

# **Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the financial position of Yapı ve Kredi Bankası A.Ş. at March 31, 2012 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Act No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

**Additional paragraph for convenience translation:**

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

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

Selim Elhadeif  
Partner, SMMM

Istanbul, May 9, 2012

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

**The unconsolidated interim financial report of  
Yapı ve Kredi Bankası A.Ş. as of March 31, 2012**

Yapı ve Kredi Bankası A.Ş.  
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The unconsolidated financial report includes the following sections in accordance with the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” as sanctioned by the Banking Regulation and Supervision Agency.

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

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

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

**H. Faik AÇIKALIN**  
Chief Executive Officer

**Marco CRAVARIO**  
Chief Financial  
Officer

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

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

**Francesco GIORDANO**  
Member of Audit  
Committee

**Füsun Akkal BOZOK**  
Member of Audit  
Committee

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 at March 31, 2012**

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

**Section one**

**General information about the Bank**

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

Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

**II. Explanation about the Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling group of the Bank:**

The Bank's publicly traded shares are traded on the Istanbul Stock Exchange ("ISE") since 1987 and the representatives of these shares, Global Depository Receipts, are quoted in London Stock Exchange. As of March 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, the share transfer procedures in 2007 and capital increase by TL 920 million in 2008, KFS shares in the Bank increased to 81,80%.

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

As of March 31, 2012, the Bank's Board of Directors, Members of the Audit Committee and General Manager and Assistant General Managers are as follows:

Board of Directors Members:

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

Audit Committee Members:

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

Statutory Auditors:

<b>Name</b>	<b>Responsibility</b>
Ali Tarık UZUN	Auditor
Abdullah GEÇER	Auditor

General Manager and Assistant General Managers:

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

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

(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 March 31, 2012 (continued)**

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

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

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

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

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

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

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

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

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

As of March 31, 2012, the Bank has 907 branches operating in Turkey and 1 branch in off-shore region (December 31, 2011 - 906 branches operating in Turkey, 1 branch in off-shore region). As of March 31, 2012, the Bank has 14.966 employees (December 31, 2011 - 14.859 employees).

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at March 31, 2012 and December 2011

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

## Section two Unconsolidated financial statements

### I. Balance sheet

		(31/03/2012)			(31/12/2011)		
Assets	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. Cash and balances with Central Bank</b>	I-a	<b>4.996.580</b>	<b>5.058.693</b>	<b>10.055.273</b>	<b>4.652.286</b>	<b>5.082.419</b>	<b>9.734.705</b>
<b>II. Financial assets at fair value through profit or (loss) (net)</b>	I-b	<b>372.823</b>	<b>129.881</b>	<b>502.704</b>	<b>346.723</b>	<b>100.799</b>	<b>447.522</b>
2.1 Trading financial assets		372.823	129.881	502.704	346.723	100.799	447.522
2.1.1 Government debt securities		130.118	47.145	177.263	139.501	27.459	166.960
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		242.705	81.224	323.929	207.222	70.694	277.916
2.1.4 Other marketable securities		-	1.512	1.512	-	2.646	2.646
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-	-	-	-
2.2.1 Government debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. Banks</b>	I-c	<b>684.265</b>	<b>1.796.143</b>	<b>2.480.408</b>	<b>133.164</b>	<b>1.680.515</b>	<b>1.813.679</b>
<b>IV. Money markets</b>		-	-	-	<b>2.101.360</b>	<b>36.835</b>	<b>2.138.195</b>
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	36.835	36.835
4.3 Receivables from reverse repurchase agreements		-	-	-	2.101.360	-	2.101.360
<b>V. Financial assets available-for-sale (net)</b>	I-d	<b>6.435.658</b>	<b>678.659</b>	<b>7.114.317</b>	<b>5.990.836</b>	<b>1.065.625</b>	<b>7.056.461</b>
5.1 Share certificates		3.921	180	4.101	3.912	186	4.098
5.2 Government debt securities		4.985.957	458.672	5.444.629	4.588.785	741.454	5.330.239
5.3 Other marketable securities		1.445.780	219.807	1.665.587	1.398.139	323.985	1.722.124
<b>VI. Loans and receivables</b>	I-e	<b>46.767.185</b>	<b>21.356.265</b>	<b>68.123.450</b>	<b>44.738.510</b>	<b>23.041.301</b>	<b>67.779.811</b>
6.1 Loans and receivables		46.204.707	21.166.950	67.371.657	44.170.083	22.874.788	67.044.871
6.1.1 Loans to bank's risk group		569.386	712.572	1.281.958	372.793	853.334	1.226.127
6.1.2 Government debt securities		-	-	-	-	-	-
6.1.3 Other		45.635.321	20.454.378	66.089.699	43.797.290	22.021.454	65.818.744
6.2 Loans under follow-up		1.876.872	339.831	2.216.703	1.835.600	244.313	2.079.913
6.3 Specific provisions (-)		(1.314.394)	(150.516)	(1.464.910)	(1.267.173)	(77.800)	(1.344.973)
<b>VII. Factoring receivables</b>		-	-	-	-	-	-
<b>VIII. Held-to-maturity investments (net)</b>	I-f	<b>3.322.520</b>	<b>8.465.288</b>	<b>11.787.808</b>	<b>3.428.099</b>	<b>9.109.326</b>	<b>12.537.425</b>
8.1 Government debt securities		3.322.520	8.465.288	11.787.808	3.428.099	9.109.326	12.537.425
8.2 Other marketable securities		-	-	-	-	-	-
<b>IX. Investments in associates (net)</b>	I-g	<b>4.503</b>	<b>43.404</b>	<b>47.907</b>	<b>4.503</b>	<b>43.404</b>	<b>47.907</b>
9.1 Consolidated based on equity method		-	-	-	-	-	-
9.2 Unconsolidated		4.503	43.404	47.907	4.503	43.404	47.907
9.2.1 Investments in financial associates		-	43.404	43.404	-	43.404	43.404
9.2.2 Investments in non-financial associates		4.503	-	4.503	4.503	-	4.503
<b>X. Subsidiaries (net)</b>	I-h	<b>1.392.800</b>	<b>408.423</b>	<b>1.801.223</b>	<b>1.392.800</b>	<b>408.423</b>	<b>1.801.223</b>
10.1 Unconsolidated financial subsidiaries		1.390.500	408.423	1.798.923	1.390.500	408.423	1.798.923
10.2 Unconsolidated non-financial subsidiaries		2.300	-	2.300	2.300	-	2.300
<b>XI. Joint ventures (net)</b>	I-i	<b>19.623</b>	-	<b>19.623</b>	<b>19.623</b>	-	<b>19.623</b>
11.1 Accounted based on equity method		-	-	-	-	-	-
11.2 Unconsolidated		19.623	-	19.623	19.623	-	19.623
11.2.1 Financial joint ventures		19.623	-	19.623	19.623	-	19.623
11.2.2 Non-financial joint ventures		-	-	-	-	-	-
<b>XII. Lease receivables</b>	I-j	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
<b>XIII. Derivative financial assets held for hedging</b>	I-k	<b>158.117</b>	<b>296</b>	<b>158.413</b>	<b>376.973</b>	<b>362</b>	<b>377.335</b>
13.1 Fair value hedge		150.814	-	150.814	369.747	-	369.747
13.2 Cash flow hedge		7.303	296	7.599	7.226	362	7.588
13.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XIV. Property and equipment (net)</b>		<b>975.272</b>	-	<b>975.272</b>	<b>1.009.450</b>	-	<b>1.009.450</b>
<b>XV. Intangible assets (net)</b>	I-l	<b>1.274.395</b>	-	<b>1.274.395</b>	<b>1.261.854</b>	-	<b>1.261.854</b>
15.1 Goodwill		979.493	-	979.493	979.493	-	979.493
15.2 Other		294.902	-	294.902	282.361	-	282.361
<b>XVI. Investment property (net)</b>	I-m	-	-	-	-	-	-
<b>XVII. Tax asset</b>		<b>247.383</b>	-	<b>247.383</b>	<b>236.753</b>	-	<b>236.753</b>
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		247.383	-	247.383	236.753	-	236.753
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>	I-n	<b>117.666</b>	-	<b>117.666</b>	<b>100.396</b>	-	<b>100.396</b>
18.1 Held for sale purposes		117.666	-	117.666	100.396	-	100.396
18.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIX. Other assets</b>	I-o	<b>559.064</b>	<b>767.468</b>	<b>1.326.532</b>	<b>540.932</b>	<b>1.199.706</b>	<b>1.740.638</b>
<b>Total assets</b>		<b>67.327.854</b>	<b>38.704.520</b>	<b>106.032.374</b>	<b>66.334.262</b>	<b>41.768.715</b>	<b>108.102.977</b>

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



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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements at March 31, 2012 and December 2011

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

#### I. Balance sheet

		(31/03/2012)			(31/12/2011)		
Liabilities	Note (Section Five)	TL	FC	Total	TL	FC	Total
<b>I. Deposits</b>	<b>II-a</b>	<b>36.562.587</b>	<b>24.916.228</b>	<b>61.478.815</b>	<b>35.036.377</b>	<b>28.481.007</b>	<b>63.517.384</b>
1.1 Deposits of the Bank's risk group		4.045.447	2.883.327	6.928.774	3.653.673	3.662.205	7.315.878
1.2 Other		32.517.140	22.032.901	54.550.041	31.382.704	24.818.802	56.201.506
<b>II. Derivative financial liabilities held for trading</b>	<b>II-b</b>	<b>223.776</b>	<b>81.762</b>	<b>305.538</b>	<b>392.517</b>	<b>78.773</b>	<b>471.290</b>
<b>III. Funds borrowed</b>	<b>II-c</b>	<b>626.653</b>	<b>11.044.722</b>	<b>11.671.375</b>	<b>758.034</b>	<b>12.964.666</b>	<b>13.722.700</b>
<b>IV. Money markets</b>		<b>387.093</b>	<b>4.903.550</b>	<b>5.290.643</b>	<b>903.756</b>	<b>5.013.930</b>	<b>5.917.686</b>
4.1 Funds from interbank money market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		387.093	4.903.550	5.290.643	903.756	5.013.930	5.917.686
<b>V. Marketable securities issued (net)</b>	<b>II-d</b>	<b>1.652.510</b>	<b>864.160</b>	<b>2.516.670</b>	<b>1.096.306</b>	-	<b>1.096.306</b>
5.1 Bills		1.327.089	-	1.327.089	951.956	-	951.956
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		325.421	864.160	1.189.581	144.350	-	144.350
<b>VI. Funds</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. Miscellaneous payables</b>		<b>3.830.740</b>	<b>341.265</b>	<b>4.172.005</b>	<b>3.806.098</b>	<b>601.709</b>	<b>4.407.807</b>
<b>VIII. Other liabilities</b>	<b>II-e</b>	<b>651.414</b>	<b>872.617</b>	<b>1.524.031</b>	<b>726.204</b>	<b>823.955</b>	<b>1.550.159</b>
<b>IX. Factoring payables</b>		-	-	-	-	-	-
<b>X. Lease payables (net)</b>	<b>II-f</b>	<b>802</b>	<b>20.280</b>	<b>21.082</b>	-	<b>28.597</b>	<b>28.597</b>
10.1 Financial lease payables		958	20.999	21.957	-	29.745	29.745
10.2 Operational lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred lease expenses (-)		(156)	(719)	(875)	-	(1.148)	(1.148)
<b>XI. Derivative financial liabilities held for hedging</b>	<b>II-g</b>	<b>144.061</b>	<b>431.403</b>	<b>575.464</b>	<b>62.652</b>	<b>440.189</b>	<b>502.841</b>
11.1 Fair value hedge		94.808	-	94.808	18.959	-	18.959
11.2 Cash flow hedge		49.253	431.403	480.656	43.693	440.189	483.882
11.3 Foreign net investment hedge		-	-	-	-	-	-
<b>XII. Provisions</b>	<b>II-h</b>	<b>1.983.071</b>	<b>402.324</b>	<b>2.385.395</b>	<b>1.970.870</b>	<b>436.151</b>	<b>2.407.021</b>
12.1 General loan loss provision		716.280	356.410	1.072.690	669.793	372.211	1.042.004
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee rights		187.860	-	187.860	183.428	-	183.428
12.4 Insurance technical provisions (net)		-	-	-	-	-	-
12.5 Other provisions		1.078.931	45.914	1.124.845	1.117.649	63.940	1.181.589
<b>XIII. Tax liability</b>	<b>II-i</b>	<b>327.325</b>	-	<b>327.325</b>	<b>257.184</b>	-	<b>257.184</b>
13.1 Current tax liability		327.325	-	327.325	257.184	-	257.184
13.2 Deferred tax liability		-	-	-	-	-	-
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
<b>XV. Subordinated loans</b>	<b>II-j</b>	-	<b>3.463.953</b>	<b>3.463.953</b>	-	<b>2.523.816</b>	<b>2.523.816</b>
<b>XVI. Shareholders' equity</b>	<b>II-k</b>	<b>12.624.813</b>	<b>(324.735)</b>	<b>12.300.078</b>	<b>12.048.409</b>	<b>(348.223)</b>	<b>11.700.186</b>
16.1 Paid-in capital		4.347.051	-	4.347.051	4.347.051	-	4.347.051
16.2 Capital reserves		864.025	(324.735)	539.290	646.771	(348.223)	298.548
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	<b>II-k</b>	(26.391)	57.022	30.631	(127.548)	44.104	(83.444)
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)		52.003	(381.757)	(329.754)	83.797	(392.327)	(308.530)
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		294.532	-	294.532	146.641	-	146.641
16.3 Profit reserves		6.906.696	-	6.906.696	5.197.101	-	5.197.101
16.3.1 Legal reserves		359.847	-	359.847	266.973	-	266.973
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		6.546.849	-	6.546.849	4.930.128	-	4.930.128
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Income or (loss)		507.041	-	507.041	1.857.486	-	1.857.486
16.4.1 Prior years' income or (loss)		-	-	-	-	-	-
16.4.2 Current year income or (loss)		507.041	-	507.041	1.857.486	-	1.857.486
<b>Total liabilities and shareholders' equity</b>		<b>59.014.845</b>	<b>47.017.529</b>	<b>106.032.374</b>	<b>57.058.407</b>	<b>51.044.570</b>	<b>108.102.977</b>

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



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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements As of March 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)	01/01-31/03/2012	01/01-31/03/2011
<b>I.</b>	<b>Interest income</b>	<b>IV-a</b>	<b>2.212.043</b>	<b>1.577.713</b>
1.1	Interest on loans	IV-a-1	1.752.254	1.186.280
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks	IV-a-2	6.711	5.261
1.4	Interest received from money market transactions		23.797	1.433
1.5	Interest received from marketable securities portfolio	IV-a-3	428.715	384.588
1.5.1	Trading financial assets		5.139	3.315
1.5.2	Financial assets at fair value through profit or (loss)		-	-
1.5.3	Available-for-sale financial assets		159.410	123.119
1.5.4	Held to maturity investments		264.166	258.154
1.6	Financial lease income		-	-
1.7	Other interest income		566	151
<b>II.</b>	<b>Interest expense</b>	<b>IV-b</b>	<b>(1.246.064)</b>	<b>(786.690)</b>
2.1	Interest on deposits	IV-b-4	(1.019.211)	(657.069)
2.2	Interest on funds borrowed	IV-b-1	(131.458)	(91.994)
2.3	Interest expense on money market transactions		(48.258)	(36.766)
2.4	Interest on securities issued	IV-b-3	(42.653)	-
2.5	Other interest expenses		(4.484)	(861)
<b>III.</b>	<b>Net interest income (I + II)</b>		<b>965.979</b>	<b>791.023</b>
<b>IV.</b>	<b>Net fees and commissions income</b>		<b>385.336</b>	<b>417.297</b>
4.1	Fees and commissions received		487.496	489.268
4.1.1	Non-cash loans		62.002	52.347
4.1.2	Other	IV-k	425.494	436.921
4.2	Fees and commissions paid		(102.160)	(71.971)
4.2.1	Non-cash loans		(126)	(48)
4.2.2	Other		(102.034)	(71.923)
<b>V.</b>	<b>Dividend income</b>		<b>150.342</b>	<b>113.931</b>
<b>VI.</b>	<b>Trading gain/(loss) (net)</b>	<b>IV-c</b>	<b>(31.809)</b>	<b>16.206</b>
6.1	Trading gains/(losses) on securities		17.571	975
6.2	Derivative financial transactions gains/(losses)	IV-d	(344.007)	23.876
6.3	Foreign exchange gains/(losses)		294.627	(8.645)
<b>VII.</b>	<b>Other operating income</b>	<b>IV-e</b>	<b>97.433</b>	<b>280.663</b>
<b>VIII.</b>	<b>Total operating income (III+IV+V+VI+VII)</b>		<b>1.567.281</b>	<b>1.619.120</b>
<b>IX.</b>	<b>Provision for impairment of loans and other receivables (-)</b>	<b>IV-f</b>	<b>(229.520)</b>	<b>(296.614)</b>
<b>X.</b>	<b>Other operating expenses (-)</b>	<b>IV-g</b>	<b>(727.748)</b>	<b>(662.098)</b>
<b>XI.</b>	<b>Net operating income/(loss) (VIII-IX-X)</b>		<b>610.013</b>	<b>660.408</b>
<b>XII.</b>	<b>Excess amount recorded as income after merger</b>		-	-
<b>XIII.</b>	<b>Income/(loss) from investments accounted based on equity method</b>		-	-
<b>XIV.</b>	<b>Income/(loss) on net monetary position</b>		-	-
<b>XV.</b>	<b>Profit/loss before taxes from continuing operations (XI+XII+XIII+XIV)</b>	<b>IV-h</b>	<b>610.013</b>	<b>660.408</b>
<b>XVI.</b>	<b>Tax provision for continuing operations (±)</b>	<b>IV-i</b>	<b>(102.972)</b>	<b>(125.416)</b>
16.1	Current tax provision		(136.815)	(116.146)
16.2	Deferred tax provision		33.843	(9.270)
<b>XVII.</b>	<b>Net profit/loss from continuing operations (XV±XVI)</b>		<b>507.041</b>	<b>534.992</b>
<b>XVIII.</b>	<b>Income from discontinued operations</b>		-	-
18.1	Income from non-current assets held for resale		-	-
18.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
18.3	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>Expenses from discontinued operations (-)</b>		-	-
19.1	Expenses for non-current assets held for resale		-	-
19.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
19.3	Other expenses from discontinued operations		-	-
<b>XX.</b>	<b>Profit /losses before taxes from discontinued operations (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>Tax provision for discontinued operations (±)</b>		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
<b>XXII.</b>	<b>Net profit/loss from discontinued operations (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>Net profit/loss (XVII+XXII)</b>	<b>IV-j</b>	<b>507.041</b>	<b>534.992</b>
	Earnings/(loss) per share (full TL)		0,0012	0,0012

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 March 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

Income and expense items accounted under shareholders' equity		(31/03/2012)	(31/03/2011)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	145.310	(147.955)
II.	Property and equipment revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Currency translation differences for foreign currency transactions	20.199	(13)
V.	Profit /loss on cash flow hedges (effective part of the fair value changes)	(49.445)	56.466
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-	-
VII.	Effects of changes in accounting policy and adjustment of errors	-	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	-	219
IX.	Deferred tax on valuation differences	(23.213)	15.981
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	92.851	(75.302)
XI.	Current year profit/loss	507.041	534.992
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	1.189	808
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	(35.053)	(35.419)
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-	-
11.4	Other	540.905	569.603
XII.	Total income/loss accounted for the period (X+XI)	599.892	459.690

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 March 31, 2011

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

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

March 31, 2011	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	Total shareholders' equity
I. Period opening balance		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700
II. Changes in accounting policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)		4.347.051	-	543.881	-	163.959	-	3.038.543	80.731	2.060.290	-	185.073	-	-	(101.828)	-	10.317.700
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease due to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(120.708)	-	-	-	-	(120.708)
VI. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	45.173	-	45.173
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	45.173	-	45.173
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		-	-	-	-	-	-	-	-	-	-	122	-	-	(108)	-	14
XI. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	219
XIX. Current year income or loss		-	-	-	-	-	-	-	-	534.992	-	-	-	-	-	-	534.992
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+.....+ XVIII +XIX+XX)		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	534.992	-	64.487	-	-	(56.763)	-	10.777.390

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 March 31, 2012

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

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

	Note (Section five)	Paid-in capital	Adjustment to share capital	Share premium	Share cancellation profits	Legal reserves	Status reserves	Extra ord. reserves	Other reserves	Current period net income/(loss)	Prior period income/(loss)	Marketable securities value increase fund	Property and equipment and intangible assets revaluation fund	Bonus shares from investments	Hedging funds	Assets held for resale/ discontinued operations revaluation fund	shareholders' equity	Total
March 31, 2012																		
I. Prior period end balance		4.347.051	-	543.881	-	266.973	-	4.930.128	146.641	1.857.486	-	(83.444)	-	-	(308.530)	-	11.700.186	
Changes in the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/decrease due to the merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	116.249	-	-	-	-	-	116.249
IV. Hedging transactions (effective portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(39.557)	-	-	(39.557)
4.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(39.557)	-	-	(39.557)
4.2 Foreign net investment hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Property and equipment revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares from investments in associates, subsidiaries and joint ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	(2.174)	-	-	18.333	-	-	16.159
IX. Changes due to the disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to the reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of the changes in equity of investment in associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Paid in-capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current year income or loss		-	-	-	-	-	-	-	-	507.041	-	-	-	-	-	-	-	507.041
XVIII. Profit distribution		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-	-
18.1 Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	92.874	-	1.616.721	147.891	(1.857.486)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period end balance (I+II+III+...+XVI+XVII+XVIII)</b>		<b>4.347.051</b>	<b>-</b>	<b>543.881</b>	<b>-</b>	<b>359.847</b>	<b>-</b>	<b>6.546.849</b>	<b>294.532</b>	<b>507.041</b>	<b>-</b>	<b>30.631</b>	<b>-</b>	<b>-</b>	<b>(329.754)</b>	<b>-</b>	<b>12.300.078</b>	

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

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

## Yapı ve Kredi Bankası A.Ş.

### Unconsolidated financial statements as March 31, 2012 and 2011

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

#### VI. Statement of cash flows

		Notes (Section Five)	(31/03/2012)	(31/03/2011)
<b>A.</b>	<b>Cash flows from banking operations</b>			
1.1	Operating profit before changes in operating assets and liabilities		2.039.353	1.116.843
1.1.1	Interest received		2.331.242	1.776.253
1.1.2	Interest paid		(1.173.042)	(741.507)
1.1.3	Dividend received		150.248	108.847
1.1.4	Fees and commissions received		490.045	489.988
1.1.5	Other income		(304.400)	25.896
1.1.6	Collections from previously written-off loans and other receivables		339.922	422.730
1.1.7	Payments to personnel and service suppliers		(523.501)	(472.559)
1.1.8	Taxes paid		(170.252)	(161.873)
1.1.9	Other		899.091	(330.932)
1.2	Changes in operating assets and liabilities		(4.444.854)	1.611.595
1.2.1	Net (increase)/decrease in trading securities		(5.631)	(174.262)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase)/decrease in banks		52.331	(15.877)
1.2.4	Net (increase)/decrease in loans		(938.316)	(2.752.211)
1.2.5	Net (increase)/decrease in other assets		410.581	116.450
1.2.6	Net increase /(decrease) in bank deposits		(76.575)	(671.762)
1.2.7	Net increase/(decrease) in other deposits		(1.979.113)	1.185.012
1.2.8	Net increase/(decrease) in funds borrowed		(2.587.036)	3.519.050
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net increase/(decrease) in other liabilities		678.905	405.195
<b>I.</b>	<b>Net cash flows from banking operations</b>		<b>(2.405.501)</b>	<b>2.728.438</b>
<b>B.</b>	<b>Cash flows from investing activities</b>			
<b>II.</b>	<b>Net cash flows from investing activities</b>		<b>185.251</b>	<b>(849.025)</b>
2.1	Cash paid for acquisition of investments in associates, subsidiaries and joint ventures		-	-
2.2	Cash obtained from disposal of investments in associates, subsidiaries and joint ventures		-	-
2.3	Purchases of property and equipment		(33.091)	(25.432)
2.4	Disposals of property and equipment		2.056	1.948
2.5	Purchase of investments available-for-sale		(1.168.256)	(1.916.822)
2.6	Sale of investments available-for -sale		1.310.091	76.620
2.7	Purchase of investment securities		(46)	(435.755)
2.8	Sale of investment securities		74.497	1.450.416
2.9	Other		-	-
<b>C.</b>	<b>Cash flows from financing activities</b>			
<b>III.</b>	<b>Net cash flows from financing activities</b>		<b>1.258.567</b>	<b>(97.524)</b>
3.1	Cash obtained from funds borrowed and securities issued		1.370.877	-
3.2	Cash used for repayment of funds borrowed and securities issued		(97.747)	(89.875)
3.3	Issued capital instruments		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		(14.563)	(7.649)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rates on cash and cash equivalents</b>		<b>(136.886)</b>	<b>76.281</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>(1.098.569)</b>	<b>1.858.170</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>V-a</b>	<b>9.780.424</b>	<b>4.966.401</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>V-a</b>	<b>8.681.855</b>	<b>6.824.571</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 31, 2012**

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

**Section three**

**Explanations on accounting policies**

**I. Basis of presentation:**

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC"), and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 26430 dated February 10, 2007.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments applied until December 31, 2004, except for the trading and available for sale financial assets, trading and hedging derivative financial assets and financial liabilities carried at fair value. Besides, the carrying values of financial assets carried at amortised cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

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

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

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**Additional paragraph for convenience translation into English:**

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**II. Explanations on strategy of using financial instruments and foreign currency transactions:**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial instruments at fair value through profit or loss".

"Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading". Fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

As of March 31, 2012, the Bank's credit derivatives portfolio included in the off-balance sheet accounts is composed of credit linked notes (embedded derivatives are separated from host contract in line with TAS 39 and recorded as credit default swaps) and credit default swaps.

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

**VII. Explanations on financial assets:**

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

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

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

**c. Loans and receivables:**

Loans and receivables are non-derivative financial assets that are not quoted in a market or classified as held for trading at fair value through profit or loss or available for sale, and which have fixed or determinable payments. Loans and receivables are recognized initially at cost including transaction costs (which reflect fair values) and subsequently carried at the amortized cost using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

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

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

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

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

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

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

The Bank has no securities lending transactions.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on 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").

**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.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

The Bank evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Bank estimates the recoverable amount. The recoverable amount is the higher of net sales price or the value in use. When the book value of an other intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

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

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

**XIII. Explanations on property and equipment:**

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for impairment.

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

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

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

Where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for impairment is charged to the income statement.

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

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

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**XIV. Explanations on leasing transactions:**

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

**Financial lease**

The Bank includes the lower of the market value of the fixed asset subject to financial leasing in the beginning of the financial leasing period or present value of the lease payments in property and equipment and records the liabilities arising from financial leasing in liabilities. Financing costs arising due to leasing are spread through the lease period forming a fixed interest rate. In addition, fixed assets that are obtained by the way of financial leasing are subject to depreciation based on their useful lives. If a decrease in the value of fixed assets that are subject to financial leasing is noticed, impairment provision is recognized. The liabilities arising from financial leasing contracts are accounted under "financial lease payables". Expenses arising from interest and exchange rate changes related to financial leasing liabilities are charged to the income statement. Lease payments are deducted from financial leasing payables. The Bank does not perform financial leasing operations as "Lessor".

**Operational lease**

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

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**XVI. Explanations on obligations related to employee rights:**

**a. Employee termination benefits**

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

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Bank determined by using certain actuarial assumptions.

**b. Pension rights**

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

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

**XVII. Explanations on taxation:**

**a. Current tax:**

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

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

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

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

**b. Deferred tax:**

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and in accordance with BRSA's explanations and circulars and the tax legislation, the Bank calculates deferred tax on temporary differences except for general loan loss provisions, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

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

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

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

**c. Transfer pricing:**

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**XVIII. Explanations on borrowings:**

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" using the "effective interest method".

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

Also, the Bank 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 March 31, 2012, the Bank received government grant from TÜBİTAK amounting to TL 828. (December 31, 2011 - TL 828).

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Explanations on accounting policies (continued)**

**XXIII. Earnings per share:**

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Net income/(loss) to be appropriated to ordinary shareholders	507.041	534.992
Weighted average number of issued ordinary shares(thousand)	434.705.128	434.705.128
<b>Earnings per share (disclosed in full TL)</b>	<b>0,0012</b>	<b>0,0012</b>

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 VI. of Section Five.

**XXV. Cash and cash equivalents:**

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

**XXVI. Explanations on operating segments:**

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

**XXVII.Reclassifications:**

Reclassifications have been made on comparative figures as of December 31, 2011 and March 31, 2011, to conform the changes in presentation in the March 31, 2012 financials.

**Yapı ve Kredi Bankası A.Ş.**

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

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

**Section four**

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

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

- a. The capital adequacy ratio of the Bank is 14,75% (December 31, 2011 - 14,69%).
- b. The capital adequacy ratio is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders' Equity" published as of November 1, 2006 (together referred as "Regulation on Own Funds of Banks"). The following tables show the details of "Risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.
- c. **Information related to capital adequacy ratio:**

	Risk weights <sup>(1)</sup>					
	0%	20%	50%	100%	150%	200%
<b>Amount subject to credit risk</b>						
<b>Balance sheet items (net)</b>	<b>24.827.364</b>	<b>3.623.436</b>	<b>12.181.569</b>	<b>51.710.707</b>	<b>1.442.222</b>	<b>2.969.762</b>
Cash	1.207.962	183	-	-	-	-
Matured marketable securities	-	-	-	-	-	-
The Central Bank of the Republic of Turkey	5.486.799	-	-	-	-	-
Domestic, foreign banks, head offices and branches abroad	-	2.296.576	-	183.038	-	-
Interbank money market placements	-	-	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-	-
Reserve requirements	3.520.867	-	-	-	-	-
Loans	2.516.763	1.092.576	11.969.284	46.206.462	1.442.222	2.969.762
Non-performing receivables (net)	-	-	-	751.793	-	-
Lease receivables	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Held-to-maturity investments	11.660.565	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	19.015	-	-
Miscellaneous receivables	-	175.787	-	483.791	-	-
Interest and income accruals	171.881	20.031	212.285	826.660	-	-
Investments in associates, subsidiaries and joint ventures (net)	-	-	-	1.805.726	-	-
Fixed assets	-	-	-	1.007.259	-	-
Other assets	262.527	38.283	-	426.963	-	-
<b>Off-balance sheet items</b>	<b>816.533</b>	<b>8.325.190</b>	<b>554.461</b>	<b>18.274.718</b>	-	-
Non-cash loans and commitments	816.533	6.740.425	554.461	18.093.477	-	-
Derivative financial instruments	-	1.584.765	-	181.241	-	-
Non-risk weighted accounts	-	-	-	-	-	-
<b>Total risk weighted assets <sup>(2)</sup></b>	<b>25.643.897</b>	<b>11.948.626</b>	<b>12.736.030</b>	<b>69.985.425</b>	<b>1.442.222</b>	<b>2.969.762</b>

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

(2) Not weighted.

(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 March 31, 2012 (continued)**

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

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

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

	March 31, 2012	December 31, 2011
Amount subject to credit risk (ASCR)	86.846.022	85.132.603
Amount subject to market risk (ASMR)	4.204.950	3.299.213
Amount subject to operational risk (ASOR)	9.600.083	8.842.703
<b>Shareholders' equity</b>	<b>14.850.455</b>	<b>14.294.439</b>
<b>Shareholders' equity /(ASCR+ASMR+ASOR) *100</b>	<b>14,75</b>	<b>14,69</b>

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

	March 31, 2012	December 31, 2011
<b>Core capital</b>		
Paid-in capital	4.347.051	4.347.051
Nominal capital	4.347.051	4.347.051
Capital commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	543.881	543.881
Share cancellation profits	-	-
Legal reserves	359.847	266.973
First legal reserve (Turkish Commercial Code 466/1)	359.847	266.973
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	6.546.849	4.930.128
Reserves allocated by the general assembly	6.546.849	4.930.128
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	507.041	1.857.486
Current period net profit	507.041	1.857.486
Prior periods profit	-	-
Provisions for possible risks (up to 25% of core capital)	144.410	135.719
Profit on disposal of associates, subsidiaries and immovables	294.532	146.641
Primary subordinated loans (up to 15% of core capital)	-	-
Portion of loss not covered with reserves (-)	-	-
Current period net loss	-	-
Prior periods loss	-	-
Leasehold improvements (-)	76.843	84.982
Prepaid expenses (-) <sup>(1)</sup>	-	-
Intangible assets (-)	1.274.395	1.261.854
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Amount exceeding limits as per the third clause of the article 56 of the Law (-)	-	-
<b>Total core capital</b>	<b>11.392.373</b>	<b>10.881.043</b>



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

## Yapı ve Kredi Bankası A.Ş.

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

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

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

	March 31, 2012	December 31, 2011
<b>Supplementary capital</b>		
General provisions	1.072.690	1.042.004
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans <sup>(2)</sup>	2.522.251	2.647.737
45% of marketable securities valuation differences	13.783	(83.444)
Investments in associates and subsidiaries	-	-
Available-for-sale financial assets	13.783	(83.444)
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)reserves, status reserves and extraordinary reserves)	-	-
<b>Total supplementary capital</b>	<b>3.608.724</b>	<b>3.606.297</b>
<b>Tier III capital</b>	-	-
<b>Capital</b>	<b>15.001.097</b>	<b>14.487.340</b>
<b>Deductions from the capital</b>	<b>150.642</b>	<b>192.901</b>
Investments in unconsolidated financial institutions (domestic, foreign) and banks in which 10% or more equity interest exist	63.027	67.530
Investments in financial institutions (domestic, foreign) and banks, in which less than 10% equity interest exist and that exceeds 10% or more of the total core and supplementary capital of the bank	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	-	-
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received due to the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	8.836	8.900
Other	78.779	116.471
<b>Total shareholders' equity</b>	<b>14.850.455</b>	<b>14.294.439</b>

(1) In accordance with the article no.1 of the "Regulation Regarding Banks' Shareholders Equity" published in the Official Gazette No.27870 dated March 10, 2011, prepaid expenses are no longer deducted from core capital.

(2) In accordance with the Regulation, the balance is disclosed net of the related receivables from banks and debt instruments issued by these banks.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**II. Explanations on market risk:**

The Bank considers currency risk, liquidity risk and interest rate risk as the most important components of market risk. The Bank's market risk exposure is calculated on a daily and weekly basis with the "Value-at-Risk Method" on the basis of the marketable securities portfolio and net foreign currency position including the Bank's currency risk. The Bank monitors its position in terms of portfolio according to risk management policy and value-at-risk limits on a daily basis. All the Bank's on- and off-balance-sheet positions and exchange positions are taken into consideration in the value-at-risk calculations. The results are presented daily to the senior management and monthly to the Executive Committee as a result of its Asset and Liability Management function. The below table represents the details of market risk calculation as of March 31, 2012 in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" published in the Official Gazette No. 26333 dated November 1, 2006, namely the "Calculation of Market Risk with Standard Method".

**a. Information on market risk:**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
(I) Capital to be employed for general market risk - standard method	166.556	176.470
(II) Capital to be employed for specific risk -standard method	36.402	40.385
(III) Capital to be employed for currency risk – standard method	43.050	44.742
(IV) Capital to be employed for commodity risk - standard method	1.076	1.534
(V) Capital to be employed for settlement risk-standard method	-	-
(VI) Capital to be employed for market risk due to options-standard method	89.312	806
(VII) Total capital to be employed for market risk for banks applying risk measurement model	-	-
(VIII) Total capital to be employed for market risk (I+II+III+IV+V+VI+VII)	336.396	263.937
<b>(IX) Amount subject to market risk (12,5xVIII) or (12,5xVII)</b>	<b>4.204.950</b>	<b>3.299.213</b>

**III. Explanations on operational risk:**

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of March 31, 2012, the total amount subject to operational risk is TL 9.600.083 (December 31, 2011 - TL 8.842.703) and the amount of the related capital requirement is TL 768.007 (December 31, 2011 - TL 707.416).

**IV. Explanations on currency risk:**

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

(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 March 31, 2012 (continued)**

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

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

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

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

(Exchange rates presented as full TL)

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance sheet evaluation rate</b>	<b>TL 1,72860</b>	<b>TL 2,30720</b>	<b>TL 0,02103</b>
March 30, 2012 bid rate	TL 1,72740	TL 2,29650	TL 0,02095
March 29, 2012 bid rate	TL 1,72950	TL 2,30930	TL 0,02082
March 28, 2012 bid rate	TL 1,73180	TL 2,31220	TL 0,02086
March 27, 2012 bid rate	TL 1,74130	TL 2,30600	TL 0,02099
March 26, 2012 bid rate	TL 1,74700	TL 2,31430	TL 0,02111

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

USD : TL 1,73412

Euro : TL 2,29095

Yen : TL 0,02101

**As of December 31, 2011;**

	<b>USD</b>	<b>EUR</b>	<b>Yen</b>
<b>Balance sheet evaluation rate</b>	<b>TL 1,84170</b>	<b>TL 2,38270</b>	<b>TL 0,02373</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

	EURO	USD	Yen	Other FC	Total
<b>March 31, 2012</b>					
<b>Assets</b>					
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.902.345	371.432	808	784.108	5.058.693
Banks	385.320	1.324.202	9.893	76.728	1.796.143
Financial assets at fair value through profit or loss	14.639	114.848	104	290	129.881
Money market placements	-	-	-	-	-
Available-for-sale financial assets	23.336	655.323	-	-	678.659
Loans <sup>(1)</sup>	7.791.504	16.526.122	108.515	505.786	24.931.927
Investments in associates, subsidiaries and joint ventures	275.967	132.456	-	43.404	451.827
Held-to-maturity investments	477.609	7.987.679	-	-	8.465.288
Hedging derivative financial assets	-	296	-	-	296
Tangible assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other assets	109.801	322.432	344	311.265	743.842
<b>Total assets</b>	<b>12.980.521</b>	<b>27.434.790</b>	<b>119.664</b>	<b>1.721.581</b>	<b>42.256.556</b>
<b>Liabilities</b>					
Bank deposits	177.452	85.446	12	75.269	338.179
Foreign currency deposits	7.309.242	15.630.769	13.590	1.624.448	24.578.049
Funds from money market	467.050	4.436.499	-	1	4.903.550
Funds borrowed from other financial institutions	5.309.032	5.656.524	75.830	3.336	11.044.722
Marketable securities issued	-	864.160	-	-	864.160
Miscellaneous payables	135.224	197.139	24	8.878	341.265
Hedging derivative financial liabilities	76.344	355.059	-	-	431.403
Other liabilities	2.807.966	1.626.079	1.233	3.334	4.438.612
<b>Total liabilities</b>	<b>16.282.310</b>	<b>28.851.675</b>	<b>90.689</b>	<b>1.715.266</b>	<b>46.939.940</b>
<b>Net on-balance sheet position</b>	<b>(3.301.789)</b>	<b>(1.416.885)</b>	<b>28.975</b>	<b>6.315</b>	<b>(4.683.384)</b>
<b>Net off-balance sheet position <sup>(2)</sup></b>	<b>3.557.726</b>	<b>590.914</b>	<b>(22.735)</b>	<b>(56.518)</b>	<b>4.069.387</b>
Financial derivative assets	5.432.545	8.427.079	28.556	292.791	14.180.971
Financial derivative liabilities	1.874.819	7.836.165	51.291	349.309	10.111.584
<b>Non-cash loans</b>	<b>5.156.462</b>	<b>10.615.858</b>	<b>293.295</b>	<b>149.162</b>	<b>16.214.777</b>
<b>December 31, 2011</b>					
Total assets	13.265.165	30.338.346	130.474	1.757.849	45.491.834
Total liabilities	17.934.271	31.156.124	97.903	1.768.344	50.956.642
<b>Net on-balance sheet position</b>	<b>(4.669.106)</b>	<b>(817.778)</b>	<b>32.571</b>	<b>(10.495)</b>	<b>(5.464.808)</b>
<b>Net off-balance sheet position</b>	<b>5.527.492</b>	<b>(800.385)</b>	<b>(33.017)</b>	<b>(2.837)</b>	<b>4.691.253</b>
Financial derivative assets	6.790.118	7.985.711	25.422	282.676	15.083.927
Financial derivative liabilities	1.262.626	8.786.096	58.439	285.513	10.392.674
<b>Non-cash loans</b>	<b>4.807.604</b>	<b>10.082.290</b>	<b>363.258</b>	<b>186.636</b>	<b>15.439.788</b>

(1) Includes FX indexed loans amounting to TL 3.764.977 (December 31, 2011 – TL 3.920.053) which have been disclosed as TL in the financial statements.

(2) Foreign exchange commitments with future value dates amounting to TL 269.949 booked under commitments are not included.

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

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

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

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

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

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

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

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

March 31, 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	10.055.273	10.055.273
Banks	1.135.059	188.851	71.015	172.897	-	912.586	2.480.408
Financial assets at fair value through profit/loss	126.295	74.915	219.987	40.975	40.532	-	502.704
Money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	701.828	365.914	2.609.493	1.016.579	2.416.402	4.101	7.114.317
Loans	9.529.743	7.245.856	15.917.804	20.110.950	12.915.999	2.403.098	68.123.450
Held-to-maturity investments	424.361	1.040.639	2.158.988	2.012.644	6.151.176	-	11.787.808
Other assets	26.429	55.872	76.111	-	-	5.810.002	5.968.414
<b>Total assets</b>	<b>11.943.715</b>	<b>8.972.047</b>	<b>21.053.398</b>	<b>23.354.045</b>	<b>21.524.109</b>	<b>19.185.060</b>	<b>106.032.374</b>
<b>Liabilities</b>							
Bank deposits	145.113	164.013	65.054	153	-	229.540	603.873
Other deposits	36.669.077	12.210.071	2.256.474	29.646	-	9.709.674	60.874.942
Funds from money market	1.548.327	1.986.274	1.756.042	-	-	-	5.290.643
Miscellaneous payables	-	-	-	-	-	4.172.005	4.172.005
Marketable securities issued	134.614	885.213	501.398	995.445	-	-	2.516.670
Funds borrowed from other financial institutions	4.690.311	2.651.262	2.160.281	1.383.230	786.291	-	11.671.375
Other liabilities and shareholders' equity	1.152.260	1.847.138	1.308.828	52.920	4.888	16.536.832	20.902.866
<b>Total liabilities</b>	<b>44.339.702</b>	<b>19.743.971</b>	<b>8.048.077</b>	<b>2.461.394</b>	<b>791.179</b>	<b>30.648.051</b>	<b>106.032.374</b>
<b>Balance sheet long position</b>	-	-	<b>13.005.321</b>	<b>20.892.651</b>	<b>20.732.930</b>	-	<b>54.630.902</b>
<b>Balance sheet short position</b>	<b>(32.395.987)</b>	<b>(10.771.924)</b>	-	-	-	<b>(11.462.991)</b>	<b>(54.630.902)</b>
Off-balance sheet long position	6.145.950	12.867.224	-	-	-	-	19.013.174
Off-balance sheet short position	-	-	(707.376)	(17.850.144)	(850.984)	-	(19.408.504)
<b>Total position</b>	<b>(26.250.037)</b>	<b>2.095.300</b>	<b>12.297.945</b>	<b>3.042.507</b>	<b>19.881.946</b>	<b>(11.462.991)</b>	<b>(395.330)</b>

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

## Yapı ve Kredi Bankası A.Ş.

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

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

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

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

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

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

March 31, 2012	EURO	USD	Yen	TL
	%	%	%	%
<b>Assets<sup>(2)</sup></b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,08	0,99	-	11,29
Financial assets at fair value through profit/loss	5,31	4,94	-	7,88
Money market placements	-	-	-	-
Available-for-sale financial assets	7,91	6,52	-	10,14
Loans <sup>(1)</sup>	5,91	5,08	3,95	14,66
Held-to-maturity investments	5,26	6,70	-	10,78
<b>Liabilities<sup>(2)</sup></b>				
Bank deposits	0,30	1,62	-	10,66
Other deposits	3,77	3,93	0,30	10,87
Funds from money market	1,97	1,90	-	7,70
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	6,86	-	10,51
Funds borrowed from other financial institutions	2,92	3,60	2,21	10,73

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

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

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

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

(1) Does not include credit card loans.

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

**VI. Explanations on liquidity risk:**

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

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

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

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

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

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

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

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

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

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

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unclassified (1),(2)	Total
<b>March 31, 2012</b>								
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	6.534.406	3.520.867	-	-	-	-	-	10.055.273
Banks	912.586	1.135.059	102.416	157.450	172.897	-	-	2.480.408
Financial assets at fair value through profit or loss	-	111.673	60.399	207.320	41.827	81.485	-	502.704
Money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	80.345	3	31.338	1.185.112	1.717.625	4.095.793	4.101	7.114.317
Loans	-	11.074.573	7.245.856	15.917.804	20.217.424	12.916.000	751.793	68.123.450
Held-to-maturity investments	-	-	-	605.688	3.990.260	7.191.860	-	11.787.808
Other assets <sup>(1)</sup>	758.582	685.384	3.558	39.110	99.677	16.067	4.366.036	5.968.414
<b>Total assets</b>	<b>8.285.919</b>	<b>16.527.559</b>	<b>7.443.567</b>	<b>18.112.484</b>	<b>26.239.710</b>	<b>24.301.205</b>	<b>5.121.930</b>	<b>106.032.374</b>
<b>Liabilities</b>								
Bank deposits	229.540	145.113	164.013	65.054	153	-	-	603.873
Other deposits	9.709.674	36.146.530	12.088.509	2.659.468	270.761	-	-	60.874.942
Funds borrowed from other financial institutions	-	2.529.585	433.646	3.943.802	3.684.449	1.079.893	-	11.671.375
Funds from money market	-	1.354.297	1.950.074	1.559.664	426.608	-	-	5.290.643
Marketable securities issued	-	-	878.562	612.663	995.445	30.000	-	2.516.670
Miscellaneous payables	372.693	3.799.312	-	-	-	-	-	4.172.005
Other liabilities <sup>(2)</sup>	1.798.011	163.316	157.239	324.621	3.670.144	1.454.734	13.334.801	20.902.866
<b>Total liabilities</b>	<b>12.109.918</b>	<b>44.138.153</b>	<b>15.672.043</b>	<b>9.165.272</b>	<b>9.047.560</b>	<b>2.564.627</b>	<b>13.334.801</b>	<b>106.032.374</b>
<b>Net liquidity gap</b>	<b>(3.823.999)</b>	<b>(27.610.594)</b>	<b>(8.228.476)</b>	<b>8.947.212</b>	<b>17.192.150</b>	<b>21.736.578</b>	<b>(8.212.871)</b>	<b>-</b>
<b>December 31, 2011</b>								
Total assets	8.219.760	17.990.351	5.773.401	17.045.835	28.322.207	25.635.620	5.115.803	108.102.977
Total liabilities	12.671.217	44.724.286	15.204.303	12.856.961	8.396.996	1.979.293	12.269.921	108.102.977
<b>Net liquidity gap</b>	<b>(4.451.457)</b>	<b>(26.733.935)</b>	<b>(9.430.902)</b>	<b>4.188.874</b>	<b>19.925.211</b>	<b>23.656.327</b>	<b>(7.154.118)</b>	<b>-</b>

(1) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments in associates, subsidiaries, stationery stocks, prepaid expenses and loans under follow-up, are classified in this column.

(2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

#### VII. Explanations on hedge accounting:

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

Hedging instrument	March 31, 2012			December 31, 2011		
	Notional <sup>(1)</sup>	Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
Interest rate swap	32.323.206	7.599	480.656	32.437.197	7.588	483.882
Cross currency interest rate swap	5.704.721	150.814	94.808	6.206.854	369.747	18.959
<b>Total</b>	<b>38.027.927</b>	<b>158.413</b>	<b>575.464</b>	<b>38.644.051</b>	<b>377.335</b>	<b>502.841</b>

(1) Includes total of buy and sell legs.



(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 March 31, 2012 (continued)**

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

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

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

**Fair value hedge accounting:**

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on part of its fixed interest TL mortgage and car loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency denominated fundings using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with TAS 39.

The impact of application of FVH accounting is summarized below:

March 31, 2012						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Fixed interest TL mortgage and car loan portfolios and foreign currency funds	Fixed interest and changes in foreign exchange rate risk	106.497	150.814	94.808	(707)

- (1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement.
- (2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
- (3) The ineffective portion of the mentioned hedging transaction is TL 727.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

December 31, 2011

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

- (1) The amount refers to the fair value of the hedged item calculated for the TL fixed interest mortgage and car loans in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement.
- (2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.
- (3) The ineffective portion of the mentioned hedging transaction is TL 4.426

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

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

**Cash flow hedge accounting:**

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

The impact of application of CFH accounting is summarized below:

March 31, 2012						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	7.599	480.656	(329.754)	(21.224)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 513.

**December 31, 2011**

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

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

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

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

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

**VIII. Explanations on operating segments:**

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

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

(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 March 31, 2012 (continued)

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

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

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

Through its Private Banking and Wealth Management activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposits, mutual funds, derivative products such as forwards, futures and options, personal loans, foreign exchange, gold and equity trading, pension plans, insurance products, safe deposit boxes and e-banking services. Private Banking services are enhanced by investment advisory and portfolio management services provided by the Bank.

The Bank's widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments.

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

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

March 31, 2012	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other <sup>(4)</sup>	Total operations of the Bank
Operating revenue	646.855	384.490	31.484	354.110	1.416.939
Operating expenses	(510.837)	(60.484)	(17.080)	(368.867)	(957.268)
<b>Net operating income</b>	<b>136.018</b>	<b>324.006</b>	<b>14.404</b>	<b>(14.757)</b>	<b>459.671</b>
Dividend income <sup>(1)</sup>	-	-	-	150.342	150.342
<b>Profit before tax</b>	<b>136.018</b>	<b>324.006</b>	<b>14.404</b>	<b>135.585</b>	<b>610.013</b>
Tax provision <sup>(1)</sup>				(102.972)	(102.972)
<b>Net profit</b>	<b>136.018</b>	<b>324.006</b>	<b>14.404</b>	<b>32.613</b>	<b>507.041</b>
Segment assets <sup>(3)</sup>	32.448.237	29.758.418	209.573	41.747.393	104.163.621
Investments in associates, subsidiaries and joint ventures				1.868.753	1.868.753
<b>Total assets</b>	<b>32.448.237</b>	<b>29.758.418</b>	<b>209.573</b>	<b>43.616.146</b>	<b>106.032.374</b>
Segment liabilities <sup>(3)</sup>	26.472.826	20.859.137	16.457.275	29.943.058	93.732.296
Shareholders' equity				12.300.078	12.300.078
<b>Total liabilities</b>	<b>26.472.826</b>	<b>20.859.137</b>	<b>16.457.275</b>	<b>42.243.136</b>	<b>106.032.374</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

December 31, 2011	Retail banking	Corporate and commercial banking	Private banking and wealth management	Other <sup>(4)</sup>	Total operations of the Bank
Operating revenue <sup>(2)</sup>	590.731	289.312	35.542	589.604	1.505.189
Operating expenses <sup>(2)</sup>	(362.259)	(95.446)	(15.971)	(485.036)	(958.712)
<b>Net operating income<sup>(2)</sup></b>	<b>228.472</b>	<b>193.866</b>	<b>19.571</b>	<b>104.568</b>	<b>546.477</b>
Dividend income <sup>(1) (2)</sup>				113.931	113.931
<b>Profit before tax<sup>(2)</sup></b>	<b>228.472</b>	<b>193.866</b>	<b>19.571</b>	<b>218.499</b>	<b>660.408</b>
Tax provision <sup>(1) (2)</sup>				(125.416)	(125.416)
<b>Net profit</b>	<b>228.472</b>	<b>193.866</b>	<b>19.571</b>	<b>93.083</b>	<b>534.992</b>
Segment assets <sup>(3)</sup>	31.022.708	32.454.527	230.862	42.526.127	106.234.224
Investments in associates, subsidiaries and joint ventures				1.868.753	1.868.753
<b>Total assets</b>	<b>31.022.708</b>	<b>32.454.527</b>	<b>230.862</b>	<b>44.394.880</b>	<b>108.102.977</b>
Segment liabilities <sup>(3)</sup>	25.921.556	22.672.713	15.712.099	32.096.423	96.402.791
Shareholders' equity				11.700.186	11.700.186
<b>Total liabilities</b>	<b>25.921.556</b>	<b>22.672.713</b>	<b>15.712.099</b>	<b>43.796.609</b>	<b>108.102.977</b>

- (1) Dividend income and tax provision have not been distributed based on operating segments and presented under "Other".
- (2) Income statement figures represent balances for the 3 months period ended March 31, 2011.
- (3) Segment assets and liabilities balances are prepared according to Management Information Systems (MIS) data.
- (4) Other segment, mainly includes Treasury management results, activities of business support units and the other undistributed operations.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Cash	833.172	214.252	781.556	232.056
The CBRT	4.163.408	4.844.258	3.870.730	4.850.192
Other	-	183	-	171
<b>Total</b>	<b>4.996.580</b>	<b>5.058.693</b>	<b>4.652.286</b>	<b>5.082.419</b>

2. Information on the account of the CBRT:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	4.163.408	1.323.391	3.870.730	1.411.016
Time unrestricted amount	-	-	-	-
Reserve requirement	-	3.520.867	-	3.439.176
<b>Total</b>	<b>4.163.408</b>	<b>4.844.258</b>	<b>3.870.730</b>	<b>4.850.192</b>

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

3. Information on reserve requirements:

In accordance with the "Communiqué Regarding the Reserve Requirements" numbered 2005/1, the banks operating in Turkey place reserves in the CBRT for their TL and foreign currency liabilities according to the maturities stated below as of March 31, 2012.

a) TL liabilities;

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

b) Foreign currency liabilities;

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

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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. Positive differences related to trading derivative financial assets:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	93.407	-	126.658	74
Swap transactions <sup>(1)</sup>	132.675	54.981	34.541	62.272
Futures transactions	-	-	-	-
Options	16.623	26.243	46.023	8.348
Other	-	-	-	-
<b>Total</b>	<b>242.705</b>	<b>81.224</b>	<b>207.222</b>	<b>70.694</b>

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

**c. Information on banks:**

1. Information on banks:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Banks	684.265	1.796.143	133.164	1.680.515
Domestic	643.951	21.130	86.751	10.569
Foreign	40.314	1.775.013	46.413	1.669.946
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>684.265</b>	<b>1.796.143</b>	<b>133.164</b>	<b>1.680.515</b>

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

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

As of March 31, 2012, available-for-sale financial assets given as collateral/blocked amount to TL 7.271 (December 31, 2011 - TL 98.351) and available-for-sale financial assets subject to repo transactions amount to TL 534.487. (December 31, 2011 – TL 705.903).

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

	March 31, 2012	December 31, 2011
Debt securities	7.093.802	7.107.106
Quoted in stock exchange <sup>(1)</sup>	5.514.521	5.441.406
Not quoted <sup>(2)</sup>	1.579.281	1.665.700
Share certificates	49.402	49.399
Quoted in stock exchange	-	-
Not quoted	49.402	49.399
Impairment provision (-)	(109.232)	(187.463)
Other <sup>(3)</sup>	80.345	87.419
<b>Total</b>	<b>7.114.317</b>	<b>7.056.461</b>

(1) As of March 31, 2012, Eurobonds amounting to TL 449.584 (December 31, 2011 - TL 731.649) have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange since they are traded in the secondary market.

(2) As of March 31, 2012, not quoted debt securities amounting to TL 856.957 (December 31, 2011 – TL 951.989) are credit linked notes.

(3) As of March 31, 2012, other available-for-sale financial assets include mutual funds amounting to TL 80.345 (December 31, 2011 - TL 87.419).

(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 March 31, 2012 (continued)**

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

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

**e. Explanations on loans:**

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

	March 31, 2012		December 31, 2011	
	Cash	Non-cash	Cash	Non-cash
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>7.662</b>	<b>263.436</b>	<b>4.576</b>	<b>230.061</b>
<b>Loans granted to employees</b>	<b>92.035</b>	<b>71</b>	<b>95.934</b>	<b>71</b>
<b>Total</b>	<b>99.697</b>	<b>263.507</b>	<b>100.510</b>	<b>230.132</b>

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

Cash Loans	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
<b>Non-specialised loans</b>	<b>65.409.101</b>	-	<b>1.905.065</b>	<b>57.491</b>
Discount and purchase notes	937.234	-	9.435	-
Export loans	3.677.337	-	96.195	-
Import loans	-	-	-	-
Loans granted to financial sector	1.244.514	-	-	-
Foreign loans	1.068.111	-	6	-
Consumer loans	12.747.163	-	892.253	1.916
Credit cards	10.660.641	-	260.169	10.567
Precious metal loans	344.075	-	206	-
Other <sup>(1)</sup>	34.730.026	-	646.801	45.008
<b>Specialised loans</b>	-	-	-	-
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>65.409.101</b>	-	<b>1.905.065</b>	<b>57.491</b>

- (1) As explained in the Note VII of Section IV, TL 106.497 of fair value difference of hedged items is classified under other loans.



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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 consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short- term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>102.424</b>	<b>13.134.566</b>	<b>13.236.990</b>
Real estate loans	4.446	6.350.076	6.354.522
Automotive loans	6.044	1.180.032	1.186.076
Consumer loans	2.329	40.867	43.196
Other	89.605	5.563.591	5.653.196
<b>Consumer loans-FC indexed</b>	-	<b>156.201</b>	<b>156.201</b>
Real estate loans	-	150.752	150.752
Automotive loans	-	217	217
Consumer loans	-	3.963	3.963
Other	-	1.269	1.269
<b>Consumer loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual credit cards-TL</b>	<b>9.917.381</b>	<b>236.917</b>	<b>10.154.298</b>
With installments	5.618.524	231.902	5.850.426
Without installments	4.298.857	5.015	4.303.872
<b>Individual credit cards- FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Personnel loans-TL</b>	<b>2.881</b>	<b>37.525</b>	<b>40.406</b>
Real estate loans	-	1.104	1.104
Automotive loans	-	931	931
Consumer loans	-	-	-
Other	2.881	35.490	38.371
<b>Personnel loans-FC indexed</b>	-	<b>4</b>	<b>4</b>
Real estate loans	-	4	4
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>50.495</b>	<b>383</b>	<b>50.878</b>
With installments	30.480	383	30.863
Without installments	20.015	-	20.015
<b>Personnel credit cards-FC</b>	-	-	-
With installments	-	-	-
Without installments	-	-	-
<b>Credit deposit account-TL (real person)<sup>(1)</sup></b>	<b>207.731</b>	-	<b>207.731</b>
<b>Credit deposit account-FC (real person)</b>	-	-	-
<b>Total</b>	<b>10.280.912</b>	<b>13.565.596</b>	<b>23.846.508</b>

(1) TL 747 of the credit deposit account belongs to the loans used by personnel.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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 commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
<b>Commercial installments loans-TL</b>	<b>264.486</b>	<b>5.032.212</b>	<b>5.296.698</b>
Business loans	952	279.128	280.080
Automotive loans	31.992	1.811.133	1.843.125
Consumer loans	-	38	38
Other	231.542	2.941.913	3.173.455
<b>Commercial installments loans-FC indexed</b>	<b>16.307</b>	<b>463.532</b>	<b>479.839</b>
Business loans	-	26.049	26.049
Automotive loans	1.752	98.524	100.276
Consumer loans	-	-	-
Other	14.555	338.959	353.514
<b>Commercial installments loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>725.233</b>	<b>968</b>	<b>726.201</b>
With installment	349.347	968	350.315
Without installment	375.886	-	375.886
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Credit deposit account-TL (legal person)</b>	<b>734.073</b>	<b>-</b>	<b>734.073</b>
<b>Credit deposit account-FC (legal person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1.740.099</b>	<b>5.496.712</b>	<b>7.236.811</b>

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

	March 31, 2012	December 31, 2011
Domestic loans	66.303.540	65.908.367
Foreign loans	1.068.117	1.136.504
<b>Total</b>	<b>67.371.657</b>	<b>67.044.871</b>

6. Loans granted to associates and subsidiaries:

	March 31, 2012	December 31, 2011
Direct loans granted to associates and subsidiaries	616.233	701.047
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>616.233</b>	<b>701.047</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

7. Specific provisions provided against loans:

	March 31, 2012	December 31, 2011
Loans and other receivables with limited collectability	66.434	69.662
Loans and other receivables with doubtful collectability	238.940	201.155
Uncollectible loans and other receivables	1.159.536	1.074.156
<b>Total</b>	<b>1.464.910</b>	<b>1.344.973</b>

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>March 31, 2012</b>			
<b>(Gross amounts before specific reserves)</b>	<b>50.319</b>	<b>146.811</b>	<b>40.842</b>
Restructured loans and other receivables	50.319	146.811	40.842
Rescheduled loans and other receivables	-	-	-
<b>December 31, 2011</b>			
<b>(Gross amounts before specific reserves)</b>	<b>107.002</b>	<b>31.673</b>	<b>42.739</b>
Restructured loans and other receivables	107.002	31.673	42.739
Rescheduled loans and other receivables	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>December 31, 2011</b>	<b>486.550</b>	<b>353.967</b>	<b>1.239.396</b>
Additions (+)	441.778	10.674	24.260
Transfers from other categories of non-performing loans (+)	-	372.221	136.705
Transfer to other categories of non-performing loans (-)	(372.221)	(136.705)	-
Collections (-)	(168.270)	(56.882)	(114.770)
Write-offs(-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>March 31, 2012</b>	<b>387.837</b>	<b>543.275</b>	<b>1.285.591</b>
Specific provision (-)	(66.434)	(238.940)	(1.159.536)
<b>Net balance on balance sheet</b>	<b>321.403</b>	<b>304.335</b>	<b>126.055</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>March 31, 2012</b>			
Period end balance	14.698	155.785	169.348
Specific provision (-)	(1.657)	(38.175)	(110.684)
<b>Net balance on-balance sheet</b>	<b>13.041</b>	<b>117.610</b>	<b>58.664</b>
<b>December 31, 2011</b>			
Period end balance	120.214	48.951	75.148
Specific provision (-)	(12.669)	(11.946)	(53.185)
<b>Net balance on-balance sheet</b>	<b>107.545</b>	<b>37.005</b>	<b>21.963</b>

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>March 31, 2012 (net)</b>			
Loans granted to real persons and corporate entities (gross)	387.837	518.687	1.201.595
Specific provision amount (-)	(66.434)	(214.352)	(1.075.540)
Loans granted to real persons and corporate entities (net)	321.403	304.335	126.055
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-
<b>December 31, 2011 (net)</b>			
Loans granted to real persons and corporate entities (gross)	486.550	329.379	1.155.400
Specific provision amount (-)	(69.662)	(176.567)	(990.160)
Loans granted to real persons and corporate entities (net)	416.888	152.812	165.240
Banks (gross)	-	24.588	-
Specific provision amount (-)	-	(24.588)	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.996
Specific provision amount (-)	-	-	(83.996)
Other loans and receivables (net)	-	-	-

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

Extended Agreements <sup>(1)</sup>	Up to 1 month	1-3 months	3-6 months	6months-1 year	1 - 5 years	Total
1	26.403	53.540	33.439	144.708	985.760	1.243.850
2	14.447	10.693	11.842	38.518	113.977	189.477
3 and over	15.570	14.386	19.493	12.866	19.391	81.706
<b>Total</b>	<b>56.420</b>	<b>78.619</b>	<b>64.774</b>	<b>196.092</b>	<b>1.119.128</b>	<b>1.515.033</b>

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

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

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

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

	March 31, 2012	December 31, 2011
Government bond	11.787.808	12.537.425
Treasury bill	-	-
Other debt securities	-	-
<b>Total</b>	<b>11.787.808</b>	<b>12.537.425</b>

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

	March 31, 2012	December 31, 2011
Debt securities	11.926.578	12.633.048
Quoted on stock exchange <sup>(1)</sup>	11.926.578	12.633.048
Not quoted	-	-
Impairment provision (-)	(138.770)	(95.623)
<b>Total</b>	<b>11.787.808</b>	<b>12.537.425</b>

(1) As of March 31, 2012, Eurobonds amounting to TL 8.465.289 have been classified under debt securities quoted on stock exchange even though they are not quoted on a stock exchange because they are traded in the secondary market (December 31, 2011 - TL 9.109.326).

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

	March 31, 2012	December 31, 2011
<b>Beginning balance</b>	<b>12.537.425</b>	<b>12.530.657</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	(632.019)	1.664.889
Purchases during year	46	545.066
Disposals through sales and redemptions	(74.497)	(2.185.999)
Impairment provision (-)	(43.147)	(17.188)
<b>Period end balance</b>	<b>11.787.808</b>	<b>12.537.425</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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. Characteristics and carrying values of held-to-maturity investments given as collateral:

As of March 31, 2012, held-to-maturity investments given as collateral/blocked amount to TL 2.003.123 (December 31, 2011 - TL 2.728.229). Held-to-maturity investments subject to repo transactions amount to TL 5.945.010 (December 31, 2011 - TL 6.467.221).

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

1. General information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage(%)
1	Banque de Commerce et de Placements S.A. <sup>(1)</sup>	Geneva/ Switzerland	30,67	69,33
2	Kredi Kayıt Bürosu <sup>(2)</sup>	Istanbul/Turkey	18,18	18,18
3	Bankalararası Kart Merkezi <sup>(2)</sup>	Istanbul/Turkey	9,98	9,98

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market value
1	3.743.869	610.420	6.315	22.081	3.930	16.897	13.459	-
2	40.326	34.266	3.101	2.405	-	18.566	13.630	-
3	25.225	18.484	10.345	1.116	-	2.619	1.465	-

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

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

3. Movement of unconsolidated investments in associates:

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

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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 investments in associates:

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

5. Valuation of unconsolidated investments in associates:

	March 31, 2012	December 31, 2011
Valuation with cost	47.907	47.907
Valuation with fair value	-	-
Valuation with equity method	-	-
<b>Total</b>	<b>47.907</b>	<b>47.907</b>

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

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

1. Information on subsidiaries:

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

(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 March 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. Main financial figures of the subsidiaries in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value <sup>(1)</sup>
1	51.973	45.930	782	2.017	10	4.988	11.368	-
2	104.781	104.712	-	-	-	(128)	(170)	-
3	1.560.685	269.691	5.616	41.720	1.253	46.079	60.027	-
4	14.796	11.762	357	25	-	867	875	-
5	1.717.832	81.936	502	43.382	-	(7.409)	10.550	-
6	352.041	114.644	9.860	5.368	618	3.082	3.021	-
7	1.073.390	340.780	21.825	11.232	6.306	34.381	21.482	1.232.000
8	3.027.530	907.821	3.601	58.450	-	29.879	27.020	1.902.849
9	83.612	79.762	40	1.077	(1.063)	2.650	(1.944)	44.624
10	36.945	23.599	3.935	418	-	281	218	-
11	486.481	128.721	16.842	9.292	157	3.966	2.515	-
12	4.003.783	529.403	431	46.312	3.573	11.909	10.655	-

(1) Calculated with the ISE market prices as of March 31, 2012 considering the total number of shares.

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

3. Movement schedule of subsidiaries:

	March 31, 2012	December 31, 2011
<b>Balance at the beginning of the period</b>	<b>1.801.223</b>	<b>1.789.841</b>
<b>Movements during the period</b>	<b>-</b>	<b>11.382</b>
Purchases	-	-
Transfers	-	-
Bonus shares obtained <sup>(1)</sup>	-	11.382
Share of current year income	-	-
Sales	-	-
Revaluation (decrease) / increase	-	-
Impairment provision	-	-
<b>Balance at the end of the period</b>	<b>1.801.223</b>	<b>1.801.223</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share holding percentage at the end of the period (%)</b>	<b>-</b>	<b>-</b>

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



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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. Sectoral information on financial subsidiaries and the related carrying amounts:

<b>Financial subsidiaries</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Banks	297.519	297.519
Insurance companies	148.019	148.019
Factoring companies	183.325	183.325
Leasing companies	722.491	722.491
Finance companies	-	-
Other financial subsidiaries	447.569	447.569
<b>Total financial subsidiaries</b>	<b>1.798.923</b>	<b>1.798.923</b>

5. Subsidiaries quoted to stock exchange:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Quoted on domestic stock exchanges	876.095	876.095
Quoted on foreign stock exchanges	-	-
<b>Total of subsidiaries quoted to stock exchanges</b>	<b>876.095</b>	<b>876.095</b>

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

1. Information on joint ventures:

<b>Joint ventures</b>	<b>Bank's share</b>	<b>Group's share</b>	<b>Current assets</b>	<b>Non- current assets</b>	<b>Long term debt</b>	<b>Income</b>	<b>Expense</b>
Yapı Kredi - Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	80.575	24.845	327	7.978	(7.946)

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

**j. 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 March 31, 2012 (continued)**

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

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

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

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	150.814	-	369.747	-
Cash flow hedge <sup>(1)</sup>	7.303	296	7.226	362
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>158.117</b>	<b>296</b>	<b>376.973</b>	<b>362</b>

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

**l. Information on intangible assets:**

	March 31, 2012	December 31, 2011
<b>Balance at the beginning of the period</b>	<b>1.261.854</b>	<b>1.229.401</b>
Additions during the period	28.037	91.685
Unused and disposed items (-)	(53)	(3.666)
Transfers	-	-
Impairment reversal	-	-
Amortization expenses (-)	(15.443)	(55.566)
<b>Balance at the end of the period</b>	<b>1.274.395</b>	<b>1.261.854</b>

**m. Information on investment property:**

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 March 31, 2012 (continued)**

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

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

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Net book value at the beginning of the period</b>	<b>100.396</b>	<b>79.377</b>
Additions	22.783	63.790
Disposals (-), net	(4.673)	(41.523)
Impairment reversal	53	1.380
Impairment (-)	(43)	(238)
Depreciation (-)	(850)	(2.390)
<b>Net book value at the end of the period</b>	<b>117.666</b>	<b>100.396</b>
Cost at the end of the period	125.800	107.782
Accumulated depreciation at the end of the period (-)	(8.134)	(7.386)
<b>Net book value at the end of the period</b>	<b>117.666</b>	<b>100.396</b>

As of March 31, 2012, the Bank booked impairment provision on assets held for resale with an amount of TL 9.781 (December 31, 2011 - TL 9.791).

**o. Information on other assets:**

As of March 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 March 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). March 31, 2012:

	Demand	Up to 1 month	1-3 months	3-6 months	6 months- 1 year	1 year and over	Total
Saving deposits	1.890.640	995.575	17.650.960	797.466	250.407	922.198	22.507.246
Foreign currency deposits	3.667.722	3.204.102	13.852.478	1.170.413	89.991	1.219.606	23.204.312
Residents in Turkey	3.571.191	3.179.443	12.546.664	819.145	87.067	737.647	20.941.157
Residents abroad	96.531	24.659	1.305.814	351.268	2.924	481.959	2.263.155
Public sector deposits	279.292	84.075	51.357	1.205	6	31	415.966
Commercial deposits	2.900.490	1.768.844	6.188.085	1.054.176	110.633	287.325	12.309.553
Other institutions deposits	29.488	24.721	652.663	304.056	8.063	45.137	1.064.128
Precious metals vault	942.042	-	162.339	74.381	134.085	60.890	1.373.737
Bank deposits	229.540	226.849	3.972	103.916	30.184	9.412	603.873
The CBRT	-	-	-	-	-	-	-
Domestic banks	11.687	212.072	-	59.099	25.731	9.412	318.001
Foreign banks	198.013	14.777	-	44.817	4.453	-	262.060
Participation banks	19.840	-	3.972	-	-	-	23.812
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>9.939.214</b>	<b>6.304.166</b>	<b>38.561.854</b>	<b>3.505.613</b>	<b>623.369</b>	<b>2.544.599</b>	<b>61.478.815</b>

1 (ii). December 31, 2011:

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
<b>Saving deposits</b>				
Saving deposits	8.675.703	8.534.672	13.831.519	12.736.461
Foreign currency savings deposit	2.212.158	2.751.032	7.902.010	7.640.970
Other deposits in the form of savings deposits	599.995	607.610	631.386	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:

	March 31, 2012	December 31, 2011
Foreign branches' deposits and other accounts	-	-
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	56.166	37.005
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	7.479	9.026

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

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Forward transactions	107.742	-	77.962	-
Swap transactions <sup>(1)</sup>	98.452	45.479	286.060	53.852
Futures transactions	-	-	-	-
Options	17.582	36.283	28.495	24.921
Other	-	-	-	-
<b>Total</b>	<b>223.776</b>	<b>81.762</b>	<b>392.517</b>	<b>78.773</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	218.484	213.699	188.351	234.523
From foreign banks, institutions and funds	408.169	10.831.023	569.683	12.730.143
<b>Total</b>	<b>626.653</b>	<b>11.044.722</b>	<b>758.034</b>	<b>12.964.666</b>

2. Information on maturity structure of borrowings:

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Short-term	207.593	6.461.251	312.162	7.567.347
Medium and long-term	419.060	4.583.471	445.872	5.397.319
<b>Total</b>	<b>626.653</b>	<b>11.044.722</b>	<b>758.034</b>	<b>12.964.666</b>

3. Information on securitization borrowings:

The Bank has a securitization borrowing deal from Standard Chartered Bank and Unicredit Markets and Investment Banking amounting USD 371 million and EUR 190 million, the equivalent of TL 1.079.863 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 97.747 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 864.391 using Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity"). The borrowing has floating interest rates based on Euribor/Libor, the maturity is between 2016 and 2023 and repayments will start in the last quarter of 2013.

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

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Bills	1.327.089	-	951.956	-
Bonds	325.421	864.160	144.350	-
<b>Total</b>	<b>1.652.510</b>	<b>864.160</b>	<b>1.096.306</b>	<b>-</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**e. Information on other liabilities:**

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

**f. Information on lease payables:**

1. Information on financial leasing agreements:

	March 31, 2012		December 31, 2011	
	Gross	Net	Gross	Net
Less than 1 year	411	392	606	569
Between 1-4 years	21.513	20.662	29.074	27.970
More than 4 years	33	28	65	58
<b>Total</b>	<b>21.957</b>	<b>21.082</b>	<b>29.745</b>	<b>28.597</b>

2. Information on operational leasing agreements:

The Bank enters into operational leasing agreements annually for some of its branches and ATMs. The leases are prepaid and accounted as prepaid expenses under "Other Assets". The Bank has no liability that stems from operational leasing agreements.

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

	March 31, 2012		December 31, 2011	
	TL	FC	TL	FC
Fair value hedge <sup>(1)</sup>	94.808	-	18.959	-
Cash flow hedge <sup>(1)</sup>	49.253	431.403	43.693	440.189
Foreign net investment hedge	-	-	-	-
<b>Total</b>	<b>144.061</b>	<b>431.403</b>	<b>62.652</b>	<b>440.189</b>

(1) Explained in Note VII of Section IV.

**h. Information on provisions:**

1. Information on general provisions:

	March 31, 2012	December 31, 2011
Provisions for Group I loans and receivables	800.670	756.701
Provisions for Group II loans and receivables	60.784	70.625
Provisions for non cash loans	67.395	66.886
Other	143.841	147.792
<b>Total</b>	<b>1.072.690</b>	<b>1.042.004</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

In accordance with the amendment of "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for these Loans and Other Receivables" published in the official Gazette No 27947 dated May 28, 2011 and No.28158 dated December 30, 2011, the Bank provided TL 55.740 of additional general provision for the loans whose payment plans are extended. Such loans are explained in note I.e.9 section V.

2. Information on reserve for employee rights:

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

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

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

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 2.805,04 effective from January 1, 2012 (January 1, 2011: full TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Prior period ending balance</b>	<b>99.080</b>	<b>88.800</b>
Changes during the period	5.758	32.622
Paid during the period	(6.240)	(22.342)
<b>Balance at the end of the period</b>	<b>98.598</b>	<b>99.080</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 89.262 as of March 31, 2012 (December 31, 2011 - TL 84.348).



**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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. Other provisions:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Pension fund provision	775.286	775.286
Non-cash loan provision	76.283	108.232
Provision for possible risks <sup>(1)</sup>	111.145	106.176
Provisions on credit cards and promotion campaigns related to banking services	38.840	33.905
Provision on export commitment tax and funds liability	37.627	37.251
Legal risk provision <sup>(1)</sup>	33.265	29.543
Other	52.399	91.196
<b>Total</b>	<b>1.124.845</b>	<b>1.181.589</b>

(1) Considered as provisions for possible risks, and charges.

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

As of March 31, 2012, the provision related to the foreign currency difference of foreign currency indexed loans amounts to TL 83.917 (December 31, 2011 - TL 17.520).

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

**i. Information on taxes payable:**

(i) Information on taxes payable:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Corporate Tax Payable	131.549	90.809
Taxation of Marketable Securities	92.719	71.272
Property Tax	1.684	1.485
Banking Insurance Transaction Tax ("BITT")	46.084	50.754
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.867	3.399
Other	31.265	21.160
<b>Total</b>	<b>305.168</b>	<b>238.879</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	9.830	8.097
Bank pension fund premiums – employer	10.224	8.471
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	701	577
Unemployment insurance – employer	1.402	1.160
Other	-	-
<b>Total</b>	<b>22.157</b>	<b>18.305</b>

(iii) Information on deferred tax liability:

None (December 31, 2011 - None).

**j. Information on subordinated loans:**

	<b>March 31, 2012</b>		<b>December 31, 2011</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From domestic banks	-	-	-	-
From other domestic institutions	-	-	-	-
From foreign banks	-	3.463.953	-	2.523.816
From other foreign institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.463.953</b>	<b>-</b>	<b>2.523.816</b>

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

1. Presentation of paid-in capital:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Common stock	4.347.051	4.347.051
Preferred stock	-	-

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

The Bank's paid-in-capital is amounting to TL 4.347.051 and in accordance with the decision taken in the Ordinary General Assembly at April 7, 2008, the Bank has switched to the registered capital system and the registered share capital ceiling is TL 10.000.000.

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

None (December 31, 2011 - None).

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

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

6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk and legal limits.

7. Privileges on the corporate stock: None.

8. Information on marketable securities valuation differences:

	<b>March 31, 2012</b>		<b>December 31, 2011</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference	(26.391)	59.196	(127.548)	29.190
Foreign currency difference <sup>(1)</sup>	-	(2.174)	-	14.914
<b>Total</b>	<b>(26.391)</b>	<b>57.022</b>	<b>(127.548)</b>	<b>44.104</b>

(1) Includes current period foreign currency differences.

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Commitments on credit card limits	14.617.160	13.666.113
Loan granting commitments	5.281.558	5.107.096
Commitments for cheques	5.297.818	4.220.740
Other irrevocable commitments	13.521.581	7.551.981
<b>Total</b>	<b>38.718.117</b>	<b>30.545.930</b>

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

There are no material probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank has recorded a general provision for its non-cash loans amounting to TL 67.395 (December 31, 2011 - TL 66.886) and a specific provision regarding non-cash loans amounting to TL 76.283 (December 31, 2011 – TL 108.232).

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Bank acceptance loans	146.078	158.915
Letter of credits	5.361.659	4.886.465
Other guarantees and collaterals	2.161.208	2.391.897
<b>Total</b>	<b>7.668.945</b>	<b>7.437.277</b>

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

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Temporary letter of guarantees	1.650.608	1.789.616
Definite letter of guarantees	13.515.282	12.932.613
Advance letter of guarantees	2.542.919	2.476.742
Letter of guarantees given to customs	1.070.102	1.048.085
Other letter of guarantees	491.997	450.806
<b>Total</b>	<b>19.270.908</b>	<b>18.697.862</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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:

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
Non-cash loans given against cash loans	334.734	292.804
With original maturity of 1 year or less than 1 year	24.998	21.119
With original maturity of more than 1 year	309.736	271.685
Other non-cash loans	26.605.119	25.842.335
<b>Total</b>	<b>26.939.853</b>	<b>26.135.139</b>

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

<b>March 31, 2012</b>	<b>Group I</b>		<b>Group II<sup>(1)</sup></b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Non-cash loans</b>				
Letters of guarantee	10.134.934	9.000.058	90.278	45.638
Bank acceptances	-	146.078	-	-
Letters of credit	12.078	5.349.469	-	112
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	487.786	1.672.281	-	1.141
<b>Total</b>	<b>10.634.798</b>	<b>16.167.886</b>	<b>90.278</b>	<b>46.891</b>

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

The Bank has recorded a provision of TL 33.265 (December 31, 2011 - TL 29.543) for litigation and has accounted for it in the financial statements under the "Other Provisions" account. Except for the cases where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations resulting in cash outflows.

As a result of preliminary research conducted in the banking sector regarding the interest rates, an investigation process is initiated on some banks including the Bank according to the Competition Board decision dated November 2, 2011 and no 11-55/1438-M to determine whether there is a violation of the 4th article of the Protection of Competition Law No. 4054. According to the decision of Competition Board dated April 6, 2012 and No.12-17/460-M, the process deadline is extended for another 6 months from May 2, 2012, as it has been decided that the initial deadline, is not adequate to complete the process.

**c. 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.

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

**a. Information on interest income:**

1. Information on interest income on loans:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	807.663	40.676	482.839	21.430
Medium/long-term loans <sup>(1)</sup>	640.880	242.084	460.960	196.934
Interest on loans under follow-up	20.948	3	24.026	91
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>1.469.491</b>	<b>282.763</b>	<b>967.825</b>	<b>218.455</b>

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

2. Information on interest income on banks:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From domestic banks	3.079	314	1.839	328
From foreign banks	708	2.610	724	2.370
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>3.787</b>	<b>2.924</b>	<b>2.563</b>	<b>2.698</b>

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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 interest income on marketable securities:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
From trading financial assets	4.754	385	2.766	549
From financial assets at fair value through profit or loss	-	-	-	-
From available-for-sale financial assets	147.071	12.339	109.088	14.031
From held-to-maturity investments	90.723	173.443	103.414	154.740
<b>Total</b>	<b>242.548</b>	<b>186.167</b>	<b>215.268</b>	<b>169.320</b>

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

	March 31, 2012	March 31, 2011
Interest received from associates and subsidiaries	4.093	1.667

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

	March 31, 2012		March 31, 2011	
	TL	FC	TL	FC
Banks	16.518	114.940	25.008	66.904
The CBRT	-	-	-	-
Domestic banks	3.629	1.601	2.009	946
Foreign banks	12.889	113.339	22.999	65.958
Headquarters and branches abroad	-	-	-	-
Other institutions	-	-	-	82
<b>Total <sup>(1)</sup></b>	<b>16.518</b>	<b>114.940</b>	<b>25.008</b>	<b>66.986</b>

(1) Includes fees and commissions related to borrowings.

2. Information on interest expense to associates and subsidiaries:

	March 31, 2012	March 31, 2011
Interest paid to associates and subsidiaries	18.002	8.501

3. Information on interest expense to marketable securities issued:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Interest expense to marketable securities issued	33.833	8.820	-	-
<b>Total</b>	<b>33.833</b>	<b>8.820</b>	<b>-</b>	<b>-</b>

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

**Yapı ve Kredi Bankası A.Ş.**

**Notes to unconsolidated financial statements at March 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. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time deposit					Accumulating deposit	Total	March 31, 2011
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Bank deposit	52	1.055	47	706	308	113	-	2.281	6.564
Saving deposit	1	20.883	434.993	25.162	6.581	23.520	-	511.140	309.349
Public sector deposit	-	8	23	29	-	1	-	61	1.043
Commercial deposit	9	27.825	169.008	42.810	4.461	6.330	-	250.443	190.119
Other deposit	-	608	15.792	11.358	226	1.087	-	29.071	32.975
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>62</b>	<b>50.379</b>	<b>619.863</b>	<b>80.065</b>	<b>11.576</b>	<b>31.051</b>	<b>-</b>	<b>792.996</b>	<b>540.050</b>
<b>FC</b>									
Foreign currency deposit	40	45.018	151.862	21.198	577	6.519	-	225.214	116.360
Bank deposit	72	207	-	67	7	-	-	353	511
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	428	151	23	32	14	-	648	148
<b>Total</b>	<b>112</b>	<b>45.653</b>	<b>152.013</b>	<b>21.288</b>	<b>616</b>	<b>6.533</b>	<b>-</b>	<b>226.215</b>	<b>117.019</b>
<b>Grand total</b>	<b>174</b>	<b>96.032</b>	<b>771.876</b>	<b>101.353</b>	<b>12.192</b>	<b>37.584</b>	<b>-</b>	<b>1.019.211</b>	<b>657.069</b>

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

	March 31, 2012	March 31, 2011
<b>Gain</b>	<b>10.802.605</b>	<b>5.302.485</b>
Gain from capital market transactions	22.741	12.477
Derivative financial transaction gains	4.381.473	3.799.468
Foreign exchange gains	6.398.391	1.490.540
<b>Loss(-)</b>	<b>(10.834.414)</b>	<b>(5.286.279)</b>
Loss from capital market transactions	(5.170)	(11.502)
Derivative financial transaction losses	(4.725.480)	(3.775.592)
Foreign exchange loss	(6.103.764)	(1.499.185)
<b>Net gain/loss</b>	<b>(31.809)</b>	<b>16.206</b>

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

The amount of net loss from derivative financial transactions related to exchange rate changes is TL 251.441 (December 31, 2011 – TL 42.291 income).

e. Information on other operating income:

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



**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Specific provisions for loans and other receivables	130.283	153.740
III. Group loans and receivables	7.653	103.149
IV. Group loans and receivables	38.710	-
V. Group loans and receivables	83.920	50.591
General provision expenses	46.802	86.097
Provision expense for possible risks	8.691	8.661
Marketable securities impairment expenses	92	4.932
Financial assets at fair value through profit or loss	92	4.539
Available-for-sale financial assets	-	393
Impairment of investments in associates, subsidiaries and held-to-maturity securities	43.147	42.890
Investments in associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Held-to-maturity investments	43.147	42.890
Other	505	294
<b>Total</b>	<b>229.520</b>	<b>296.614</b>

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Personnel expenses	291.155	296.272
Reserve for employee termination benefits	-	-
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	38.099	35.432
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	15.443	13.093
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	43	52
Depreciation expenses of assets held for resale	850	573
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	218.611	193.167
Operational lease expenses	35.521	30.605
Repair and maintenance expenses	6.015	3.911
Advertising expenses	17.018	14.973
Other expense	160.057	143.678
Loss on sales of assets	-	-
Other	163.547	123.509
<b>Total</b>	<b>727.748</b>	<b>662.098</b>

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

Income before tax includes net interest income amounting to TL 965.979 (March 31, 2011 – TL 791.023), net fee and commission income amounting to TL 385.335 (March 31, 2011 – TL 417.297) and total other operating expense amounting TL 727.748 (March 31, 2011 – TL 662.098).

The Bank has no discontinued operations.

**i. Provision for taxes on income from continuing operations:**

As of March 31, 2012, the Bank has current tax expense amounting to TL 136.815 (March 31, 2011 - TL 116.146) and deferred tax income amounting to TL 33.843 (March 31, 2011 –TL 9.270).

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
Income before tax provision	610.013	660.408
Tax calculated with tax rate of 20%	122.003	132.082
Disallowables and deductions (net)	(19.031)	(6.666)
<b>Total</b>	<b>102.972</b>	<b>125.416</b>

The Bank has no discontinued operations.

**j. 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. (March 31, 2011 - The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Bank's current period performance.)
2. Information on any change in the accounting estimates concerning the current period or future periods: None.

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

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

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

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

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

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

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

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

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>Cash</b>	<b>7.208.779</b>	<b>3.953.850</b>
Cash and effectives	1.013.783	686.548
Demand deposits in banks	6.194.996	3.267.302
<b>Cash equivalents</b>	<b>2.571.645</b>	<b>1.012.551</b>
Interbank money market	2.136.834	949.000
Time deposits in banks	434.811	63.551
<b>Total cash and cash equivalents</b>	<b>9.780.424</b>	<b>4.966.401</b>

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

	<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>Cash</b>	<b>7.446.992</b>	<b>4.280.775</b>
Cash and effectives	1.047.607	693.582
Demand deposits in banks	6.399.385	3.587.193
<b>Cash equivalents</b>	<b>1.234.863</b>	<b>2.543.796</b>
Money market	-	290.000
Time deposits in banks	1.234.863	2.253.796
<b>Total cash and cash equivalents</b>	<b>8.681.855</b>	<b>6.824.571</b>

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

Reserves amounting to TL 9.007.446 (March 31, 2011 - TL 5.295.183) in CBRT represent the reserve requirements of the Bank, including the average reserve requirements. There is also TL 100.260 blocked amount in foreign banks account.

**Yapı ve Kredi Bankası A.Ş.**

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

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

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

**VI. 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. March 31, 2012:

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	701.047	291.713	8.292	230.061	673.086	722.958
Balance at the end of the period	616.233	260.469	11.803	263.436	793.410	1.389.071
<b>Interest and commission income received</b>	<b>4.093</b>	<b>465</b>	<b>1.172</b>	<b>525</b>	<b>17.303</b>	<b>1.054</b>

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

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

1. December 31, 2011:

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of the period	194.199	229.243	8.893	81.282	905.508	671.131
Balance at the end of the period	701.047	291.713	8.292	230.061	673.086	722.958
<b>Interest and commission income received<sup>(3)</sup></b>	<b>1.667</b>	<b>342</b>	<b>236</b>	<b>236</b>	<b>13.655</b>	<b>1.266</b>

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

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

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

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

Bank's risk group <sup>(1), (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
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	1.081.080	1.239.623	4.938.920	5.160.138	4.341.222	4.414.388
<b>Interest expense on deposits<sup>(3)</sup></b>	<b>18.002</b>	<b>8.501</b>	<b>71.171</b>	<b>41.796</b>	<b>41.578</b>	<b>63.840</b>

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

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

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

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

## Yapı ve Kredi Bankası A.Ş.

### Notes to unconsolidated financial statements at March 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 forward and option agreements and other derivative instruments with the Bank's risk group:

Bank's risk group <sup>(1)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
<b>Transactions at fair value through profit or loss<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	2.044.472	963.586	216.174	187.782	97.206	642.637
End of the period <sup>(3)</sup>	2.196.878	2.044.472	92.643	216.174	419.062	97.206
<b>Total profit / (loss)<sup>(4)</sup></b>	<b>(27.027)</b>	<b>(23.682)</b>	<b>1.431</b>	<b>336</b>	<b>2.771</b>	<b>(10.328)</b>
<b>Transactions for hedging purposes<sup>(2)</sup></b>						
Beginning of the period <sup>(3)</sup>	-	-	-	-	-	-
End of the period <sup>(3)</sup>	-	-	-	-	-	-
<b>Total profit / (loss)<sup>(4)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(2) The Bank's derivative instruments are classified as "at Fair Value Through Profit or Loss" or "for Hedging Purposes" according to TAS 39.

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

(4) December 31, 2011 columns represent profit / loss figures for the 3 months period ended March 31, 2011.

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

Salaries and benefits paid to the Bank's top management amount to TL 12.790 as of March 31, 2012 (March 31, 2011 – TL 11.369).

(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 March 31, 2012 (continued)**

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

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

1. The Bank obtained a syndicated loan amounting to USD 1 billion 418 million from participation of 44 international banks from 21 different countries, consisting of 2 credit tranches with 1 year maturity; one tranche amounting to USD 264 million with total cost of Libor+1,45% and the other tranche amounting to EUR 864,5 million with total cost of Euribor+1,45%. The agreement was signed on April 27, 2012.

(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 March 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**

As per the Ordinary General Assembly meeting dated March 31, 2012, it has been decided that 2011 unconsolidated net profit of TL 1.857.486 will be distributed as follows: TL92.874 is transferred to legal reserves, TL 147.891 is transferred to other capital reserve in accordance with the 5th article 1/e section of the Corporate Tax Law numbered 5520 as 75% of the profit from the sale of real estate and the remaining TL 1.616.721 is transferred to extraordinary reserves.

**Section seven**

**Explanations on independent review report**

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

The unconsolidated financial statements for the period ended March 31, 2012 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited). The independent auditor's review report dated May 9, 2012 is presented preceding the unconsolidated financial statements.

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

None.