of the period ⁽³⁾	2.044.472	963.586	216.174	187.782	97.206	642.637
End of the period ⁽³⁾	1.403.949	2.044.472	300.627	216.174	273.177	97.206
Total profit / (loss)	12.377	(82.235)	2.952	1.508	7.999	(46.189)
Transactions for hedging purposes⁽²⁾						
Beginning of the period ⁽³⁾	-	-	-	-	-	-
End of the period ⁽³⁾	-	-	-	-	-	-
Total profit / (loss)	-	-	-	-	-	-

(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.

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

Salaries and benefits paid to the Bank's top management amount to TL 27.892 as of December 31, 2012 (December 31, 2011 – TL 24.151).

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

	Number	Number of Employees			
Domestic Branch	927	14.729			
			Country of incorporation		
Foreign Rep. Office	-	-			
				Total asset	Statutory share capital
Foreign Branch	1	4	Bahrain	5.818.342	-
Off-Shore Banking Region Branch	-	-		-	-

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

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Explanations and notes related to unconsolidated financial statements (continued)

IX. Explanations and notes related to subsequent events

- 1) It was decided to appoint Feza Tan as Assistant General Manager responsible for Corporate and Commercial Banking, who was previously responsible for Corporate and Commercial Loans, upon resignation of Mert Güvenen from this position on 4 February 2013 and it was decided to appoint Nurgün Eyübođlu as Assistant General Manager responsible for Corporate and Commercial Loans, who was previously General Manager of Yapı Kredi Finansal Kiralama A.Ş. with the Board of Directors' decision dated 25 January 2013.
- 2) By utilizing its early payment option the Bank has repaid the subordinated loan on January 9, 2013 which was obtained from UniCredit Bank Austria AG on February 22, 2012, amounting to USD 585 million. At the same date the Bank obtained a new subordinated loan from UniCredit Bank Austria AG amounting to USD 585 million with 10 years maturity and 5.5% interest rate and a repayment option by the borrower at the end of 5 years.
- 3) Yapı Kredi Sigorta A.Ş., one of the subsidiaries of the Bank, applied for permission of Capital Market Boards for spinning of Yapı Kredi Emeklilik A.Ş., in which Yapı Kredi Sigorta A.Ş.'s equity stake is 99.9%, by transferring its shares to a newly established joint stock company with the carrying value of these shares as at September 30, 2012.
- 4) On January 22, 2013, the Bank issued bonds for non Turkish residents; real person and corporate entities amounting to USD 500 million nominal value with a semi annual coupon at an interest rate of 4 % with a maturity of January 22, 2020.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements at December 31, 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 report

I. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended December 31, 2012 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's report dated February 14, 2013 is presented preceding the unconsolidated financial statements.

II. Explanations and notes prepared by independent auditor

None.